



REPUBLIC OF SOUTH AFRICA
National Treasury

Consolidated Financial Information

For the year ended 31 March 2009



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Private Bag X115
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Tel: +27 12 315 5526
Fax: +27 12 315 5126

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ACRONYMS

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

CONSOLIDATED FINANCIAL INFORMATION
for the year ended 31 March 2009

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 51 to 86 and Consolidated Financial Information on pages 134 to 174 have been approved by the Accounting Officer and Financial Accountant on 29 September 2009.



E.L Kganyago
DIRECTOR-GENERAL
ACCOUNTING OFFICER



Freeman Nomvalo
ACCOUNTANT-GENERAL

CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 March 2009

ACCOUNTING OFFICER'S REVIEW

1. Mandate

Section 8(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), requires that the National Treasury (NT) 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 CFS for government for the year ended 31 March 2009 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

Separate consolidated financial information (CFI) 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 many years. For the second year running CFS have been prepared for the national departments and submitted for audit. NT has continued to prepare CFI for public entities due to the different accounting policies being applied.

Besides being mandated by legislation, CFS are 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 base used by national departments and public entities, separate sets of consolidated information 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 and the Auditor-General (AG). The public entities' consolidated information also include any unlisted public entities that were discovered during the financial year under review.

National departments report on modified cash basis of accounting whereas public entities report on accrual basis. In view of different accounting bases used by these two groups of entities, their information was consolidated separately to ensure credible and meaningful presentation of financial information.

In the drive to improve public accountability, there is a transition in progress from

CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 March 2008

ACCOUNTING OFFICER'S REVIEW (CONTINUED)

reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other events are recognised when cash is received or paid, while disclosure notes, such as provisions' accruals, property plant and equipment, public private partnership (PPP), lease commitments, contingent liabilities etc. are provided in the annual financial statement (AFS). Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

Government is also in the process of formalising the accounting reporting framework in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. During the current financial year the Minister approved additional GRAP standards with effect from 1 April 2008. In order to assist government entities to transit to these new GRAP statements, the Accounting Standards Board (ASB) developed transitional provisions directives. The following GRAP standards were approved by the Minister:

- GRAP 4 - The effects of changes in foreign exchange rates
- GRAP 5 - Borrowing costs
- GRAP 6 - Consolidated and separate financial statements
- GRAP 7 - Investments in associate
- GRAP 8 - Interest in joint ventures
- GRAP 9 - Revenue from exchange transactions
- GRAP 10 - Financial reporting in hyperinflationary economies
- GRAP 11 - Construction contracts
- GRAP 12 - Inventories
- GRAP 13 - Leases
- GRAP 14 - Events after the reporting date
- GRAP 16 - Investment property
- GRAP 17 - Property, plant and equipment
- GRAP 19 - Provisions, contingent liabilities and contingent assets
- GRAP 100 - Non-current assets held for sale and discontinued operations
- GRAP 101 - Agriculture
- GRAP 102 - Intangible assets

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

CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 March 2009

ACCOUNTING OFFICER'S REVIEW (CONTINUED)

These clusters are:

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

This Accounting Officer's Review includes the executive summary and review of operating results. The executive summary describes the impact of the recession on national government finances. The review of operating results reflects 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.

2. Consolidation process

2.1 Responsible entity

Normally, CFS are prepared for a group of entities under the control of a parent entity. Control entails 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 meet the above criterion. The CFI in the absence of control and elimination of inter-entity transactions merely presents an aggregation of financial information rather than a full consolidation.

2.2 Goals for consolidation and this report

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

- presenting the consolidated monetary values of national government (assets, liabilities, revenue and expenditure);
- improving the users' understanding of public sector financial management to enhance the achievements of government's social objectives and priorities; and

CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 March 2009

ACCOUNTING OFFICER'S REVIEW (CONTINUED)

- creating uniformity in the presentation and analysis of public sector financial information.

2.3 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 2009 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 appropriate policies, procedures and internal controls, to provide reasonable assurance that the financial information is a reliable reflection of the consolidated national departments' financial position as at 31 March 2009.

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

The public entity list per schedule 1, 2 and 3 of the PFMA was used as a base for public entities that were consolidated. Some public entities and trading entities, which are not listed but known to the NT and their respective departments, were consolidated (Annexure C). Some listed entities and known unlisted entities were not consolidated since no information was received from them or the listed entity was not operational as at 31 March 2009. (Annexure D1, D2 and E respectively).

The OAG is tasked with, among others, the responsibility to develop standard reporting formats, including AFS templates and on annual report preparation guide used by departments in preparing their annual financial statements. The AFS templates are annually updated to meet the requirements of the policies set by the OAG. AFS templates are then completed by all national departments and Parliament and forwarded to NT where these are consolidated using a consolidation model. The latter exercise is performed twice based on unaudited information, first by 30 June and finally based on audited information by 31 August. The process

CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 March 2009

ACCOUNTING OFFICER'S REVIEW (CONTINUED)

for public entity consolidation is 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 2008/09 financial year, AFS templates were published much earlier. Training was provided to departments on the AFS template and the guide for the preparation of AFS. Training was provided to public entities on the latest GRAP standards as approved by the Minister and on completion of the AFS template. Where required, the OAG provided additional assistance to national departments and public entities.

The AG report on the CFS includes the major qualification items from the various departments. These qualifications have a material impact on the numbers presented in the CFS and have to be disclosed. The NT has however implemented mechanisms to track these audit qualifications.

During the 2009/10 financial year the OAG commenced with a government wide consolidation project for all spheres of government. This project will assist in developing standardised accounting policies and methods for the elimination of inter-entity transactions.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFI for 2008/09.

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

EXECUTIVE SUMMARY

In the 2008/09 Budget, tabled on 20 February 2008, government pointed to the high probability that global imbalances would begin to unwind in a rapid and disorderly fashion, setting off a severe economic slowdown in the world economy. The slowdown arrived during the 2008/09 financial year and as the Honourable Minister Trevor Manuel stated in his Medium Term Budget Policy Statement Speech on 21 October 2008:

“The storm has arrived, it is fiercer than anyone could have imagined and its course cannot be predicted.”

The impact of the global financial crisis on the world economy has been severe, and the deteriorating international environment significantly affects South Africa’s growth prospects. Nearly all developed countries are now in recession, and the slowing economic growth forecast has put pressure on government’s revenue streams and reduced the fiscal space for increased expenditure. Growth prospects for emerging markets have deteriorated significantly.

Due to government’s record of sound fiscal management and prudent policy choices over the past decade, government was able to increase spending on social services and fixed investment over the medium term. Government remains committed to the goal of a better life for all and will continue with the broad based social assistance programs that are provided for in the national budgets.

The overall results of national government for the 2008/09 financial year as reflected in the CFS also illustrate the early effects of the economic slowdown. In the 2009 budget the revised estimated tax revenue for the period ended 31 March 2009 was projected to be R14,4 billion lower than the budgeted amount of R642,1 billion. The actual revenue collected for the period under review was R644,9 billion, which equates to R2,0 billion more than the revised budget. The current global economic environment presents an element of downside risk to the revenue outlook, particularly in relation to corporate income tax as the effects of slower growth filter through.

The slowdown in the economy has also pushed our own economy into recession – the first in 17 years. We have had to relook our fiscal trajectory, with the impact of the slowdown on our revenue collection for this year and the next being undeniably significant. Our spending has exceeded our revenue for this current financial year and will most likely continue to do so into the 2009/10 financial year. But as Minister Gordhan stated:

“However, our prudent fiscal stance in past years have given us the space to increase borrowings to address this shortfall, and ensure that spending plans to sustain economic activity can continue.

What this means is that we have to borrow more to make up the shortfall in revenue.

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

EXECUTIVE SUMMARY (CONTINUED)

The space created by the fiscal position we took also taught us that it is vital to ensure that any borrowing is done in a sustainable manner.”

Government’s “prudent fiscal stance” is reflected in the decrease in total debt (both current and long-term portions) as a percentage of GDP from 35% in 2003/04 to 27% in 2008/09. In real money terms, debt has increased from R453 billion in 2003/04 to R626 billion in 2008/09.

Over the past seven years, strong growth in public spending has enabled government to make further progress in improving the quality of life of all South Africans, with particular emphasis on the livelihoods of the poor. Spending on education, health and social development has grown strongly, enabling the continued expansion of access to these services. This is evidenced by the following:

- The number of matriculants passing mathematics on the higher grade has increased from 19 000 in 2001 to 26 000 in 2007.
- The proportion of people infected with HIV and Aids fell between 2004 and 2007, while the number of people receiving anti-retroviral therapy grew from 15 311 people in 2004 to 560 000 people in 2008.
- The number of people receiving social grants, including the child support grant, has increased more than fivefold, from 2,4 million to 13,3 million since 1999.

Since 2004, spending on built environment infrastructure, which includes housing, public transport, roads, water, sanitation and electricity, has grown more than 16,5% per annum. This increased expenditure has seen a significant growth in the proportion of households’ access to some of these basic services.

Government recognises that it needs to use its resources more efficiently, while obtaining better quality for each rand spent. Improved performance requires departments and public entities to report comprehensively on performance information. The Auditor-General recently announced that it will be extending its audit to include the audit of these performance indicators and the reports from these audits will flow within the next two years.

In conclusion, the recession has hit even harder during the 2009/10 financial year. Government is in a strong fiscal position, with public debt being moderate and the foreign reserve position of the South African Reserve Bank in good health. These strengths mean that government is able to continue with the expanding infrastructure investment program announced.

For the analysis and interpretation of actual revenue, spending and borrowing for 2008/09 refer to the review of the operating results.

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

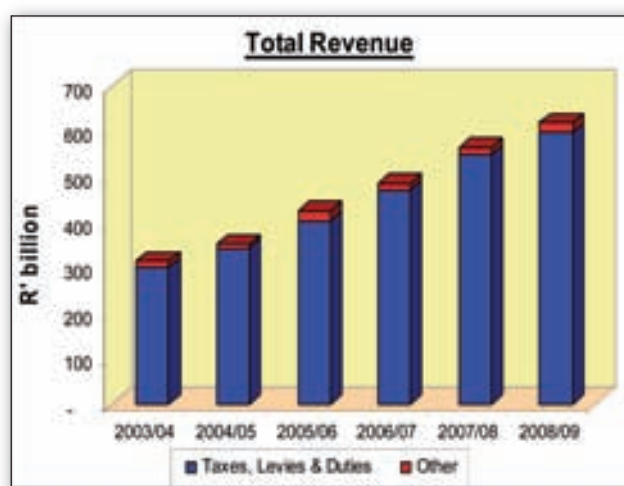
REVIEW OF OPERATING RESULTS

1. Total revenue

Year Ended 31 March <i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Taxes, Levies & Duties	299,267	342,034	403,239	470,052	548,106	596,797
Departmental revenue	5,773	6,023	12,903	13,236	12,670	11,956
Local & foreign aid asst.	857	925	809	971	745	1,332
Other	7,638	3,626	8,550	1,248	2,882	9,199
Total revenue	313,535	352,608	425,501	485,507	564,403	619,284
Growth in revenue		12%	21%	14%	16%	10%

Total revenue represents nett revenue collected and available to meet government's spending needs. Total revenue grew moderately from 14% (2006/07) to 16% (2007/08). There is however a sharp decline in the growth to 10% for 2008/09. This decline is as a result of the South African economy entering a period of slow growth as well as the significantly weaker global economic environment.

Revenue is collected mainly by the South African Revenue Services (SARS) in the form of taxes, levies and duties. Other sources of revenue are departmental revenue and local and foreign aid assistance.



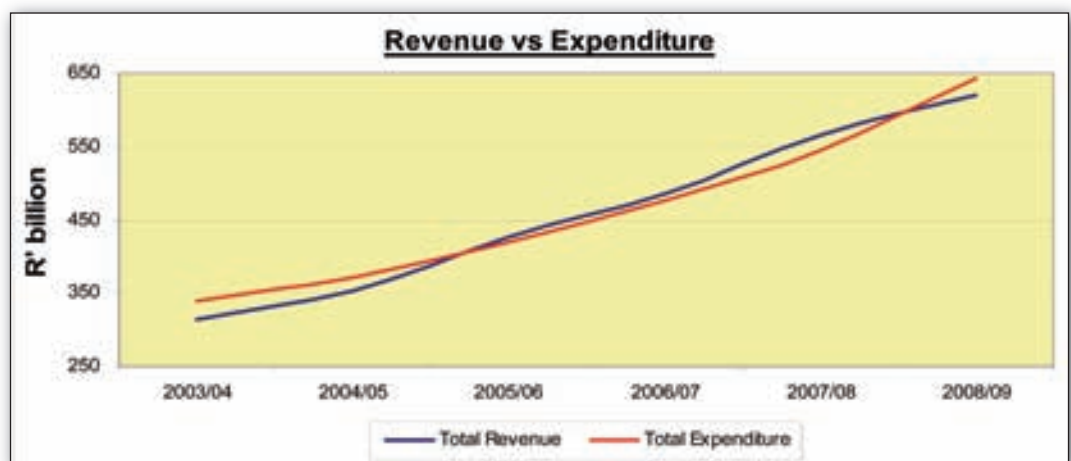
During the 2008/09 financial year, the number of registered individual taxpayers increased to 5,4 million, from 5,2 million in 2007/08. This contributed positively to the increase in taxes, levies and duty collections. Revenue from personal income tax also increased, largely as a result of higher inflation and higher nominal salary increases. Corporate income tax revenue has also increased from the previous year.

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

1.1 Revenue vs expenditure



Illustrated above is the revenue and expenditure for national government. From the trends in the graph, it can be seen that during the period 2003/04 to 2004/05, government was not collecting enough revenue to fulfill its expenditure requirements. During the period 2005/06 to 2007/08, government exceeded its expenditure requirements by collecting more revenue. In 2008/09, government again receded into the negative with expenditure exceeding revenue by approximately R25 billion.

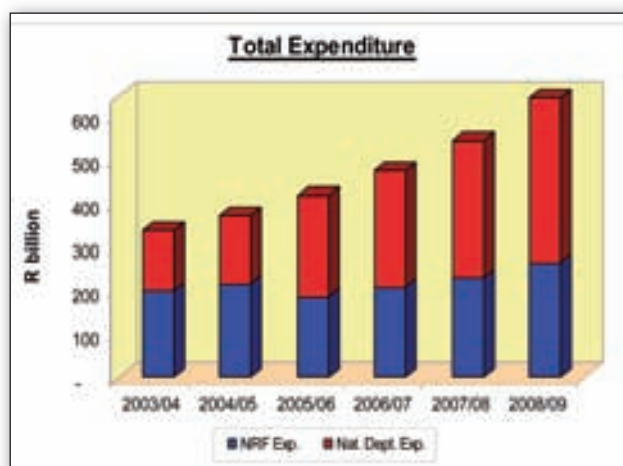
2. Total expenditure

Year Ended 31 March R' million	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
National Revenue Fund Expenditure	199,977	215,496	186,913	209,131	227,987	264,835
National Departments Expenditure	138,682	155,809	231,629	268,186	317,062	379,240
Total expenditure	338,659	371,305	418,542	177,317	545,049	644,075
Increase in expenditure		10%	13%	14%	14%	18%

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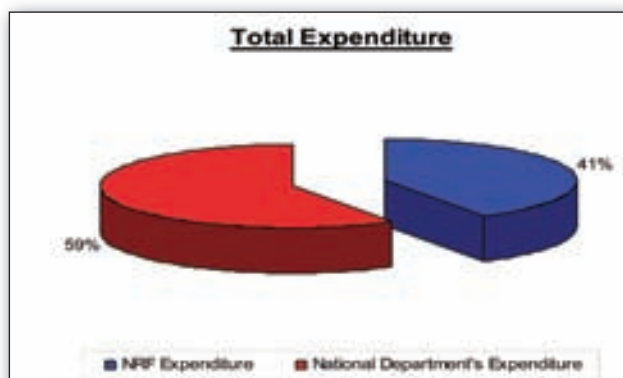
REVIEW OF OPERATING RESULTS (CONTINUED)



Total expenditure grew rapidly during 2008/09, at a rate of over 18% per annum. This is approximately 4% above the norm for the last 3 years. National departments expenditure has again accounted for approximately 59% (2007/08: 58%) of the total expenditure amount.

Total expenditure is made up of national departments' expenditure plus the National Revenue Fund's (NRF) expenditure. Included in the national departments' expenditure are transfers and subsidies to provinces and municipalities of R86 billion, in the form of grants paid to provinces and municipalities.

The breakdown is disclosed in the graph below:



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

REVIEW OF OPERATING RESULTS (CONTINUED)

2.1 National Revenue Fund expenditure

The NRF's expenditure includes the major items of state debt costs as well as the equitable share of transfers to provinces. The equitable share portion is then distributed to the provincial departments, who use these funds to perform their functions in the provincial sphere.

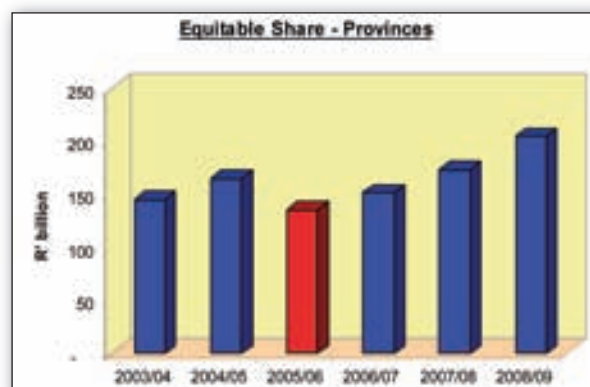
2.1.1 Equitable share to provinces

Equitable Share <i>R' billion</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Equitable share to provinces	145	164	135	151	173	204
% change from prior year		13%	-18%	12%	15%	18%

Provinces received a significant increase in the equitable share, especially for education, welfare services and health, including R2,2 billion for the housing programme. The priorities at a provincial level for 2008/09 were:

- Education – including early childhood education and inception-year schooling, school infrastructure, school nutrition, textbooks and teacher remuneration.
- Health – including hospital revitalisation, tertiary health services, treatment of multidrug-resistant TB, HIV and AIDS programmes, and community and home-based care.
- Welfare services – including early childhood development, more social workers and drug-treatment centres.

The equitable share transferred to the provinces has increased at an average rate of 15% per annum over the last three years. The decrease depicted during the 2005/06 financial year is attributed to the shifting of functions to distribute social grants from provinces to the South African Social Security Agency (SASSA), a national public entity. Provinces therefore accounted for R204 billion in expenditure for the 2008/09 financial year (2007/08: R173 billion).



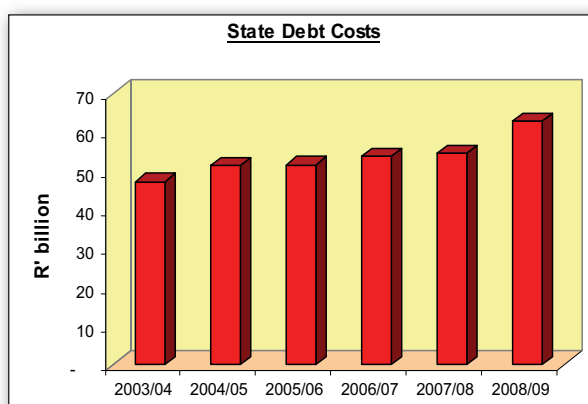
CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

2.1.2 State debt costs

State debt costs account for a major portion of total expenditure and are influenced by the volume of debt, new borrowing requirement, interest rates, inflation rates and the value of the currency. Government's debt management policy focuses on financing the net borrowing requirement at the lowest possible cost within risk benchmarks. The following table summarises the trends in state debt cost since 2003/04.



State debt costs have remained relatively stable ranging between R46 billion and R54 billion. For 2008/09, the state debt cost of R54,4 billion was R0,5 billion higher than the adjustments budget of R53,9 billion, mainly because of a higher net borrowing requirement.

State Debt Cost R' million	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Domestic	42,106	44,576	46,533	47,672	48,248	48,727
Foreign	4,207	4,275	4,379	4,520	4,629	5,667
Total state debt costs	46,313	48,851	50,912	52,192	52,877	54,394
Increase in costs		5%	4%	3%	1%	3%

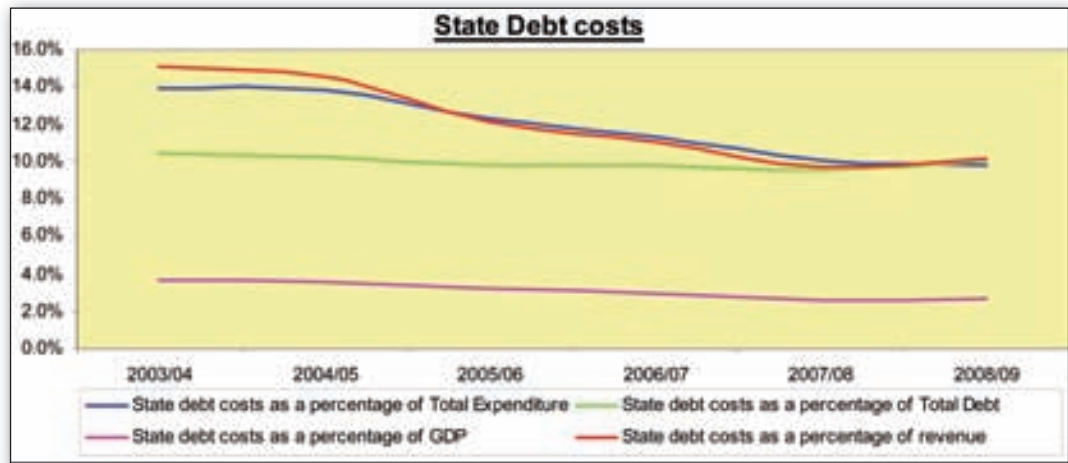
The table illustrated below provides key information on the movement of state debt costs in relation to key amounts i.e. revenue, expenditure, debt and GDP. As can be seen in the graphs below, state debt costs appear to be declining in all respects.

State Debt Cost As a percentage of	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
GDP	3.6%	3.4%	3.2%	2.9%	2.6%	2.3%
Expenditure	14.1%	13.3%	12.2%	11.1%	9.8%	8.6%
Revenue	15.5%	14.0%	12.4%	10.8%	9.4%	8.9%

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

REVIEW OF OPERATING RESULTS (CONTINUED)



2.2 National departments expenditure

National Department Expenditure <i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Current expenditure	58,371	63,806	70,771	80,167	91,253	104,847
Transfers and subsidies	75,403	87,001	153,634	181,664	217,740	264,858
Capital expenditure	4,908	5,003	7,225	6,355	8,069	9,534
Total	138,682	155,810	231,630	268,186	317,062	379,239
Increase in expenditure		12%	49%	16%	18%	20%

National departments' expenditure has increased by 20% from the prior year to the current year. This equates to R62,2 billion in rand terms. The majority of the increase can be attributed to an increase in transfers and subsidies of R47 billion and an increase in current expenditure of R13 billion.

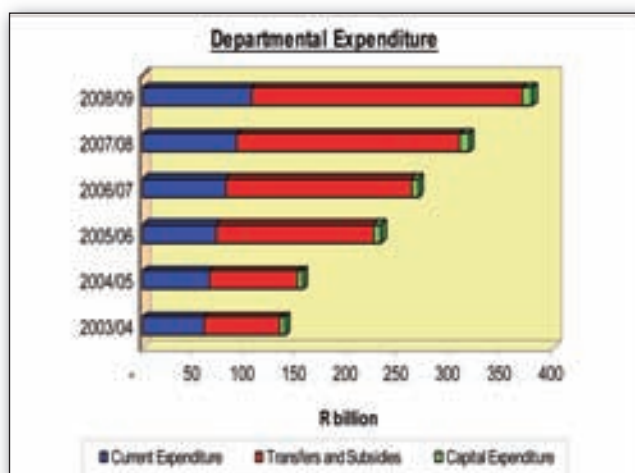
The increase in expenditure over the past 5 years appears to be averaging 16% except for 2005/06 where the increase was 49%. This large increase is a result of the shifting of functions to distribute social grants from provinces to the SASSA. The transfers to SASSA would have been effected through the Department of Social Development from 2005/06.

Total national departments' expenditure has grown by 173% from 2003/04 to the current period under review. This illustrates the pace at which revenue has grown to meet the spending need of government. It also illustrates the growth in the economy over the years.

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REVIEW OF OPERATING RESULTS (CONTINUED)



National Department Cluster Expenditure <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Social Cluster	111	127
Economic Cluster	91	109
Justice Cluster	82	93
Finance Cluster	21	34
Central Government Cluster	12	16
Total	317	379

The national departments are divided into clusters and the following graph illustrates the expenditure per cluster.

The **Social Cluster** is the largest spender of all the clusters. This is due to government prioritising on expanding the social assistance safety net over the past decade. Consolidated expenditure on welfare and social security has increased from R23,6 billion in 1997/98 to approximately R105,2 billion in 2008/09.

The strong growth in social assistance grants has contributed significantly to poverty reduction and broadening income security over the past decade. SASSA has successfully consolidated social grants administration following the shift of this function from provinces. The grants administered by SASSA are now the most important part of the present social security system.

The next cluster in order of expenditure spend is the **Economic Cluster**. The Department of Trade and Industry, a major role player within the cluster, released the National Industrial Policy Framework and an action plan during 2007. The policy document recommended the diversification of production to improve export performance.

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REVIEW OF OPERATING RESULTS (CONTINUED)

The Department of Land Affairs received funds to settle outstanding land restitution claims. As the restitution programme nears completion, both human and financial resources are being shifted to accelerate the pace of land redistribution. To date government has delivered about 4 million hectares of agricultural land to historically disadvantaged beneficiaries.

The Department of Agriculture's inspection services, which are charged with protecting South Africa's bio-security, food quality and safety status, also received additional funds. This additional funding is to ensure that South African agricultural exports retained their accreditation during the 2008/09 year onward.

The third cluster to play a major role in expenditure is the **Justice and Protection Services Cluster**. The Department of Safety and Security received an additional allocation of R0,25 billion for the upgrading of equipment in police forensic science laboratories, and R0,5 billion for the appointment of additional police officials. An amount of R1,3 billion is allocated for the upgrading and renewal of the information and communication technology network of the South African Police Service, providing the platform for better control of vehicles, dockets and firearms.

The Department of Justice and Constitutional Development received additional funding for the appointment of judges, magistrates and public defenders and for the development of the National Prosecuting Authority's electronic case-flow management system.

The Department of Correctional Services received additional funds to cover the staffing costs at the new prisons which are currently being commissioned in Kimberley.

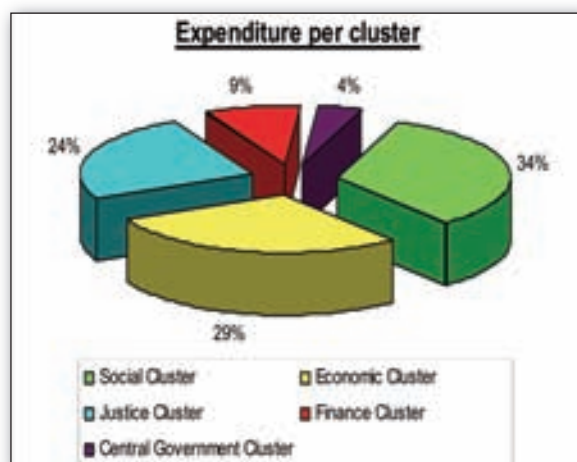
The Department of Defence has continued upgrading its equipment during 2008/09 as part of rejuvenating the Defence Force. The department had received additional funds for the acquisition of aircraft, the repair and maintenance of defence infrastructure and to increase the intake of young recruits into the Military Skills Development System.

The Department of Home Affairs, which is part of the **Central Government Cluster**, received extra funding for improvements to the existing service delivery processes, information technology support and the new passport system. The department of Foreign Affairs also received additional funding for the African Renaissance fund, for more missions in Asia, and the refurbishment of existing foreign properties.

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REVIEW OF OPERATING RESULTS (CONTINUED)



2.2.1 Current expenditure

Current expenditure has grown significantly, from R58 billion in 2003/04 to R105 billion in 2008/09. This equates to a 81% increase in a period of 5 years. The major items of current expenditure are disclosed in the table below.

Major items of current expenditure <i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Compensation of employees	38,156	40,604	45,213	50,835	57,584	64,981
Goods and Services	20,426	21,646	24,692	28,099	32,244	38,345

2.2.1.1 Compensation of Employees

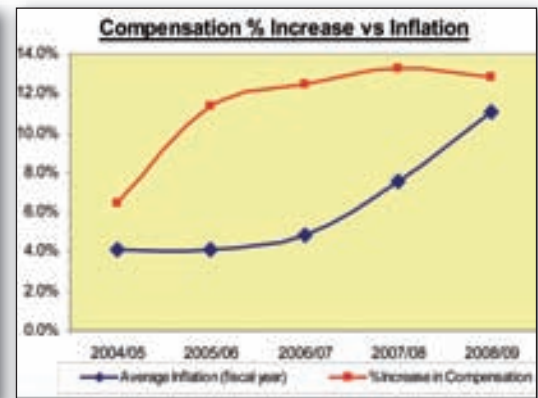
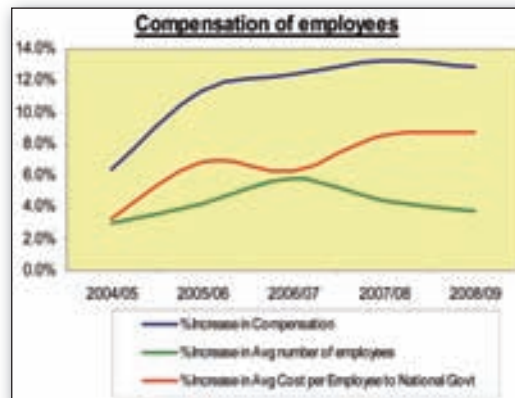
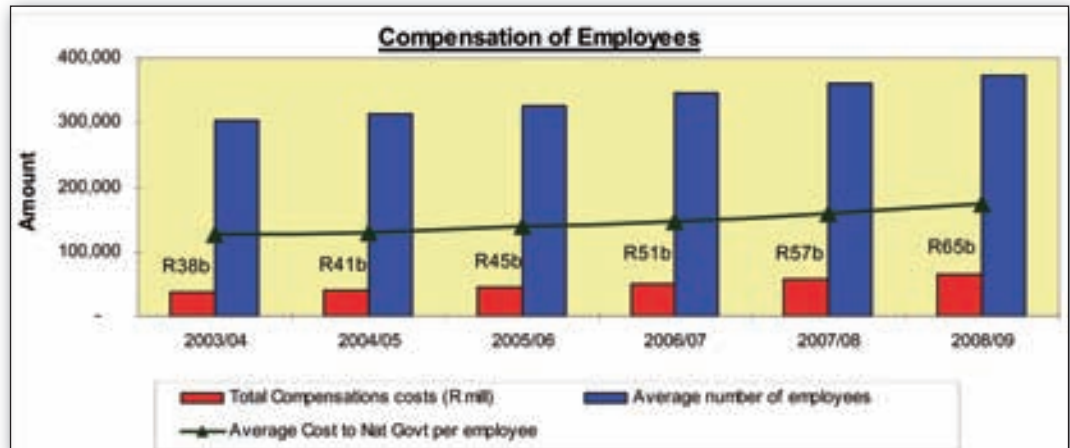
Description	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Total compensation costs (R million)	38,156	40,604	45,213	50,835	57,584	64,981
Average number of employees	303,116	312,279	325,531	344,439	359,564	373,098
Average cost to national government per employee (Rands)	125,879	130,024	138,890	147,588	160,150	174,166

The above table details the costs to national government departments and excludes the provincial information. The average number of employees at national departments has increased steadily from 303 116 in 2003/04 to 373 098 in 2008/09. Compensation, in rand terms, has grown from R38 billion in 2003/04 to R65 billion in 2008/09. Growth in expenditure from the prior year equates to R7 billion or 12,8%.

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REVIEW OF OPERATING RESULTS (CONTINUED)



The graphs above also indicate the percentage increase in compensation of employees against the inflation rate over the same period. This starts off within 2% of each other but the differential increases during 2005/06 and 2006/07, and then decreases during the next two years to end within a percentage of each other.

The majority of national department employees are employed in the Justice and Protection Services cluster with 318 225 (86%) employees for the year under review. The Justice and Protection Services cluster includes, among others, the following departments:

Average number of Employees Department	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Department of Safety & Security	135,406	143,139	151,904	159,422	168,261	177,951
Department of Defence	75,620	76,133	77,136	77,642	75,931	74,096
Department of Correctional Services	35,037	33,001	34,768	37,966	41,051	41,390

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REVIEW OF OPERATING RESULTS (CONTINUED)

Department of Safety and Security

The Department of Safety and Security employs the most staff in national government. Their expenditure on compensation of employees is R29 billion and accounts for almost half of total compensation costs. The rapid increase in staff between 2005/06 and 2008/09 reflects the carry through effect of additional personnel at ports of entry and in railway environments. The strong growth in compensation is set to continue over the medium term, mainly due to the employment of additional police officers for 2010 FIFA World Cup as well as for increased capacity in the forensic science and crime intelligence functions.

Department of Correctional Services

Spending on compensation of employees increased at an average rate of 14,3% between 2005/06 and 2008/09. This was mainly due to improved conditions of service and an increase in personnel, from 34 768 in 2005/06 to 41 390 in 2008/09. The increase in employees is attributable to the implementation of the recommendations of the white paper and the establishment of the seven-day facility.

Department of Defence

The department's staff compliment has averaged around 76 000 for the past six years. The increase in the compensation is due to the annual salary increases of government employees. Compensation of employees is still the largest expenditure item in the budget of the department.

Performance Awards

Performance Awards Information	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Performance Awards (R mill)	386	557	445	532	591	668
Total Compensation of Employees	38,156	40,604	405,213	50,835	57,584	64,981
Performance awards as a % of Compensation	1.01%	1.37%	0.98%	1.05%	1.03%	1.03%
Increase in Performance Awards		44%	-20%	20%	11%	13%
Increase in Compensation		6%	11%	12%	13%	13%

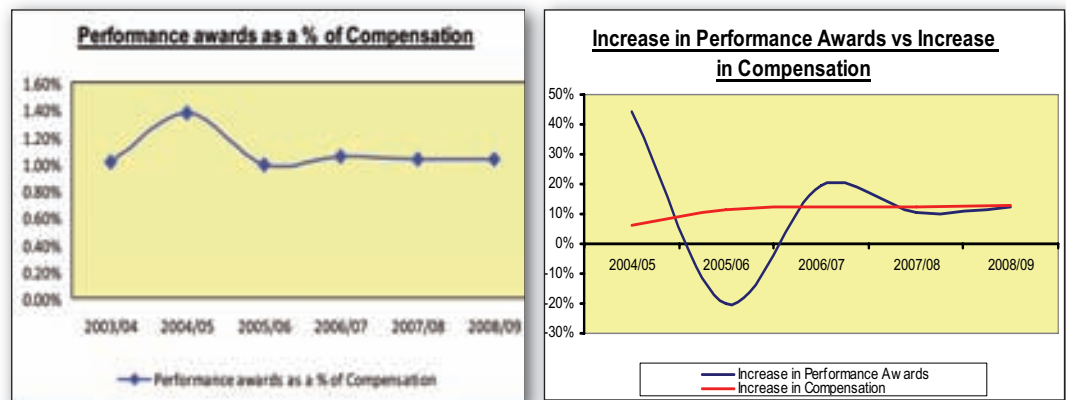
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REVIEW OF OPERATING RESULTS (CONTINUED)

Performance awards have increased marginally from 2005/06 up to 2008/09 and have moved in line with the increase in the total compensation. This is evidenced by the comparison in 2007/08 and 2008/09 where the increases have moved in sync.

As can be seen, performance awards range between 0.98% and 1.37% of total compensation of employees. This amount is therefore a negligible portion when compared to total compensation.



Training and staff development costs

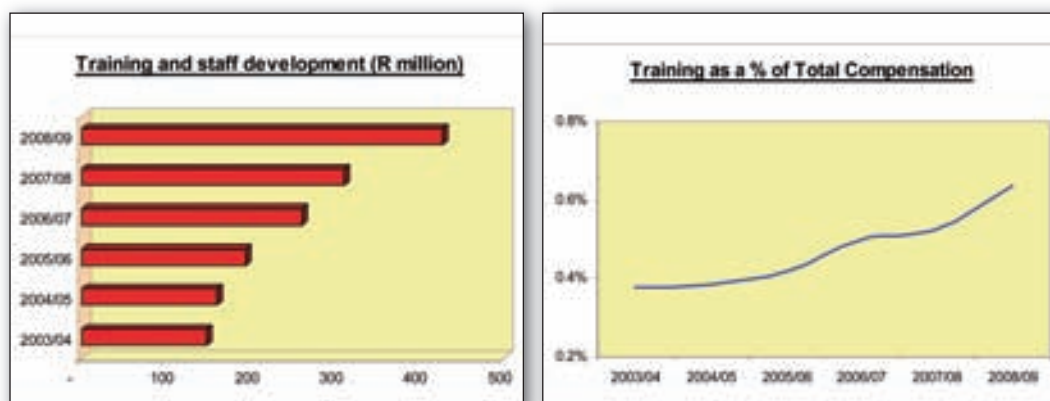
Training and staff development costs are included in the goods and services costs but it would be more appropriate to discuss these costs under compensation of employees as they are directly related to each other.

Training and staff development costs	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Training & staff development (R mill)	147	160	194	261	311	426
Total compensation of Employees	38,156	40,604	45,213	50,835	57,584	64,981
Training as a % of compensation	0.4%	0.4%	0.4%	0.5%	0.5%	0.7%

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

REVIEW OF OPERATING RESULTS (CONTINUED)

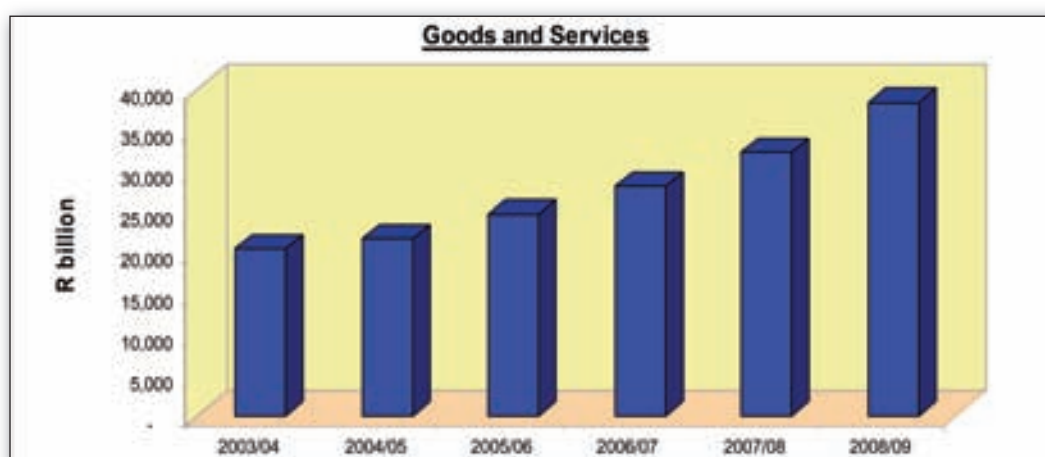


As can be seen above, training and staff development costs have risen gradually. In 2008/09 these costs are 0,7% of the total cost of compensation, which is the highest for the past five years. This means that government is definitely investing money in it's employees and the rate of investment is increasing as the years progress.

2.2.1.2 Goods and Services

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Goods and services	20,426	21,646	24,692	28,099	32,244	38,345
Increase in expenditure		6 %	14 %	14 %	15 %	19 %

Expenditure on goods and services increased steadily, with the latest increase being the largest in rand terms. The average increase year on year is approximately 14%, but during 2008/09 this jumped to 19%.



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REVIEW OF OPERATING RESULTS (CONTINUED)

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

Major items of goods and services R' million	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Consultants, contractors and special services	2,653	2,794	2,804	3,729	8,096	10,064
Inventory	3,553	3,871	4,191	1,711	5,017	6,144
Operating leases	1,455	1,970	2,399	3,644	4,007	4,542
Travel and subsistence	2,134	2,454	3,096	3,620	4,109	4,835
Computer services	2,013	2,493	3,207	3,006	3,267	3,988
Owned and leasehold property expenditure	358	295	375	1,257	2,071	2,288
Communication	1,088	1,221	1,316	1,386	1,461	1,532
Total	13,254	15,098	17,388	21,353	28,028	33,393
Percentage of total goods and services	65%	70%	70%	76%	87%	87%

These major items of goods and services accounted for 65% of the total goods and services expenditure in 2003/04. In the 2008/09 year this grew to 88%. This means that departments have now shifted most of the expenditure into these 7 major line items. The major increase is in consultants, contractors and special services, which have increased by R2 billion. The rest of the items account for approximately R0,5 to R1 billion increases individually.

Consultants, Contractors and Special Services

R' million	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Consultants, contractors and special services	2,653	2,794	2,804	3,729	8,096	10,064
As a % of total Goods and Services	13 %	13 %	11 %	13 %	25 %	26 %

Expenditure on consultants, contractors and special services (CCSS) has increased sharply over the last two years and now accounts for approximately 25% of total goods and services expenditure.

The average percentage was 13% during the period 2003/04 to 2006/07.

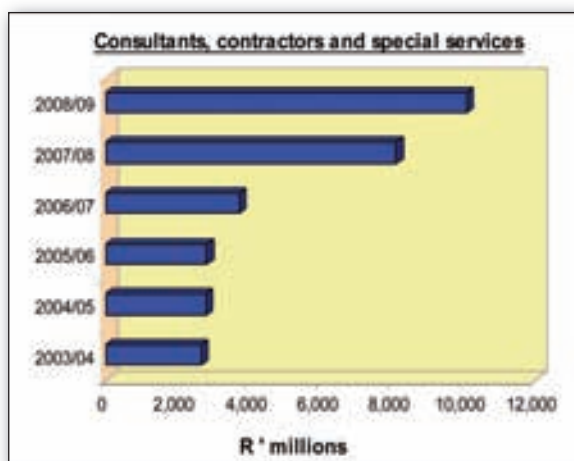
During 2008/09 the Standard Chart of Accounts (SCOA) was amended. This amendment also impacted on consultants, contractors and special services.

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REVIEW OF OPERATING RESULTS (CONTINUED)

Due to the SCOA reclassification, departments restated the financial information for 2007/08 and applied this classification for 2008/09 financial year. This is the main reason for the sharp increase from the 2006/07 financial year to 2007/08 financial year of 12%.



Inventory

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Inventory	3,553	3,871	4,191	4,711	5,017	6,144
As a % of total goods and services	17 %	18 %	17 %	17 %	16 %	16 %

Inventory purchases for the year under review have increased by approximately R1 billion. This, however, appears to be reasonable in comparison to inventory as a percentage of total goods over the previous five years. This averages at 16% and the current year is no exception.

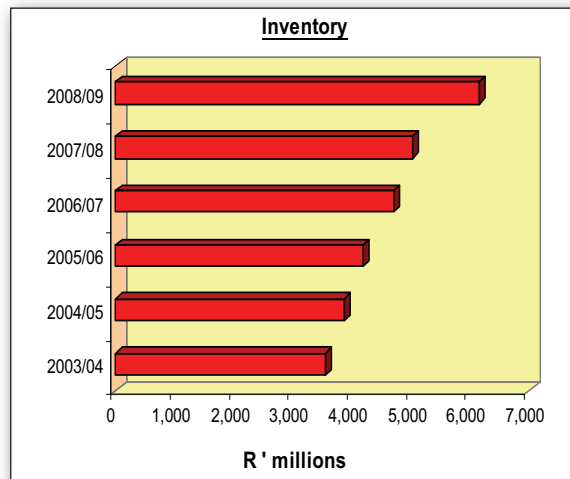
The major inventory were made by the Department of Safety and Security with approximately R1,8 billion in fuel, oil and gas. The Department of Defence also incurred R0,4 billion on the same item. Defence and the Department of Correctional Services together spent R0,9 billion on food and food supplies for staff and inmates.

In total R0,7 billion was spent on maintenance materials and a further R1 billion on stationary and printing.

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

REVIEW OF OPERATING RESULTS (CONTINUED)

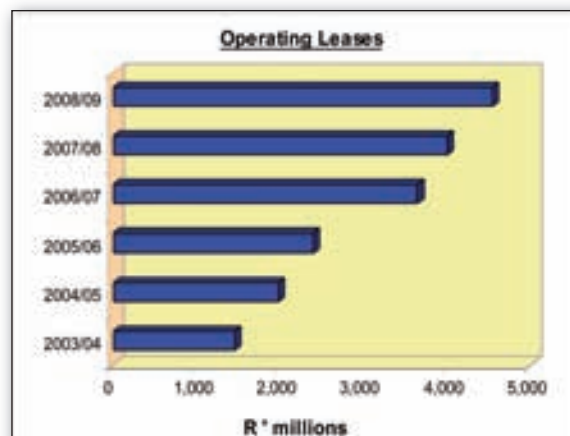


Operating leases

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Operating Leases	1,455	1,970	2,399	3,644	4,007	4,542
As a % of total Goods and Services	7 %	9 %	10 %	13 %	12 %	12 %

Operating lease expenditure appears to be within the range as in the previous years, hovering around the 12% mark. The Departments of Safety & Security and Correctional Services, in total spent R2 billion for the year.

The Justice and Protection Services cluster accounts for R2,8 billion, the Central Government Cluster accounts for R1 billion and the Economic Services cluster accounts for R0,5 billion, of the expenditure on operating leases.



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REVIEW OF OPERATING RESULTS (CONTINUED)

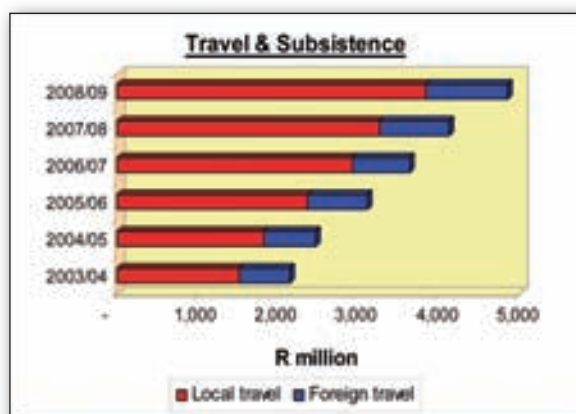
Travel and subsistence

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Local travel	1,513	1,812	2,364	2,911	3,251	3,826
Foreign travel	620	642	732	709	857	1,010
Total Travel and subsistence	2,133	2,454	3,096	3,620	4,108	4,836
As a % of total goods and services	10 %	11 %	13 %	13 %	13 %	13 %

Expenditure on travel and subsistence also appears to be stabilising over the past six years. The Justice cluster accounts for R2 billion and the Economic Services cluster R1 billion, of total expenditure on travel and subsistence.

The major spenders within the Justice cluster were again Safety and Security and Defence which spent R0,6 billion each followed by department of Justice with R0,4 billion.

The Economic cluster collectively spent R1 billion which was evenly spread across most of the departments.



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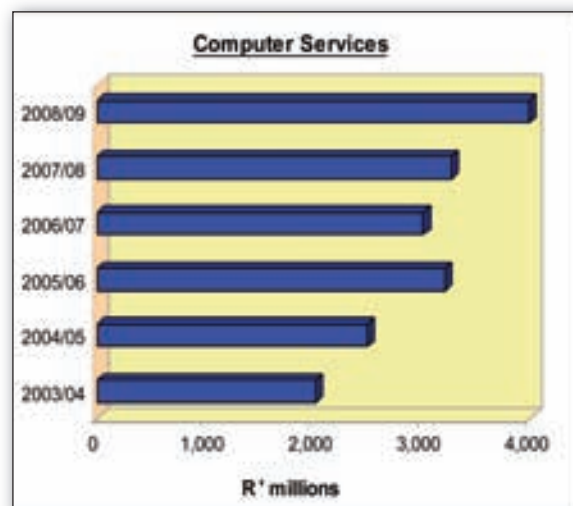
REVIEW OF OPERATING RESULTS (CONTINUED)

Computer services

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Computer services	2,013	2,493	3,207	3,006	3,267	3,988
As a % of total Goods and Services	10 %	12 %	13 %	11 %	10 %	10 %

The trend in computer services expenditure has been stable over the past 6 years. Currently, national government spent just under R4 billion on computer services.

Safety and Security and Defence spent R1,5 billion and R 0,8 billion respectively. The Department of Justice accounted for approximately R0,3 billion.



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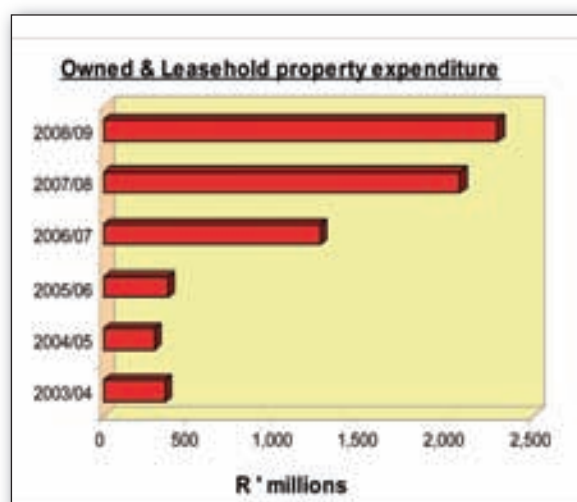
REVIEW OF OPERATING RESULTS (CONTINUED)

Owned and leasehold property expenditure

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Owned and leasehold property expenditure	358	295	375	1,257	2,071	2,288
As a % of total Goods and Services	2 %	1 %	2 %	4 %	6 %	6 %

This expenditure line item appears to be increasing, with an increase of approximately R1,9 billion from 2003/04.

The major spenders in this area are again Safety and Security with R0,5 billion and Correctional Services, Justice and Defence, which each spent approximately R0,4 billion.



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

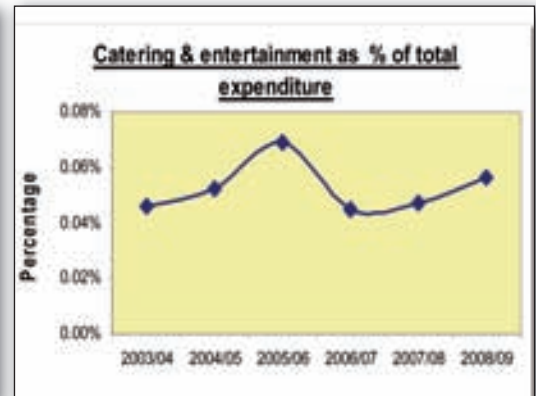
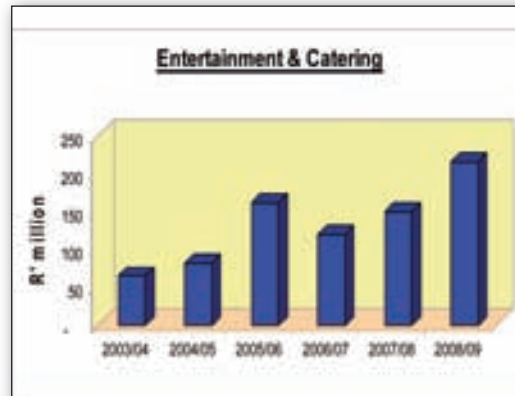
Catering and entertainment

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Catering and Entertainment	64	82	160	120	149	214

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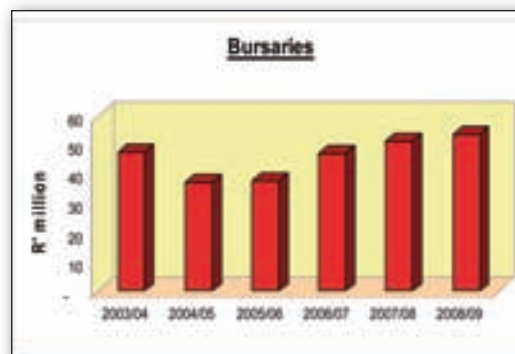
REVIEW OF OPERATING RESULTS (CONTINUED)



Catering and entertainment expenditure has stabilised in value over the last two years. It now sits at 0.056% of total departmental expenditure. The catering and entertainment expenditure is therefore insignificant in comparison to total expenditure costs.

Bursaries

<i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Bursaries	47	37	38	47	51	54



Bursary expenditure remains relatively low for the current year, at R54 million. Bursary expenditure as a percentage of compensation is also very low, accounting for less than 0,5% of total compensation of employees.

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REVIEW OF OPERATING RESULTS (CONTINUED)

2.2.2 Transfers and subsidies

Transfers and Subsidies <i>R' million</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Provinces and Municipalities	28,477	35,742	92,104	54,774	70,375	86,030
Households	3,329	3,178	3,892	61,705	69,308	79,206
Departmental agencies and accounts	26,876	28,774	34,122	37,733	43,300	52,224
Public corporations and private enterprises	6,890	8,853	12,015	14,688	20,812	31,002
Universities and technikons	8,391	9,328	9,788	11,056	12,004	13,898
Other	1,440	1,125	1,713	1,708	1,895	2,179
Total	75,403	87,000	153,634	181,664	217,694	264,539
Increase from prior year		15%	77%	18%	20%	22%
As a % of Total Revenue	24%	25%	36%	37%	39%	43%
As a % of Total Expenditure	22%	23%	37%	38%	40%	41%

Transfers and subsidies have increased by 22% or R46,8 billion, from the previous year. The anomaly of a 77% increase in 2005/06 is due to the shifting of functions to distribute social grants from provinces to SASSA.

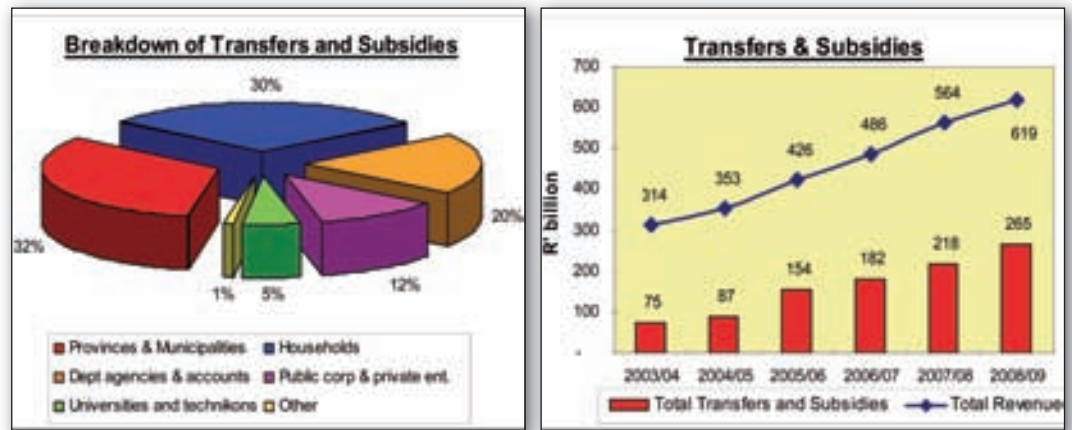
The Social Services cluster and Economic services cluster are the big spenders in this area with expenditure of R123 billion and R96 billion respectively. The Finance & Administration cluster spent R31 billion during the current year.

Progressive extension of the social security net will continue over the period ahead. During the year under review a total of R70 billion was paid out to SASSA by the Department of Social Development. These cash grants provided income support to people whose livelihoods were most at risk. The available grants are the old age pension, the disability, child support, foster care, care dependency and war veterans' grants; and grants in aid and social relief.

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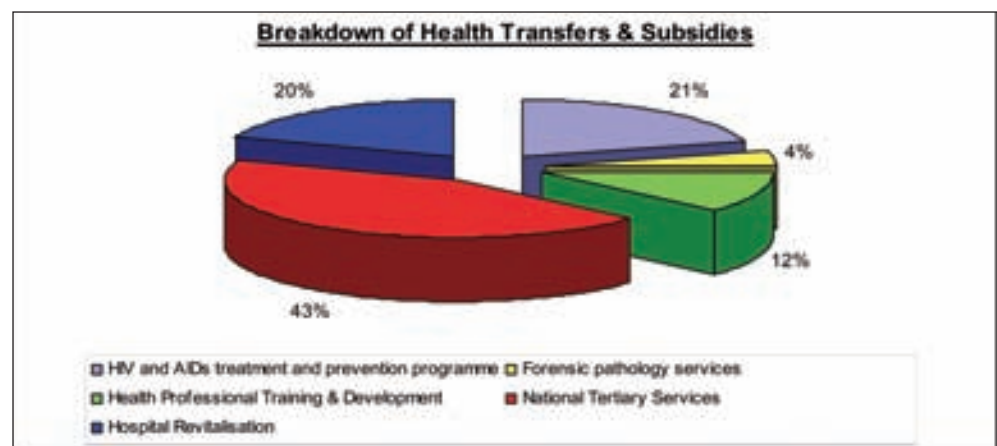
NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

REVIEW OF OPERATING RESULTS (CONTINUED)



Expenditure on health services has continued to grow. Priority programmes in the Department of Health continued to receive increased allocations. Efforts to control the HIV and AIDS epidemic were strengthened. The current budget allocated an additional R0,8 billion to this specific programme. This is to extend the comprehensive treatment programme, which is currently being implemented at 316 sites countrywide. Spending on dedicated HIV and Aids programmes by health, education and social development departments will exceed R6,5 billion annually by 2010/11.

The total transfer and subsidies of the Department of Health totaled R14 billion for the 2008/09 year and the following programmes received allocations as disclosed in the graph below:



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REVIEW OF OPERATING RESULTS (CONTINUED)

The Department of Education has also increased its transfers to various tertiary institutions throughout South Africa. The transfer amount has grown from R8,3 billion in 2003/04 to R13,8 billion in 2008/09.

In the Economic Cluster, the Department of Provincial and Local Government has accounted for R35 billion of the total amount. The unconditional grants and transfers to local government have increased from R20,6 billion in 2007/08 to R25,6 billion in 2008/09. This equates to a 24% increase.

The additional funding was aimed at expanding access to basic services to the poor.

DPLG Transfer to Local Governments by Province (R' million)	Actual 2007/08	Actual 2008/09
Eastern Cape	2,550	3,159
Free State	1,450	1,819
Gauteng	5,846	7,115
Kwazulu-Natal	3,471	4,334
Limpopo	1,821	2,296
Mpumalanga	1,521	1,883
Northern Cape	487	605
North West	1,413	1,768
Western Cape	2,116	2,580
Total	20,675	25,559

One of government's key priorities is to improve the ability of municipalities to plan, budget and provide service delivery. Government is also stepping up programmes to monitor municipal performance. Furthermore, the legal framework and capacity is now in place for provincial and national governments to intervene in municipalities that systematically fail to meet their service delivery obligations.

National and provincial programmes to support municipal capacity development are being aligned under government's flagship **Siyenza Manje** programme. In total, government plans to spend R1,5 billion over the next three years to modernise local government budgeting and financial management systems, and to improve compliance with the Municipal Financial Management Act (Act number 56 of 2003) (MFMA).

In 2007 government approved a strategy to create integrated rapid transport networks. The development of a safe, reliable and accessible public transport system remains a key priority. Construction associated with the Gauteng freeway

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REVIEW OF OPERATING RESULTS (CONTINUED)

improvement scheme has begun during the year and these costs are to be recovered over time through toll revenue.

Investment in road maintenance has been supported by government with department of Transport transferring an additional R 0,6 billion to the SA National Roads Agency.

Depart of Transport Transfers to (R' million)	Actual 2007/08	Actual 2008/09
South African National Roads Agency Ltd.	3,522	4,160
Municipalities	1,174	2,929
Gauteng - Gauteng Rapid Rail Link	3,029	3,266
Passenger Rail Authority of South Africa	4,431	5,417
Private enterprises	2,836	3,841
Total	14,992	19,613

The Department of Housing has also continued to increase grant payments to the provinces as can be seen in the table which follows. Investments in the built environment are aimed at expanding access to basic household services and providing infrastructure that links communities to economic opportunities.

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

Since 1994 about 2,3 million houses have been built, and it is estimated that a further 2,4 million homes need to be built to overcome the housing shortage. Over the next three years, a total of R35,8 billion has been allocated for housing needs.

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

Housing Transfer to Province (R' million)	Actual 2006/07	Actual 2007/08	Actual 2008/09
Eastern Cape	762	1,053	981
Free State	523	653	859
Gauteng	1,758	2,197	2,807
Kwazulu-Natal	1,048	1,311	1,622
Limpopo	521	652	825
Mpumalanga	421	526	697
Northern Cape	105	131	219
North West	613	767	862
Western Cape	599	949	1,306
Total	6,350	8,239	10,178

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REVIEW OF OPERATING RESULTS (CONTINUED)

2.2.3 Expenditure for capital assets

Capital expenditure <i>R' billion</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Total capital expenditure	4,908	5,003	7,225	6,355	8,069	9,534
% change from prior year		2 %	44 %	-12 %	27 %	18 %

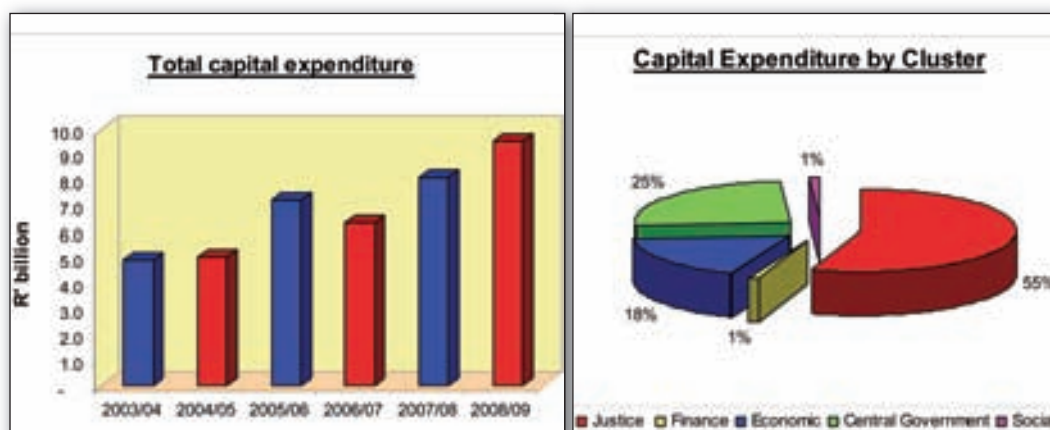
Capital expenditure also increased during the current year, with expenditure rising from R8 billion last year to R9.5 billion. The majority of capital expenditure was on buildings and other fixed structures, which accounted for R4,9 billion or 51%.

The major spenders in this area were Safety & Security and Correctional Services with each spending R1,0 billion, and Defence which spent R0,5 billion.

Defence began purchasing transport aircraft, and Safety and Security will be upgrading their information and communication technology networks as previously mentioned. Correctional Services is in the process of procuring six new-generation correctional facilities.

Foreign Affairs and Public Works account for expenditure of R1,0 billion each. Foreign Affairs has started setting up more missions in Asia, commenced with the refurbishment of foreign properties, and was given extra funding for the construction of a Pan African Parliament building in Midrand, to the value of R0,7 billion.

Expenditure by cluster shows that the Justice and Protection Services cluster accounts for 55% of total capital expenditure followed by Central Government cluster and then the Economic cluster.



CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

Please note that this capital expenditure is only for national departments and exclude the capital expenditure of the provinces. The capital expenditure by government as a whole therefore exceeds the R8 billion disclosed above and is in the region of R55 billion.

3. Assets

3.1 Cash and cash equivalents

Cash & cash equivalents <i>R' billion</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Cash and equivalents	15	33	62	78	99	105
% change from prior year		120 %	88 %	26 %	27 %	6 %

Cash and cash equivalents stands at R105 billion, with the National Revenue Fund holding the bulk of the cash with R101 billion. Government's total cash includes deposits held by the Reserve Bank (SARB) and commercial banks. The SARB uses the deposits that it holds to "sterilise" the excess cash created in the money market when purchasing foreign exchange reserves. Capitalised interest increased sterilisation deposits with the SARB.

Operational cash available to finance the borrowing requirement is held in the tax and loan accounts with the four commercial banks. The level of operational cash is determined by future cash requirements. Peaks arise from seasonally high expenditure in April and May and interest payments in August and February. The repayment of loans in August and February increases the cash requirements.

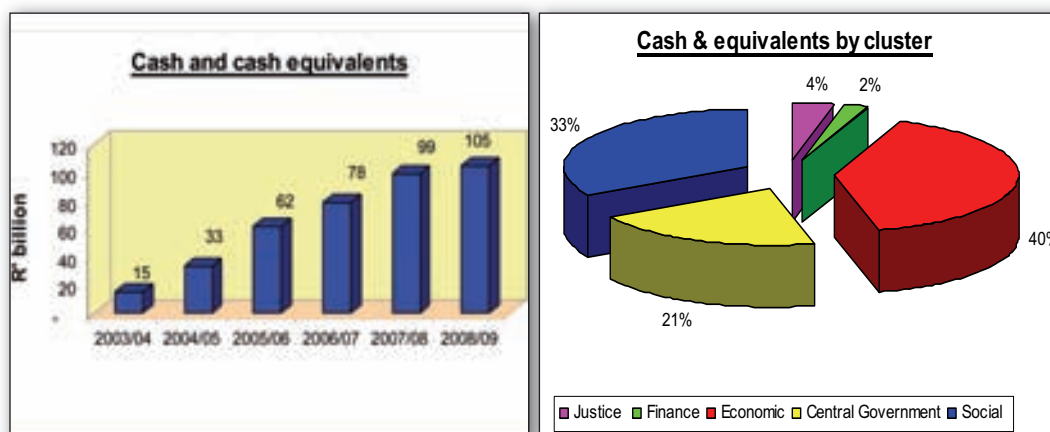
The following departments held large amounts of cash at year end:

Department <i>R' million</i>	Actual 2008/09
Social Development	605
Health	467
DPLG	306
Trade & Industry	226
Water Affairs and Forestry	407
Foreign Affairs	205
Public Works	181

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

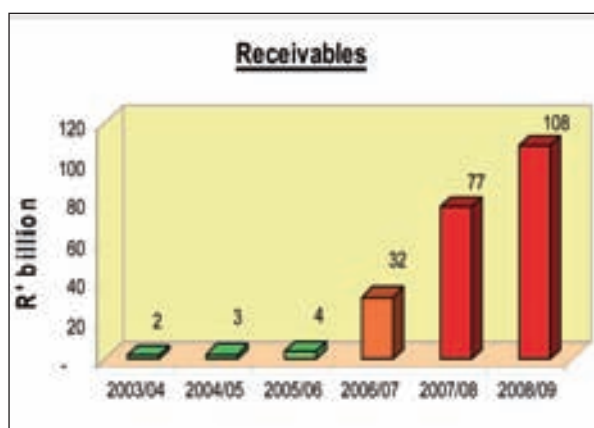
REVIEW OF OPERATING RESULTS (CONTINUED)



3.2 Receivables

Receivables R' billion	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
	2	3	4	32	77	108

This amount mainly consists of a receivable in respect of the Gold and Foreign Exchange Contingency Reserve account (GFECRA) of R101,6 billion. This represents the net of profits and losses arising from exchange forward cover provided by the SARB, as well as from the periodic revaluations of the Reserve bank's foreign exchange reserves, foreign loans and gold reserves and an exchange margin payable to the SARB on all foreign exchange transactions on behalf of government. Following the agreed settlement methodology between National Treasury and the SARB only transactions with a cash flow impact will be settled. Transactions of a non-cash flow nature, such as revaluation profits and losses will not be settled.



CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

3.3 Investments

Investments <i>R' billion</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Investments	46	45	48	51	55	60
% Increase from prior year		-2 %	7 %	6 %	8 %	9 %

Total investments increased to R60 billion for the current year. This represents a 9% increase from the prior year. The increase can be attributed to government's increase in investment in Broadband Infraco (Pty) Ltd amounting to R1 billion as well as an increase in NRF investments of R2,5 billion. NRF investments consist of government's shareholding in multilateral institutions such as the World Bank and African Development Bank. These investments increased by R4.1 billion to R27.2 billion largely because of a weaker currency.

The major investments of government are listed in the table which follows. This gives the actual rand amount of the investments held by government for the past two years.

During the year under review, Transnet sold shares in South African Airways (SAA), to the value of R2 billion to the government. This means that the government owns SAA directly and no longer through Transnet.

Accordingly the investment for SAA was raised and the investment in Transnet was reduced by the same amount.

* The investment in Eskom comprises one share at R1. During the year, government decided to provide additional support to Eskom for financing requirements for its capital investment plans.

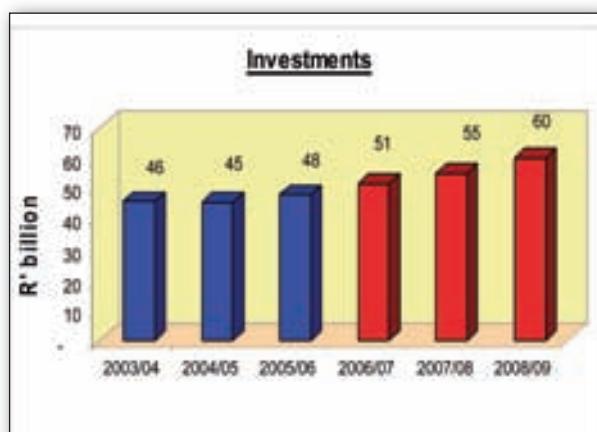
National Treasury transferred funds to the amount of R10,0 billion to Eskom during the year. These are not accounted for as an additional investment but as a loan to a public corporation.

The new investment in Broadband Infraco was to establish an intervention to rapidly normalise telecommunications market efficiency and address the cost of broadband to other industry players and end users, by having infrastructure in the national backbone and international connectivity at reduced prices.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2009

**NATIONAL DEPARTMENTS, THE NATIONAL REVENUE
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REVIEW OF OPERATING RESULTS (CONTINUED)



Actual Investments (R' million)	Actual 2007/08	Actual 2008/09
Alexkor Limited	50	50
Aventura Limited	60	60
Broadband Infracore (Pty) Limited	-	1,004
Denel (Pty) Ltd	5,476	5,476
Eskom Limited *	-	-
Safcol Limited	318	318
South African Airways (Pty) Ltd	-	2,049
Transnet Limited ^	14,710	12,661
Passenger Rail Authority of South Africa Ltd.	4,248	4,248
Airports Company Ltd.	559	559
Air Traffic and Navigation Services Company Ltd.	191	191
S.A. National Roads Agency Ltd.	1,091	1,091
NHFC	880	880
Telkom SA Limited	2,070	2,070
South African Post Office Limited	201	201
DBSA	200	200
IDC	1,392	1,392
Special Defence Account	75	75
International Bank for Reconstruction and Development	13,154	15,420
African Development Bank	9,733	11,472
Total	54,408	59,419

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

3.4 Loans

Total loans <i>R' million</i>	Actual 2007/08	Actual 2008/09
Loans	475	10,510

As stated above, during the current year National Treasury made a loan of R10 billion to Eskom, which is part of a larger R60 billion loan approved by Parliament.

In 2008, government approved a 30-year subordinated loan of R60 billion in support of Eskom's capital expansion programme. The Eskom Subordinated Loan Special Appropriation Act provides for a multi-year appropriation of R10 billion (2008/09), R30 billion (2009/10) and R20 billion (2010/11). Eskom will be required to repay the loan with interest. Eskom will only be required to service the interest if its credit supports an investment grade rating.

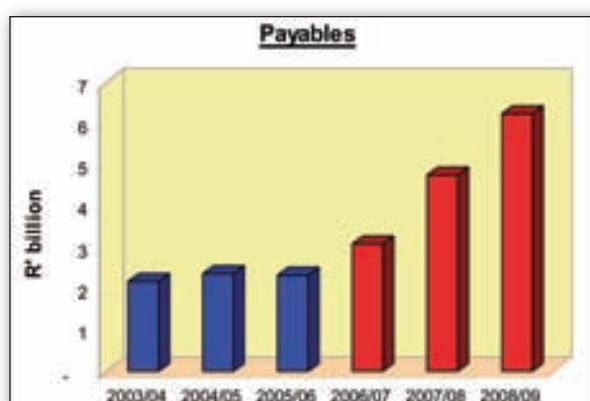
4. Liabilities

4.1 Current Payables

Payables <i>R' billion</i>	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Payables	2	2	2	3	5	6
% change from prior year		0 %	0 %	50 %	67 %	25 %

Payables remain at a relatively low value of R6 billion compared to the previous year of R5 billion. The NRF accounts for the majority of the payables with R3,8 billion.

The Department of Foreign Affairs accounts for the other major portion at R1,2 billion. The main portion of this amount is due to the Department of Home Affairs.



CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2009

**NATIONAL DEPARTMENTS, THE NATIONAL REVENUE
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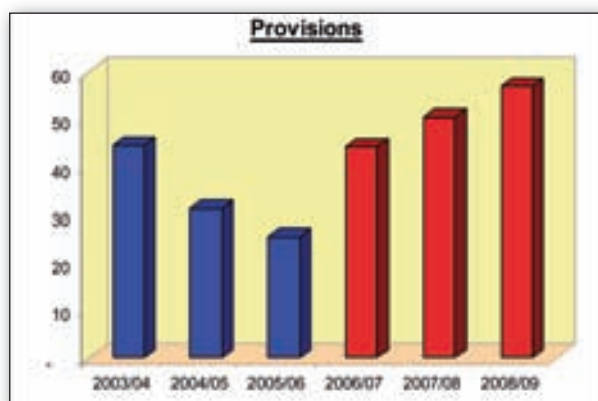
REVIEW OF OPERATING RESULTS (CONTINUED)

4.2 Provisions

Provisions R' billion	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Provisions	45	31	25	44	50	58
% change from prior year		-31 %	-19 %	76 %	14 %	16 %

The increase in provisions amounts to R8 billion for the current year. Provisions have been steadily increasing over the past three years. The provisions are raised by the NRF and these are made up of the following amounts:

Provisions R' million	Actual 2008/09
Special Drawing Rights	794
International Monetary Fund	22,965
Leave Credits	9,073
International Bank for Reconstruction and Development	14,481
Multilateral Investment Guarantee Agency	138
African Development Bank	10,186
Total	57,637



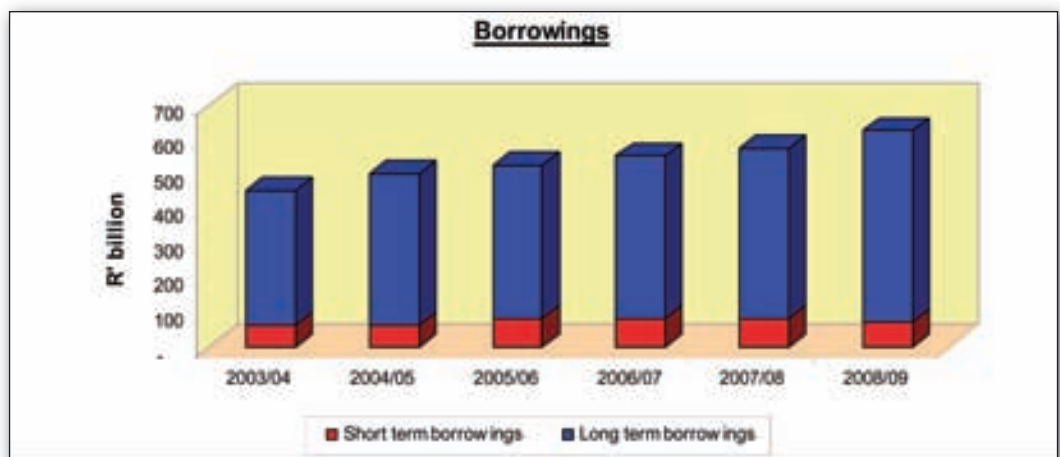
CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

4.3 Current and non-current borrowings

Borrowings R' billion	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Current borrowings	61	64	82	83	83	73
Non-current borrowings	392	437	445	469	492	552
Total	453	501	527	552	575	625
% change from prior year		11%	5%	5%	4%	9%



Total debt has increased by 9% for the current year compared to the average rate of increase of 5% for the last three years. The total debt figure now stands at R625 billion. Government's gross borrowing requirement, the sum of the budget balance, extraordinary receipts/payments and redeeming borrowings (debt), is financed through domestic loans, foreign loans and changes in cash balances.

Government's borrowings are affected by the net borrowing requirement, discount on loans, increases/decreases due to revaluation of foreign loans and the revaluation of inflation-linked bonds. Total government debt is shown in the following table.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

Total government debt details, 2003/04 – 2008/09

<i>R' million</i>	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Domestic debt	388,7	430,7	459,9	469,6	479,4	528,4
Foreign debt	64,7	69,4	66,8	82,6	96,2	97,3
Gross loan debt	453,4	500,1	526,7	552,2	575,6	625,7
Less: National Revenue Fund bank balances	-12,7	-30,9	-58,2	-75,3	-93,8	-101,3
Net loan debt	440,7	469,2	468,5	476,9	481,8	524,4
<i>As percentage of GDP :</i>						
<i>Net loan debt</i>	34,2	32,9	29,5	26,3	23,3	22,6
<i>Foreign debt</i>	5,0	4,9	4,2	4,6	4,7	4,2
<i>As percentage of gross loan debt:</i>						
<i>Foreign debt</i>	14,3	13,9	12,7	15,0	16,7	15,6

Net loan debt consists of total domestic and foreign debt less the cash balances of the National Revenue Fund. Over the above period, net loan debt as a percentage of the gross domestic product (GDP) declined from 34.3 per cent to 22.6 per cent.

5. Net Surplus/ (Deficit) reconciliation

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

R' million	Reconciliation to Deficit as reflected in 2009 Budget Review		
	2008/09	2007/08	As Published In 2007/08
Surplus/Deficit per Income Statement (NRF)	(19,444)	36,609	36,609
Add back non-cash movement	(11,377)	(18,212)	(18,212)
(Increase)/Decrease in revenue	5,065	(4,686)	(6,498)
Movement in Annual Appropriation: Net Financing	5,898	5,875	5,257
Proceeds from the sale of State Assets	-	(1,035)	(1,035)
Armaments Purchases- Exchange Rate Profit	(1)	-	-
Exchange rate profit : ECA Loans	(2)	(526)	(526)
Recovery of criminal assets	(66)	(46)	(46)
Surplus: SARB	119	(3)	(3)
Surplus: CPD	(52)	(17)	(17)
Extra-ordinary receipts: Premium on bonds issued	(3,615)	(244)	(244)
Agricultural Debt Account Surrender	(704)	(250)	(250)
Restructuring of Govt Debt Portfolio	(861)	-	-
Penalties on Retail Bonds	(2)	(1)	(1)

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2009

**NATIONAL DEPARTMENTS, THE NATIONAL REVENUE
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REVIEW OF OPERATING RESULTS (CONTINUED)

R' million	2008/09	2007/08	As Published In 2007/08
Revenue Fund receipts:			
SASRIA	(2,142)	-	-
Diabo Share Trust	(435)	-	-
GEFRECA Account	-	(319)	(319)
Penalties on Forefeits SARB	(2)	(1,021)	(1,021)
Restructuring of Govt Debt Portfolio	507	677	677
Losses on GEFRECA	328	80	80
Direct Exchequer Payment			
Loss on Exchange Rate	-	18	18
Premium on Script Lending	2,964	-	-
Recovery of criminal assets	7	24	24
Leave credits	570	643	643
Other expenditure	(7)	255	255
Unauthorised expenditure approved	469	455	455
Surplus/(Deficit) per Budget Review	(22,783)	18,275	15,846
Surplus/(Deficit) per Budget Review	(22,783)	18,275	15,846
Items as specified above	3,339	18 334	20 763
Surplus per the NRF Statement of Financial Performance	(19,444)	36,609	36,609
Aggregated surplus/(deficit) of the National Departments	6,030	957	989
Add back unauthorised, fruitless & wasteful expenditure	-	-	40
Surplus per CAFS	(13,414)	37,566	37,638
Analysis of the aggregated surplus per CFS			
Statutory and Voted Funds to be surrendered to NRF	(14,009)	37,689	37,731
Departmental sourced revenue	55	26	56
Local and foreign aid assistance	105	(149)	(136)
CARA Fund Assistance	435	-	(13)
Total	(13,414)	37,566	37,638

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2009

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

REVIEW OF OPERATING RESULTS (CONTINUED)

6. Actual expenditure vs adjusted appropriation

Name of Department	Actual Expenditure R'000	Adjusted Appropriation R'000	Variance R'000	% Variance
Central Government Administration	15,575,856	15,913,921	338,065	2.1%
Presidency	326,246	311,735	(14,511)	-4.7%
Parliament	913,799	913,799	-	0.0%
Foreign Affairs	5,472,264	5,569,787	97,523	1.8%
Home Affairs	4,666,560	4,816,608	150,048	3.1%
Public Works	4,196,987	4,301,992	105,005	2.4%
Finance and Administration	33,693,342	33,826,793	133,451	0.4%
Government Communications and Information Systems	427,477	439,832	12,355	2.8%
National Treasury	31,312,109	31,424,164	112,055	0.4%
Public Service and Administration	411,589	420,208	8,619	2.1%
Public Service Commission	113,656	113,672	16	0.0%
S A Management Development Institute	105,365	105,527	162	0.2%
Statistics South Africa	1,323,146	1,323,390	244	0.0%
Social Services	119,898,968	120,972,299	1,073,331	0.9%
Arts and Culture	2,114,496	2,160,317	45,821	2.1%
Education	19,709,070	19,749,370	40,300	0.2%
Health	15,464,470	15,851,169	386,699	2.4%
Labour	1,642,841	1,747,606	104,765	6.0%
Social Development	76,096,680	76,554,151	457,471	0.6%
Sport and Recreation S A	4,871,411	4,909,686	38,275	0.8%
Justice and Protection Services	90,649,104	90,344,178	(304,926)	-0.3%
Correctional Services	12,822,641	12,338,820	(483,821)	-3.9%
Defence	27,801,286	27,899,027	97,741	0.4%
Independent Complaints Directorate	99,297	98,497	(800)	-0.8%
Justice and Constitutional Development	8,433,571	8,515,525	81,954	1.0%
Justice	6,362,176	6,403,716	41,540	0.6%
NPA	2,071,395	2,111,809	40,414	1.9%
Safety and Security	41,492,309	41,492,309	-	0.0%
Economic Services and Infrastructure Development	108,424,190	109,136,387	712,197	0.7%
Agriculture	2,847,871	2,937,748	89,877	3.1%
Communications	2,328,611	2,331,509	2,898	0.1%
Environmental Affairs	3,198,878	3,206,557	7,679	0.2%
Housing	10,920,272	10,928,487	8,215	0.1%
Land Affairs	6,654,636	6,659,396	4,760	0.1%
Minerals and Energy	3,730,006	3,786,241	56,235	1.5%
Provincial and Local Government	35,348,095	35,639,007	290,912	0.8%
Public Enterprise	3,265,149	3,269,378	4,229	0.1%
Science and Technology	3,703,468	3,721,715	18,247	0.5%
Trade and Industry	5,056,989	5,126,893	69,904	1.4%
Transport	24,838,644	24,492,840	(345,804)	-1.4%
Water Affairs and Forestry	6,531,571	7,036,616	505,045	7.2%
	368,241,460	370,193,578	1,952,118	0.5%

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009

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. For the second year running consolidated financial statements (CFS) have been prepared for the national departments and submitted for auditing. 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 of the national departments, the National Revenue Fund, and the State Debt and Tax and Loan Accounts. These statements comprise the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 86.

The accounting officer's responsibility 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 accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) 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.

The Auditor-General's responsibility

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 read with *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 about whether the financial statements are free from material misstatement.

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009 (CONTINUED)

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for a qualified opinion

Qualifications in the reports of individual national departments

Immovable tangible assets

8. Included in note 47 to the CFS is an amount of R5,3 billion relating to the Department of Public Works, the completeness, rights and obligations, and valuation of which could not be verified.
9. I was unable to obtain sufficient and appropriate audit evidence to determine the completeness and rights regarding immovable properties disclosed at R1 in note 47 to the CFS held by the Department of Land Affairs. The department does not have a complete register of land held by the national government and placed under the custodianship of the department.

Moveable tangible assets

I was unable to verify the valuation, existence, completeness and rights and obligations of tangible assets in the following departments:

10. Department of Labour – R 110,5 million in respect of significant shortcomings in the management of the asset register.
11. Department of Labour – R 134,9 million in respect of Public Private Partnership assets due to the department not maintaining a proper asset register.

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009 (CONTINUED)

12. The Department of Correctional Services included additions to assets to the value of R436 million in its asset register and only R92 million in the consolidated financial statements. No reconciliation of the difference of R344 million could be provided. In addition, I was unable to confirm the existence and valuation of assets to the value of R236 million.
13. The Department of Justice and Constitutional Development – Errors in the asset register to the value of R585 million.
14. The Department of Home Affairs – I could not physically verify assets that might have a possible misstatement of R31 million. In addition, assets were identified that did not appear on the asset register. The possible misstatement due to this cannot be reasonably quantified.
15. The Department of Public Works – Assets to the value of R221,9 million for which a complete asset register could not be provided.
16. The Department of Defence did not keep an asset register as required by the National Treasury and did not disclose any financial information in this regard in the notes to the consolidated financial statements. I was not able to quantify the effect of this non-disclosure on the consolidated financial statements.

Departmental revenue

17. Departmental revenue to the value of R356 million in the Department of Home Affairs could not be assessed for accuracy and completeness due to a lack of a proper audit trail.
18. At the Department of Defence, departmental revenue is overstated by an amount of R67 million.
19. The Department of Health could not provide sufficient appropriate audit evidence for departmental revenue to the value of R29,7 million.
20. The Department of Justice and Constitutional Development formed a third-party fund. Departmental revenue from this fund may be misstated by R40 million.

Irregular expenditure

21. The Department of Justice and Constitutional Development condoned irregular expenditure to the value of R34 million, the accuracy and existence of which could not be determined.

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009 (CONTINUED)

22. Irregular expenditure in the Department of Defence is understated by R 102,7 million. Additionally, no supporting documentation could be supplied for irregular expenditure amounting to R77 million by the department. Furthermore, the department did not correctly account for irregular expenditure to the value of R61,7 million, as required by the relevant practice note issued by the National Treasury.

Opinion

23. In my opinion, except for the possible effects of the matters described in the basis for a qualified opinion paragraphs, the financial statements present fairly, in all material respects, the consolidated financial position as at 31 March 2009 and the consolidated financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the PFMA and DoRA.

Basis of accounting

24. Without qualifying my opinion, 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 accounting policy note 1.1.

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

25. 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 basis of accounting being applied.

Governance framework

26. The governance principles that impact the auditor's opinion on the financial

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009 (CONTINUED)

statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance requirements

27. 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 key governance responsibilities, which I have assessed as follows:

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009 (CONTINUED)

No.	Matter	Yes	No
	Clear trail of supporting documentation that is easily available and provided in a timely manner		
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	X	
	Quality of financial statements and related management information		
2.	The financial statements were not subject to any material amendments resulting from the audit.	X	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	X	
	Timeliness of financial statements and management information		
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 8 of the PFMA).	X	
	Availability of key officials during audit		
5.	Key officials were available throughout the audit process.	X	
	Development and compliance with risk management, effective internal control and governance practices		
6.	Audit committee		
	• The department had an audit committee in operation throughout the financial year.	X	
	• The audit committee operates in accordance with approved, written terms of reference.	X	
	• 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	X	
7.	Internal audit	X	
	• The department had an internal audit function in operation throughout the financial year.	X	
	• The internal audit function operates in terms of an approved internal audit plan.	X	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2	X	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	X	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	X	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	X	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2	X	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA.	X	

REPORT OF THE AUDITOR-GENERAL

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

for the year ended 31 March 2009 (CONTINUED)

No.	Matter	Yes	No
	Follow-up of audit findings		
13.	The prior year audit findings have been substantially addressed.	X	
14.	SCOPA resolutions have been substantially implemented.	n/a	
	Issues relating to the reporting of performance information		
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	n/a	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	n/a	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the National Treasury against its mandate, predetermined objectives, outputs, indicators and targets (Treasury Regulations 5.1, 5.2 and 6.1).	n/a	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	n/a	

Appreciation

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

Auditor-General

Pretoria
9 October 2009



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2009

	Notes	2008/2009 R'000	2007/2008 R'000
OPERATING INCOME		610,196,111	561,253,981
Revenue from Taxes, Levies & Duties	<u>2</u>	596,797,098	548,106,096
Departmental revenue	<u>3</u>	11,955,965	12,670,153
Other Revenue	<u>4</u>	1,007,586	477,732
Receipts by National Departments from NRF	<u>4.1</u>	435,462	-
NON-OPERATING INCOME	<u>5</u>	7,756,495	2,404,752
Non-Operating Income	<u>5.1</u>	7,697,461	2,382,288
CARA Fund Assistance income	<u>5.2</u>	59,034	22,464
LOCAL AND FOREIGN AID ASSISTANCE	<u>7.1</u>	1,331,884	744,551
TOTAL INCOME		619,284,490	564,403,284
NATIONAL REVENUE FUND EXPENDITURE		264,835,211	227,987,192
Appropriated Funds	<u>8.1</u>	260,473,097	226,314,195
Non-Operating expenditure		3,799,235	775,257
Leave entitlement		569,779	642,633
Other		(6,900)	255,107
DEPARTMENTAL EXPENDITURE			
Current expenditure		104,847,130	91,253,277
Compensation of employees	<u>9</u>	64,980,879	57,584,358
Goods & Services	<u>10</u>	38,345,114	32,244,465
Interest & Rent on Land	<u>11</u>	5,705	1,575
Financial transactions in assets and liabilities	<u>12</u>	158,762	179,586
CARA Fund assistance expenditure	<u>6</u>	79	1,139
Local and foreign aid assistance	<u>7.2</u>	887,692	783,836
Unauthorised expenditure approved	<u>15</u>	-	3,372
Expenditure in terms of an Act of Parliament	<u>8.2</u>	468,899	454,946
Transfers and subsidies		264,858,314	217,739,743
Transfers and subsidies	<u>13</u>	264,538,963	217,694,490
Aid assistance	<u>7.3</u>	319,351	45,253
Capital expenditure		9,534,438	8,069,111
Expenditure for capital assets	<u>14</u>	9,534,438	8,069,111
TOTAL EXPENDITURE		644,075,093	545,049,323
SURPLUS/(DEFICIT)		(24,790,603)	19,353,961
Add back non-cash movement	<u>17</u>	11,376,718	18,212,163
SURPLUS/(DEFICIT) FOR THE YEAR		(13,413,885)	37,566,124
Reconciliation of Net Surplus (Deficit) for the year			
Voted Funds to be surrendered to the revenue fund		(14,009,379)	37,688,862
Departmental revenue to be surrendered to the revenue fund		55,434	25,884
Local and foreign aid assistance		104,598	(148,622)
Direct Exchequer receipts/payments		435,462	-
SURPLUS/(DEFICIT) FOR THE YEAR		(13,413,885)	37,566,124



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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2009

	Notes	2008/2009 R'000	2007/2008 R'000
ASSETS			
Current Assets		216,047,575	177,740,594
Unauthorised expenditure	15.3	933,557	398,065
Fruitless and wasteful expenditure	16	48,832	59,255
Cash and cash equivalents	18	105,156,062	98,739,284
Prepayments and advances	20	1,298,260	1,348,829
Receivables	21	108,271,880	76,856,210
Loans	23.1	38,641	38,117
Local and foreign aid assistance receivable	7.4	300,343	300,834
Non-current assets		70,353,989	55,256,747
Investments	22.1	59,840,521	54,777,586
Loans	23.2	10,510,056	475,158
Other financial assets	19	3,412	4,003
TOTAL ASSETS		286,401,564	232,997,341
LIABILITIES			
Current liabilities		142,390,018	140,475,481
Voted funds to be surrendered to the Revenue Fund	24	1,190,359	926,787
Departmental revenue to be surrendered to the Revenue Fund	25	177,356	(990,736)
Bank overdraft	26	3,723,935	1,759,455
Payables	27	5,898,973	4,757,625
Borrowings - Short Term	29	73,258,426	83,160,413
Provisions	31	57,638,191	50,463,266
Local and foreign aid assistance repayable	7.6	354,428	152,680
Local and foreign aid assistance unutilised	7.5	148,350	245,991
Non-current liabilities		552,420,905	492,463,662
Payables	28	30,742	18,730
Borrowings - Long Term	30	552,390,163	492,444,932
TOTAL LIABILITIES		694,810,923	632,939,143
NET LIABILITIES		(408,409,359)	(399,941,802)
Represented by:			
Capitalisation Reserves		33,082,365	32,042,941
Recoverable revenue		10,588,697	496,661
Retained funds (Legislatures/Parliament/CARA Fund Assistance)		(452,080,421)	(432,481,404)
TOTAL		(408,409,359)	(399,941,802)

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2009

Notes	2008/2009 R'000	2007/2008 R'000
Capitalisation Reserves		
Opening Balance	32,042,941	31,006,537
Transfers	1,039,424	1,036,404
Movement in Equity / Capitalisation Reserves	1,035,956	964,359
Movement in Operational Funds	3,468	(2,955)
Other Movements	-	75,000
Closing Balance	33,082,365	32,042,941
Recoverable revenue		
Opening Balance	496,661	539,517
Transfers	10,092,036	(42,856)
Irrecoverable amounts written off	(8,854)	(43,608)
Debts revised	(8,766)	(110,991)
Debts recovered (included in departmental receipts)	9,860,669	(185,610)
Debts raised	248,987	297,353
Closing balance	10,588,697	496,661
Retained funds		
Opening balance	(432,481,404)	(469,090,332)
Movement in Retained funds	(19,599,017)	36,608,928
Transfer from Statement of Financial Performance	(19,444,441)	36,609,357
CARA Fund Assistance	-	275
Other	(154,576)	(704)
Closing balance	(452,080,421)	(432,481,404)
TOTAL	(408,409,359)	(399,941,802)



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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2009

Notes	2008/2009 R'000	2007/2008 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND		
	623,401,091	566,063,571
Revenue collected by SARS	597,139,781	547,287,886
Departmental Revenue collected	13,753,294	11,599,597
Non-operating income	7,764,841	2,361,829
CARA Fund assistance	59,034	22,464
Surrenders from Departments	3,935,746	4,314,063
Other revenue received by the revenue fund	748,395	477,732
TOTAL RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND	623,401,091	566,063,571
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS		
	11,577,354	10,200,293
Annual appropriated funds received	60	(20,470)
Statutory appropriated funds received	-	1
Appropriation for unauthorised expenditure received	(428,745)	(387,297)
Departmental revenue received	10,238,693	9,865,919
Direct Exchequer receipts	435,462	-
Aid assistance received	1,331,884	742,140
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND		
	271,460,943	226,960,038
Statutory appropriation	266,952,900	227,447,704
CARA Fund assistance	79	1,139
Appropriation for unauthorised expenditure approved	(109,967)	28,345
Non-operating expenditure	3,799,235	775,257
Other	818,696	(1,292,407)
TOTAL EXPENDITURE DISCLOSED BY THE NATIONAL REVENUE FUND		
	(22,358,011)	(26,436,611)
Net (increase)/decrease in working capital	(581,285)	1,565,794
Surrendered to Revenue Fund	(17,401,904)	(15,926,513)
Current payments	(103,034,010)	(90,766,753)
Transfers and subsidies paid	(264,858,314)	(217,739,743)
Net cash flow available from operating activities	32	26,436,611
CASH FROM INVESTING ACTIVITIES		
	(20,441,728)	(8,839,173)
Payments for capital assets	(9,534,438)	(8,069,111)
Proceeds from sale of capital assets	131,753	230,103
(Increase)/decrease in loans	(10,035,422)	11,595
(Increase)/decrease in investments	(1,004,212)	(1,007,849)
(Increase)/decrease in other financial assets	591	(3,911)
Net cash flows from investing activities	(20,441,728)	(8,839,173)
CASH FLOWS FROM FINANCING ACTIVITIES		
	47,252,037	4,578,797
Distribution/dividend received	1,585,519	2,574,131
Increase/(decrease) in net assets	11,083,370	953,266
Increase/(decrease) in non-current payables	12,012	(291)
Increase/(decrease) in borrowings	34,571,136	1,051,691
Net cash flows from financing activities	47,252,037	4,578,797
Net increase/(decrease) in cash and cash equivalents	4,452,298	22,176,235
Cash and cash equivalents at beginning of period	96,979,829	74,803,594
Cash and cash equivalent at end of period	33	96,979,829

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 2009

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. These consolidated financial statements include 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. All departments were consolidated on an aggregation 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.

Inter-entity transactions between the National Revenue Fund (NRF) and the departments are eliminated. PAYE is not eliminated as it is not considered as an

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 2009

interdepartmental transaction. VAT is not eliminated as government does not pay VAT directly to the NRF and government is not a VAT vendor. The NRF only recognises material provisions that will result in a potential cash outflow to government.

1.2 Presentation currency

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

1.3 Rounding

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

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.

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 2009

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.

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 and forfeits).

Tax receipts are 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 and 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

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 2009

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.

Forex gains are recognised on payment of funds.

1.5.9 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National Revenue 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 annexure to the financial statements.

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 aid assistance is disclosed at fair value in the annexures to the annual financial statements.

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

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

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the statement of financial performance.

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

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 2009

1.6 Expenditure

1.6.1 Compensation of employees

1.6.2 Short-term employee benefits

Short-term employee benefits comprise payments to employees (including leave entitlements, 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). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance.

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 (to households) 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 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).

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 2009

1.6.3.3 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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

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 or an asset of R5,000 or more is purchased. All assets costing less than R5,000 will also be reflected under goods and services.

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 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.

Forex losses are recognised on payment of funds.

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

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 2009

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 position when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, 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 not recognised in the statement of financial performance or position. Instead is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

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 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.

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 2009

1.7.2 Prepayments and advances

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

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

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.

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

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 2009

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:

- 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.

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 2009

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/Provincial 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.

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

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 2009

- 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 using the state property, either by way of:
 - consideration to be paid by the department which derives from a Revenue Fund; or
 - charges fees to be collected by the private party from users or customers of a service provided to them.

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
OPERATING INCOME		
2 Revenue from Taxes, Levies and Duties		
Taxation		
Income Tax	383,431,105	332,045,467
Value-added tax/Sales tax	154,343,121	150,442,849
Fuel Levy	25,219,608	24,065,146
Excise Duties	22,751,023	26,469,760
Customs duties	21,354,071	19,698,901
Other Taxes	10,096,866	8,954,337
Unemployment Insurance Fund (UIF)	10,048,919	12,440,992
Skills Development Levy	7,327,463	6,330,917
Road Accident Fund (RAF)	9,815,077	8,855,313
Air Passenger Tax	549,364	540,635
Universal Service Fund	207,167	181,085
Plastic Bag Levy	78,563	86,314
Ordinary Levy	51,627	12,828
Diesel Refunds	(1,241,543)	(1,029,877)
Total Taxation	644,032,431	589,094,667
Non-taxation revenue		
Customs miscellaneous revenue	101,239	612,024
Provincial administration receipts	32,775	32,783
Mining leases and ownership	708,580	56,032
Non-taxation revenue	(24,466)	214,342
Total Non-taxation	818,128	915,181
Total Gross Revenue	644,850,559	590,009,848
Less:		
South Africans Customs Union Agreement	28,920,625	24,712,567
Payment to sec 12(3) of the PFMA	31,267	32,555
Payment to UIF	10,098,877	8,961,948
Payment to RAF	8,794,174	8,006,027
Amount Payable by SARS to SETA's	93,328	46,611
Amount Payable by SARS to RAF	115,190	144,044
Total	48,053,461	41,903,752
Total Net Revenue	596,797,098	548,106,096
3 Departmental Revenue		
Allocated to extra-ordinary receipts	(3,283,306)	(2,625,388)
Sales of goods and services other than capital assets	3.1 3,405,716	2,857,278
Fines, penalties, forfeits	2,619,916	1,786,187
Interest, Dividends and Rent on Land	3.2 6,857,193	7,834,689
Sales of Capital Assets	3.3 131,753	230,102
Financial transactions in assets and liabilities	3.4 793,777	1,296,911
Transfers received	3.5 1,430,916	1,290,374
Total Departmental Revenue received by NRF	11,955,965	12,670,153
3.1 Sales of goods and services other than capital assets		
Sales of goods and services produced by the department	3,333,871	2,833,534
Sales by market establishment	17,886	30,712
Administrative fees	2,871,279	2,550,754
Other sales	444,706	252,068
Sales of scrap, waste and other used current goods	71,845	23,744
Total	3,405,716	2,857,278
3.2 Interest, Dividends and rent on land		
Interest	5,002,158	5,004,270
Dividends	1,585,519	2,574,131
Rent on Land	269,516	256,288
Total	6,857,193	7,834,689
3.3 Sales of Capital Assets		
Tangible Capital Assets	131,753	230,102
Total	131,753	230,102

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2009

Notes	2008/2009 R'000	2007/2008 R'000
3.4 Financial transactions in assets and liabilities		
Nature of loss recovered		
Loans and advances	26	(3)
Receivables	100,481	92,176
Proceeds from investment	-	-
Forex Gain	3,731	102
Stale cheques written back	3,798	3,368
Other receipts including recoverable revenue	685,741	1,201,268
Total	793,777	1,296,911
3.5 Transfers received		
Other governmental units	1,139,348	1,060,974
Foreign Governments	287,572	224,029
International Organisations	50	490
Public Corporations and Private Enterprises	3,946	4,881
Total	1,430,916	1,290,374
4 Other Revenue		
Other Surrenders	1,007,586	477,732
Total Other	1,007,586	477,732
4.1 Receipts by National Departments from NRF	435,462	-
Direct Exchequer Receipts	435,462	-
5 Non-Operating Income		
5.1 Non-Operating Income		
Extraordinary Receipts:		
Revenue Fund Receipts: Exchange Rate Profits	1,345	79
Revenue Fund Receipts: Premium on Bonds issued	3,615,130	244,193
Revenue Fund Receipts: Penalties on Retail Bonds	1,782	1,056
Revenue Fund Receipts: Agricultural debt	703,849	250,000
Revenue Fund Receipts: Exchange Rate Levies	-	1,020,877
Revenue Fund Receipts: GEFECEA	-	319,273
Surplus SA Reserve Bank	(119,005)	3,205
Surplus of the Corporation for Public Deposits	51,625	17,254
SASRIA Special Restructuring Proceeds	2,141,532	-
Exchange rate profit : ECA Loans	2,085	526,351
Penalties and forfeits from SARB	2,463	-
Revenue Fund Receipts: Restructuring of Government debt portfolio	861,193	-
Revenue Fund Receipts: Diabo Share Trust	435,462	-
Total	7,697,461	2,382,288
5.2 CARA Fund assistance	59,034	22,464
Total Non-operating Income	7,756,495	2,404,752
6 CARA Fund Expenditure		
Current	79	1,139
Expenditure	79	1,139
7 Local and foreign aid assistance		
Total		
Opening Balance	97,837	246,459
7.1 Revenue	1,331,884	744,551
Expenditure	(1,227,286)	(893,173)
7.2 Current	(887,692)	(783,836)
7.3 Capital	(20,243)	(64,084)
Transfers	(319,351)	(45,253)
Closing Balance	202,435	97,837
Analysis of Balance		
7.4 Local and Foreign Aid Receivable	(300,343)	(300,834)
7.5 Local and Foreign Aid Unutilised	148,350	245,991
7.6 Local and Foreign Aid Payable to RDP Fund/Donors	354,428	152,680
Closing Balance	202,435	97,837
Assistance received in cash from RDP		
Local		
Opening Balance	4,822	4,123
Revenue	33,673	1,886
Expenditure	(4,731)	(1,187)
Current	(4,051)	(1,187)
Capital	(680)	-
Closing Balance	33,764	4,822
Foreign		
Opening Balance	58,193	198,125
Revenue	1,257,112	704,410
Expenditure	(1,183,669)	(844,342)
Current	(849,867)	(757,297)
Capital	(14,451)	(41,792)
Transfers	(319,351)	(45,253)
Closing Balance	131,636	58,193

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
Assistance Received in Cash: Other		
Local		
Opening Balance	9,525	6,758
Revenue	31,197	8,546
Expenditure	(21,219)	(5,779)
Current	(21,219)	(5,779)
Closing Balance	19,503	9,525
Foreign		
Opening Balance	2,790	2,353
Revenue	3,002	6,609
Expenditure	(3,858)	(6,172)
Current	(3,858)	(6,172)
Closing Balance	1,934	2,790
Assistance received in cash from CARA Fund		
Opening Balance	22,507	35,100
Revenue	6,900	23,100
Expenditure	(13,809)	(35,693)
Current	(8,697)	(13,401)
Capital	(5,112)	(22,292)
Closing Balance	15,598	22,507
8 Appropriated Funds		
8.1 Statutory Appropriation: National Departments National Revenue Fund: Fixed Statutory Appropriations		
Interest	51,158,000	52,818,000
Management	2,746,000	59,500
Cost of raising loans	22,000	59,500
	53,926,000	52,937,000
Provincial Transfers		
Eastern Cape	32,131,702	27,344,125
Free State	12,713,176	10,835,103
Gauteng	33,811,732	28,464,501
KwaZulu-Natal	44,223,509	37,424,754
Mpumalanga	16,805,990	14,263,502
Northern Cape	5,464,847	4,637,824
Limpopo	26,545,173	22,523,167
North West	14,143,537	12,086,607
Western Cape	18,170,258	15,281,918
	204,009,924	172,861,501
Statutory appropriations not requested by Departments	2,537,173	515,694
Total	260,473,097	226,314,195
8.2 Expenditure in terms of an Act of Parliament	468,899	454,946

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2009

Notes	2008/2009 R'000	2007/2008 R'000
9 Compensation of employees		
9.1 Salaries and Wages		
Basic Salary	41,548,619	36,395,860
Performance Award	668,449	590,844
Service Based	168,718	127,952
Compensative/circumstantial	2,484,298	2,032,158
Periodic Payments	107,972	118,110
Other non-pensionable allowances	9,019,551	7,407,749
Total	53,997,607	46,672,673
9.2 Social Contributions		
9.2.1 Employer contributions		
Pension	6,216,880	5,408,170
Medical	4,754,921	5,487,993
UIF	1,774	1,627
Bargaining Council	1,673	3,902
Official unions and associations	4,800	4,548
Insurance	3,224	5,445
Total	10,983,272	10,911,685
Total compensation of employees	64,980,879	57,584,358
10 Goods and services		
Administrative Fee	272,397	232,564
Advertising	593,937	514,633
Bursaries (employees)	53,538	51,467
Catering	149,322	92,917
Communication	1,532,415	1,460,976
Computer Services	3,988,378	3,267,258
Consultants, contractors and special services	10,063,985	8,096,283
Entertainment	64,656	55,952
External audit fees	324,964	274,265
Equipment less than R5000	662,676	682,170
Government motor transport	25,799	4,536
Inventory	6,144,253	5,016,878
Maintenance, repair and running costs	75,040	139,003
Operating Leases	4,542,144	4,006,510
Owned and leasehold property expenditure	2,288,446	2,071,151
Transport provided as part of the departmental activities	143,855	43,691
Travel and subsistence	4,835,389	4,108,604
Venues and facilities	553,637	445,808
Training & staff development	426,497	310,788
Other operating expenditure	1,603,786	1,369,011
Total	38,345,114	32,244,465

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2009

Notes	2008/2009 R'000	2007/2008 R'000
10.1 External audit fees		
Regulatory audits	304,713	241,967
Performance audits	7,945	18,316
Forensic audits	2,322	2,020
Other audits	9,984	11,962
Total external audit fees	324,964	274,265
10.2 Inventory		
Learning and teaching support material	38,748	13,362
Food and Food supplies	903,094	864,575
Fuel, oil and gas	2,366,064	1,843,133
Other consumables	627,335	628,448
Maintenance material	665,492	435,751
Stationery and Printing	993,645	824,379
Medical supplies	371,563	322,546
Military stores	178,312	84,684
Total Inventory	6,144,253	5,016,878
10.3 Travel and subsistence		
Local	3,825,859	3,251,491
Foreign	1,009,530	857,113
Total travel and subsistence	4,835,389	4,108,604
11 Interest and rent on land		
Interest expense	5,594	895
Rent on land	111	680
Total interest and rent on land	5,705	1,575
12 Financial transactions in assets and liabilities		
Material losses through criminal conduct	10,085	16,603
Theft	1,026	9,132
Other material losses	9,059	7,471
Other material losses written off	66,061	77,019
Debts written off	77,013	84,242
Forex Losses	5,603	1,722
Total	158,762	179,586
13 Transfers and subsidies		
Provinces and Municipalities	86,030,316	70,375,058
Departmental agencies and accounts	52,223,812	43,299,553
Universities and technikons	13,897,586	12,003,773
Foreign governments and international organisations	1,005,498	935,550
Public corporations and private enterprises	31,001,737	20,812,321
Non-profit institutions	1,169,025	957,427
Households	79,206,100	69,308,194
Gifts, donations and sponsorships made	4,889	2,614
Total	264,538,963	217,694,490

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
14 Expenditure on capital assets		
Buildings and other fixed structures	4,883,693	3,741,647
Heritage assets	-	97
Machinery and equipment	2,994,987	3,271,577
Land and subsoil assets	1,455,447	849,104
Biological or cultivated assets	2,685	11,155
Software and other intangible assets	197,626	195,531
Total	9,534,438	8,069,111
15 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening Balance	398,065	1,138,732
15.1 Unauthorised expenditure-current year	1,392,982	36,685
Amounts approved by Parliament/Legislature (with funding)	(857,490)	(774,594)
15.2 Current expenditure	-	(3,372)
Transfers and subsidies	-	614
15.3 Unauthorised expenditure awaiting authorisation	933,557	398,065
16 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	59,255	62,217
Add: Fruitless and wasteful expenditure-current year	-	4,258
Current expenditure	-	4,258
Less: Amounts condoned	(10,423)	(7,220)
Current expenditure	(9,939)	(2,092)
Less: Amounts transferred to receivables for recovery	(484)	(5,128)
Fruitless and wasteful expenditure awaiting condonement	48,832	59,255
Analysis of awaiting condonement per economic classifications		
Current	48,832	59,255
Total	48,832	59,255
17 Non-cash movement		
Non-cash movement	11,376,718	18,212,163
Total Non-cash movement	11,376,718	18,212,163
18 Cash and cash equivalents		
Consolidated Paymaster General Account	3,147,686	3,464,032
Cash receipts	3,931	6,767
Disbursements	(431,642)	(227,905)
Cash on hand	74,956	60,075
Cash with commercial banks (Local)	70,834,539	64,595,060
Cash with commercial banks (Foreign)	31,337,952	30,650,363
Exchequer account	1,000	1,000
Other	187,640	189,892
Total	105,156,062	98,739,284

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 2009

Notes	2008/2009 R'000	2007/2008 R'000		
19 Other financial assets				
Non-Current	3,412	4,003		
Total Non-Current Other financial assets	<u>3,412</u>	<u>4,003</u>		
20 Prepayments and advances				
Description				
Staff advances	3,167	3,997		
Travel and subsistence	168,648	113,951		
Prepayments	53,054	85,959		
Advances paid to other entities	81,647	132,478		
SOCPEN advances	991,744	1,012,444		
Total	<u>1,298,260</u>	<u>1,348,829</u>		
21 Receivables				
	2008/2009 Less than 1 year R'000	2008/2009 1-3 years R'000	2008/2009 Older than 3 years R'000	2008/2009 Total R'000
Claims recoverable	853,295	772,791	502,582	2,128,669
Trade receivables	634	563	30	1,227
Recoverable expenditure	197,677	33,925	31,797	263,398
Staff debt	236,925	65,055	100,195	402,176
Other debtors	103,164,146	244,074	568,588	103,976,807
Total	<u>104,452,677</u>	<u>1,116,408</u>	<u>1,203,192</u>	<u>106,772,277</u>
Voted funds to be surrendered to the Revenue Fund				1,685,437
Departmental Revenue to be surrendered to the Revenue Fund				(185,834)
Total				<u>108,271,880</u>
Receivables				2007/2008 Total R'000
Claims recoverable				1,736,898
Trade receivables				965
Recoverable expenditure				90,143
Staff debt				325,857
Other debtors				74,528,343
Total				<u>76,682,206</u>
Voted funds to be surrendered to the Revenue Fund				174,240
Total Appropriation for unauthorised expenditure				(236)
Total				<u>76,856,210</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 2009

Notes	2008/2009 R'000	2007/2008 R'000
22 Investments		
Non-current		
Shares and other equity	59,840,521	54,777,586
22.1 Total non-current	59,840,521	54,777,586
Major investments per National Department		
Department of Transport		
SA Rail Commuter Corporation	4,248,259	4,248,259
Airports Company Ltd	559,492	559,492
Air Traffic and Navigation Services Company Ltd	190,646	190,646
SA National Roads Agency Ltd	1,091,044	1,091,044
	6,089,441	6,089,441
National Treasury		
Development Bank of Southern Africa	200,001	200,001
Department of Defence		
Special Defence Account	75,000	75,000
Department of Agriculture		
Ncera investment	1	1
OBP investment	1	1
JS Pistorius trust fund	77	73
Greenberg trust funds	40	36
S.A.A.U fund	159	143
Abattoir industry fund	18,614	18,426
	18,892	18,680
Department of Communications		
Telkom SA Limited	2,070,380	2,070,380
Southern African Post Office Ltd	200,940	200,940
Sentech (Pty) Ltd	1	1
	2,271,321	2,271,321
Department of Housing		
NHFC	880,000	880,000
Servoon	604	604
	880,604	880,604
Department of Land Affairs		
Inaala Farms	16,112	16,112
Department of Trade and Industry		
IDC A Shares	1,000	1,000
IDC B Shares	1,391,969	1,391,969
	1,392,969	1,392,969
Department of Public Enterprises		
Alexkor Limited	50,000	50,000
Aventura Limited	60,000	60,000
Denel (Pty) Ltd	5,476,376	5,476,376
SAFCOL, Broadband Infraco	1,322,013	318,013
Transnet, SAA	14,709,986	14,709,986
	21,618,375	20,614,375

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
Department of Minerals and Energy	2,205	2,205
South African Nuclear Energy Corporation	2,205	2,205
National Treasury-Asset and Liability Management Division		
International Finance Corporation	151,426	129,179
International Bank for Reconstruction and Development	15,419,770	13,154,306
Multilateral Investment Guarantee Agency	170,747	145,661
African Development Bank	11,472,163	9,732,642
International Monetary Fund's No 1 and 2 Accounts	61,495	55,090
	27,275,601	23,216,878
Number of Shares		
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	100,156	99,603
Issue Price per Share		
Foreign:		
Issued in American Dollars		
International Finance Corporation	9,495	8,100
International Bank for Reconstruction and Development	1,145,429	977,144
Multilateral Investment Guarantee Agency	102,736	87,642
African Development Bank	114,543	97,714
Exchange rates as at year end used to convert issue price		
American dollar (USD)	9.459	8.100
23 Loans		
Current and Non-current		
Public Corporations	464,434	432,480
Universities and Technikons	33,746	35,191
Private enterprises	10,000,000	-
Staff loans	50,517	45,604
Total	10,548,697	513,275
23.1 Less: Current	38,641	38,117
23.2 Total	10,510,056	475,158
24 Voted Funds to be surrendered to the Revenue Fund		
Opening Balance	926,787	735,146
Transfer from Statement of Financial Performance	108,375	212,115
Add: Unauthorised expenditure for current year	-	(4)
Voted Funds not requested/ not received	(2,485)	(20,470)
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures ONLY)	157,682	-
Closing Balance	1,190,359	926,787
25 Departmental revenue to be surrendered to the Revenue Fund		
Opening balance	(990,736)	603,307
Transfer from Statement of Financial Performance	11,955,965	12,670,153
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)	(51,196)	(51,337)
Paid during the year	(10,736,677)	(14,212,859)
Balance	177,356	(990,736)
Direct Exchequer receipts to be surrendered to the Revenue Fund		
Opening balance	435,462	-
Transfer from Statement of Financial Performance	(435,462)	-
Closing balance	-	-

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 2009

Notes	2008/2009 R'000	2007/2008 R'000		
26 Bank overdraft				
Consolidated Paymaster General Account	3,722,179	1,758,463		
Cash with commercial banks (Local)	1,756	992		
Total	3,723,935	1,759,455		
27 Payables-Current				
Description	30 Days R'000	30 Days R'000		
Amounts owing to other entities	1,116,363	290,018		
Advances received	816,663	481,153		
Clearing accounts	162,978	216,036		
Other payables	349,785	289,090		
Total	2,445,789	1,276,297		
Payables-Current				
Description	30+ Days R'000	30+ Days R'000		
Other payables	1,946,989	2,460,971		
Total	1,946,989	2,460,971		
Payables-Current				
Description	Total R'000	Total R'000		
Amounts owing to other entities	1,116,363	290,018		
Advances received	816,663	481,153		
Clearing accounts	162,978	216,036		
Other payables	2,296,774	2,750,061		
Voted funds to be transferred	1,287,876	1,368,350		
Unauthorised expenditure	218,319	(347,993)		
Total	5,898,973	4,757,625		
28 Payables-Non-current				
Description	1-2 years R'000	2-3 years R'000	More than 3 years R'000	2008/2009 Total R'000
Amounts owing to other entities	5,707	-	-	5,707
Other payables	2,614	932	21,489	25,035
Total	8,321	932	21,489	30,742
Payables-Non-current				2007/2008 Total R'000
Description	1-2 years R'000			18,730
Other payables	18,730			18,730
Total	18,730			18,730



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 2009

	Notes	2008/2009 R'000	2007/2008 R'000
29 Borrowings			
Current			
Domestic short term bonds, debentures and other loans	<u>29.1</u>	67,323,956	78,818,272
Foreign short term bonds, debentures and other loans	<u>29.2</u>	5,934,470	4,342,141
Total Current Borrowings		73,258,426	83,160,413
29.1 Domestic short-term bonds, debentures and other loans			
Bonds and debentures		2,289,628	26,009,042
Debt as at 1 April		26,009,042	31,620,124
Created		12,834,267	20,183,673
Reduced		(38,379,280)	(49,945,918)
Transfer from long term		1,825,599	24,151,163
Treasury Bills		65,027,356	52,802,245
Former regional authorities		6,972	6,985
		67,323,956	78,818,272
This amount represents commitments with a remaining term shorter than one year			
29.2 Foreign short-term bonds, debentures and other loans			
Bonds and debentures		5,287,624	2,504,148
Debt as at 1 April		2,504,148	3,942,181
Reduced		(2,405,718)	(5,207,043)
Transfer from long term		5,189,194	3,769,010
Revaluation of foreign loans		646,846	1,837,993
		5,934,470	4,342,141
30 Borrowings-non-current			
Long Term			
Domestic long term bonds, debentures and other loans	<u>30.1</u>	461,056,225	400,569,074
Foreign long term bonds, debentures and other loans	<u>30.2</u>	91,333,938	91,875,858
Total Long Term Borrowings		552,390,163	492,444,932
30.1 Domestic long-term bonds, debentures and other loans			
Bonds and debentures		450,710,088	395,393,587
Debts as at 1 April		395,393,588	389,182,914
Created		57,976,357	30,933,810
Reduced		(834,258)	(571,974)
Transfer to Short term		(1,825,599)	(24,151,163)
Revaluation premium on inflation-linked bonds		10,303,152	5,121,468
Former Regional Authorities	<u>30.1.1</u>	461,013,240	400,515,055
		42,986	54,018
Total domestic long-term bonds, debentures and other loans		461,056,225	400,569,074
30.1.1 Redemption Analysis			
Financial year(s)			
2009-2012		46,678,931	68,080,400
2012-2015		119,485,946	82,030,290
2015-2018		71,227,342	95,724,484
2018-2021		93,529,835	62,783,608
2021-2024		28,479,285	28,828,545
2024-2036		101,611,901	63,067,727
		461,013,240	400,515,055

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 2009

	Notes	2008/2009 R'000	2007/2008 R'000
30.2 Foreign long term bonds, debentures and other loans			
Bonds and debentures		67,801,600	71,846,678
Debt as at 1 April		71,846,677	73,883,890
Created		3,058,676	9,561,524
Reduced		(1,914,560)	(7,829,726)
Transfer to short-term		(5,189,194)	(3,769,010)
Revaluation of foreign loans		23,532,338	20,029,181
	30.2.1	91,333,938	91,875,858
30.2.1 Redemption Analysis			
Financial year(s)			
2009-2012		23,606,227	4,955,564
2012-2015		36,163,653	38,615,241
2015-2018		20,447,751	34,076,117
2018-2021		1,960,784	1,139,530
2021-2024		9,155,523	13,089,406
	30.2.2	91,333,938	91,875,858
30.2.2 Currency Analysis			
British Pound		1,391,848	1,444,626
Euro		41,493,845	44,131,271
Gold		664,007	958,043
Japanese Yen		5,899,325	4,989,420
Swedish Krone		6,760,547	6,115,787
United States Dollar		35,124,366	34,236,711
		91,333,938	91,875,858
31 Provisions			
Special Drawing Rights	31.1	794,052	794,570
International Monetary Fund	31.2	22,965,333	20,052,425
Leave Credits		9,073,017	8,503,238
International Bank for Reconstruction and Development	31.3	14,481,465	12,353,857
Multilateral Investment Guarantee Agency	31.4	138,334	118,010
African Development Bank	31.5	10,185,990	8,641,166
Total		57,638,191	50,463,266

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

31.1 Special Drawing Rights	794,052	794,570
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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.

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
31.2 International Monetary Fund	22,965,333	20,052,425
<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>		
31.3 International Bank for Reconstruction and Development	14,481,465	12,353,857
<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>		
31.4 Multilateral Investment Guarantee Agency	138,334	118,010
<p>This commitment represent 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. Gold and Foreign Exchange Contingency Reserve Account.</p>		
<p>This commitment represent 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>		
31.5 African Development Bank	10,185,990	8,641,166
<p>This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet its obligation on borrowing of funds or guarantees chargeable.</p>		

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
32 Net cash flow available from operating activities		
Net surplus /(deficit) as per Statement of Financial Performance	(13,413,885)	37,566,124
Add back non cash/cash movements not deemed operating activities	(8,944,126)	(11,129,513)
(Increase)/decrease in receivables-current	(896,372)	(381,039)
(Increase)/decrease in prepayments and advances	50,569	1,275,778
(Increase)/decrease in other current assets	(443,853)	387,997
Increase/(decrease) in payables-current	1,169,492	338,026
Proceeds from sale of capital assets	(131,753)	(230,102)
Proceeds from sale of investments	(1,366,514)	(2,277,523)
Expenditure on capital assets	9,534,438	8,069,111
Surrenders to revenue fund	(17,401,904)	(15,926,513)
Voted funds not requested/not received	(71,036)	(1,588,971)
Other non cash items	612,807	(796,277)
Net cash flow generated by operating activities	(22,358,011)	26,436,611
33 Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General Account	(574,493)	1,705,569
Cash receipts	3,931	6,767
Disbursements	(431,642)	(227,905)
Cash on hand	74,956	60,075
Cash with commercial banks-Local	70,832,783	64,594,068
Cash with commercial banks-Foreign	31,337,952	30,650,363
Total Cash	101,243,487	96,788,937
Exchequer account & Other	188,640	190,892
Cash and cash equivalents for cash flow purposes	101,432,127	96,979,829



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 2009

Notes	2008/2009 R'000	2007/2008 R'000
34 Reconciliation of prior year CFS net surplus to current comparatives		
Net surplus as reported in prior year (Published figures)		37,638,292
Less: Restatement by Central cluster		(27,965)
Less: Restatement by Justice cluster and Finance		(55)
Less: Restatement by Social cluster		(57,369)
Add: Restatement by Economic cluster		13,221
Restated Net Surplus for the Year		37,566,124
Reconciliation of cash and cash equivalents reported in prior year CFS and Restated cash and cash equivalents in the current year		
Cash and cash equivalents as reported in prior year		98,738,747
Less: Restatement of Central		(9,742)
Less: Reallocation of DPLG		10,279
Restated cash and cash equivalents for the 2007/2008 financial year		98,739,284
Reconciliation of statement of position reported in prior year CFS and Restated amounts in current year		
ASSETS		
Current assets as reported in prior year:		177,962,235
Less: Current assets from Central		(15,517)
Add: Reallocation by Finance		221
Reallocation current assets by Justice		(71)
Less: Restatement of current assets by Social		(96)
Less: Restatement by Economic cluster		7,114
Add: National Revenue Fund		26,546
Less: Adjustment Journal		(239,838)
Restated current assets for the 2007/2008 financial year		177,740,594
Non-Current Assets		
Non current assets as reported prior year		55,213,175
Add: Restatement by Central		(5)
Add: Reallocation by Economic cluster		43,577
Restated non current assets for the 2007/2008 financial year		55,256,747
LIABILITIES		
Current liabilities as reported in prior year:		140,833,270
Less: Restated Current liabilities by Central		(123,522)
Restated current liabilities by Finance		(162)
Restated current liabilities by Justice		20,694
Restated current liabilities by Social		(765)
Restated current liabilities by Economic		16,395
Restated current liabilities by NRF		26,543
Adjustment Journal		(296,972)
Restated current liabilities for the 2007/2008 financial year		140,475,481
Non-Current Liabilities		
Non-current liabilities as reported prior year		492,463,662
Restated non current assets for the 2007/2008 financial year		492,463,662
NET ASSETS/(LIABILITIES)		

	Cap Reserve	Recoverable Revenue	Retained Earnings	Total
Recoverable revenue as reported in prior year	(400,939,745)	489,006	329,217	(400,121,522)
Restatement Central	40,000	12,976	95,664	148,640
Restatement of Finance	432,885,552	383	(20,765)	432,865,170
Adjustment and restatement of Economic	57,134	(5,704)	669	52,099
Restatement by NRF	-	-	(432,885,549)	(432,885,549)
Restated net liabilities for the 2007/2008 financial year	32,042,941	496,661	(432,481,404)	(399,941,162)

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 2009

	Notes	2008/2009 R'000	2007/2008 R'000
35 Contingent Liabilities			
Liable to:			
Motor vehicle guarantees		8,699	9,919
Housing loan guarantees		256,747	322,386
Claims against the department		17,736,850	13,855,267
Other departments (Interdepartmental unconfirmed balances)		1,506,577	258,770
Environmental rehabilitation liability		107,791	54,400
Other		245,155	98,013
Total		19,861,819	14,598,755
35.1 Underwritten by Government			
Guaranteed liabilities	35.1.1	62,774,433	67,222,564
Road Accident Fund	35.1.2	42,500,355	30,339,494
Export Credit Insurance Corporation of SA Ltd	35.1.3	13,351,382	12,661,683
Unemployment Insurance Fund		2,401,179	2,341,171
35.2 Other			
South African Reserve Bank	35.2.1	113,505	113,651
Departments	35.2.2	19,861,819	14,598,755
		141,002,673	127,277,318
Underwritten by Government			
35.1.1 Guaranteed liabilities			
Transnet		12,894,539	17,770,033
Development Bank of SA		12,560,538	12,666,285
Trans Caledon Tunnel Authority		19,588,069	19,271,474
Telkom SA		138,438	140,213
South African Roads Board		6,707,990	6,440,676
KOBWA		1,452,761	1,528,060
Industrial Development Corporation of SA		1,445,958	1,193,793
Denel		880,000	-
Lesotho Highlands Development Authority		575,330	717,017
SA Reserve Bank		142,147	841,733
Land Bank		1,653,475	1,653,660
Central Energy Fund		129,618	242,472
SAA		4,460,000	4,460,000
NECSA		20,000	20,000
Tertiary Institutions		125,570	277,148
		62,774,433	67,222,564
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.			
35.1.2 Road Accident Fund		42,500,355	30,339,494
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		13,351,382	12,661,683
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.			
35.2.1 South African Reserve Bank (SARB)		113,505	113,651
This contingent liability in respect of old coinage still in circulation is limited to 73,67% of the net cost of disposal of the old coins when they are returned to the SARB. A portion of the coinage will probably never be returned. The Government's related costs are set-off against surpluses of the SARB paid to Government. The SARB raises the full liability for old coinage in their books.			
35.2.2 Departments			
Motor Vehicle Guarantees		8,699	9,919
Housing Loan Guarantees		256,747	322,386
Claims		17,736,850	13,855,267
Other Departments (Unconfirmed Balances)		1,506,577	258,770
Environmental rehabilitation liability		107,791	54,400
Other		245,155	98,013
		19,861,819	14,598,755

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 2009

	Notes	2008/2009 R'000	2007/2008 R'000
36 Post retirement benefits			
Post retirement medical assistance	<u>36.1</u>	56,000,000	56,000,000
Pension Funds	<u>36.2</u>	-	-
		<u>56,000,000</u>	<u>56,000,000</u>

36.1 Post retirement medical assistance

This contingent liability is the estimated present value of the State's future commitment in respect of government employees; post employment medical assistance (including 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.

36.2 Pension Funds

Government Employees Pension Fund

This commitment represents the underfunding/surplus of the pension fund 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	101.6
Temporary Employees Pension Fund	133.5	133.5
Associated Institutions Pension Fund	112.0	112.0

Valuation Dates

Government Employees Pension Fund	March 2006	March 2006
Temporary Employees Pension Fund	March 2007	March 2007
Associated Institutions Pension Fund	March 2007	March 2007

Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus. (2007/08: R11 400 million, R60 million and R1 204 million respectively).

37 Commitments

Current Expenditure

Approved and contracted	5,865,567	5,996,438
Approved but not yet contracted	1,533,762	881,554
Total	7,399,329	6,877,992

Non-current expenditure

Approved and contracted	3,718,175	480,463
Approved but not yet contracted	760,242	5,251
Total	4,478,417	485,714

Total Commitments

11,877,746 **7,363,706**

Accruals

38 Accruals

By economic classification

	30 Days R'000
Compensation of employees	167,816
Goods and services	1,423,102
Interest and rent on land	-
Transfers and subsidies	336,403
Buildings and other fixed structures	229,868
Machinery and Equipment	187,413
Land and subsoil assets	-
Software and other intangible assets	323
Other	922
Total	2,345,847

Accruals

By economic classification

	30+ Days R'000
Compensation of employees	57,047
Goods and services	824,585
Transfers and subsidies	49,440
Buildings and other fixed structures	119,406
Machinery and Equipment	139,662
Biological or cultivated assets	1
Software and other intangible assets	937
Other	3
Total	1,191,081

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 2009

Notes	2008/2009 R'000	2007/2008 R'000		
Accruals	Total R'000	Total R'000		
By economic classification				
Compensation of employees	224,863	101,662		
Goods and services	2,247,687	1,735,866		
Interest and rent on land	-	87		
Transfers and subsidies	385,843	118,932		
Buildings and other fixed structures	349,274	130,987		
Machinery and Equipment	327,075	238,685		
Land and subsoil assets	-	136,561		
Biological or cultivated assets	1	1		
Software and other intangible assets	1,260	1,931		
Other	925	16,779		
Total	3,536,928	2,481,491		
39 Employees benefit provisions				
Leave entitlement	2,531,278	2,289,164		
Thirteenth cheque	915,581	790,871		
Performance Awards	103,638	93,989		
Capped Leave Commitments	6,893,561	6,619,194		
Total	10,444,057	9,793,218		
40 Operating Leases				
2008/09				
Not later than 1 year	2,895	895,379	195,251	1,093,325
Later than 1 year and not later than 5 years	2,611	2,057,772	406,148	2,466,531
Later than 5 years	1,209	4,578,362	45	4,579,616
Total present value	6,515	7,531,513	601,444	8,139,472
40.1 Operating Leases				
2007/08				
Not later than 1 year	3,102	863,047	39,495	905,644
Later than 1 year and not later than 5 years	5,356	1,666,457	53,106	1,724,919
Later than 5 years	1,380	4,661,103	12	4,662,495
Total present value	9,838	7,190,607	92,613	7,293,058
40.2 Finance Leases				
2008/09				
Not later than 1 year	4,355	17,417	191,969	396,093
Later than 1 year and not later than 5 years	851	61,797	333,445	16,873
Later than 5 years	-	16,090	783	412,966
Total present value	5,206	95,304	526,197	825,932
40.2 Finance Leases				
2007/08				
Not later than 1 year	11,616	10,436	146,460	168,512
Later than 1 year and not later than 5 years	3,238	35,441	249,426	288,105
Later than 5 years	-	-	11,292	11,292
Total present value	14,854	45,877	407,178	467,909
41 Receivables for departmental revenue				
Sales of goods and services other than capital assets	155,552	33,506		
Fines, Penalties and forfeits	30,419	14,327		
Interest, dividends and rent on land	304,374	465,640		
Sales of capital assets	70	557		
Financial transactions in assets and liabilities	246,047	150,196		
Transfers received (Incl conditional grants to be repaid by prov depts)	5,846	-		
Other	5,846	18,706		
Total	748,154	682,932		
42 Irregular expenditure				
Reconciliation of irregular expenditure				
Opening Balance	706,895	704,491		
Add: irregular expenditure-relating to prior growth	315,715	155,991		
Irregular expenditure-current year	537,253	289,805		
Less: Amounts condoned	(335,781)	(417,789)		
Less: Amounts recoverable (not condoned)	(3,090)	(509)		
Less: Amounts not recoverable (not condoned)	(48,948)	(25,094)		
Irregular expenditure awaiting condonement	1,172,044	706,895		
Analysis of irregular expenditure awaiting condonation per age classification				
Current Year	480,134	342,522		
Prior Years	691,910	364,373		
Total	1,172,044	706,895		

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 2009

Notes	2008/2009 R'000	2007/2008 R'000
43 Related party transactions		
Revenue received		
Tax revenue/User charges	23,889,858	15,975,474
Sales of goods and services other than capital assets	145,682	157,380
Interest, dividends and rent on land	-	91,801
Sales of capital assets	-	100,709
Financial transactions in assets and liabilities	31,476	-
Transfers	260,352	-
Total	24,327,368	16,325,364
Payments Made		
Goods & Services	709,275	236,975
Interest and rent of land	511	1,106
Purchase of capital assets	-	-
Financial transactions in assets and liabilities	23,201	-
Transfers	4,053,520	5,322,774
Total	4,786,507	5,560,855
Year end balances arising from revenue/payments		
Receivables from related parties	25,426	12,916
Payables to related parties	10,025	21,011
Total	35,451	33,927
Loans to/ from related parties		
Interest bearing loans to	381,134	351,705
Total	381,134	351,705
Other	30,881,252	29,864,643
44 Key management personnel		
Description	No of Individuals	No of Individuals
Political Office Bearers	68	43
Officials	16	26
Level 15 to 16	300	275
Level 14 (incl CFO at lower level)	954	577
Family members of key management	39	29
Total	1,377	950
Description		
Political Office Bearers	76,995	52,813
Officials	17,443	14,688
Level 15 to 16	262,734	225,590
Level 14 (incl CFO at lower level)	583,518	432,592
Family members of key management	7,717	4,842
Total	948,407	730,525
45 Public Private Partnership		
Contract fee received	862,500	(129,934)
Contract fee received	850,000	(64,967)
Contract fee received	12,500	(64,967)
Contract fee paid	683,627	818,524
Fixed component	204,139	398,209
Indexed component	479,488	420,315
Current expenditure	-	463,556
Goods and Services(excluding lease payments)	-	450,083
Operating leases	-	13,473
Capital/ (Liabilities)	478,488	-
Intangible rights	478,488	-
Total	2,887,115	1,022,212
46 Provisions		
Households and non profit institutions	212,623	211,959
Private enterprises	6,024	6,734
Staff debtors	61,890	54,264
Other debtors	518,467	528,424
Claims receivable	409,582	370,459
Total	1,208,586	1,171,840
Departmental		
Impairment of Investments	392,198	364,382
Provision for non-recoverable loans	12,756	12,362
Other-specify one per line item	925,243	1,244,345
Total	1,330,197	1,621,089
Total Provisions	2,538,783	2,792,929
Non-adjusting events after reporting date	25,262	-
Total	25,262	-

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 2009

47 Tangible Capital Assets

Movement in Tangible capital assets per asset register for the year ended 31 March 2009

	Opening Balance Cost R'000	Current Year Adjustment to prior year Balances R'000	Additions Cost R'000	Disposal Cost R'000	Closing Balance Cost R'000
BUILDING AND OTHER FIXED STRUCTURES	6,354,158	5,765,840	4,706,731	414,923	16,411,806
Dwellings	807,578	1,617,907	1,213,844	1,266	3,638,063
Non-residential buildings	3,242,897	2,363,143	3,037,002	413,201	8,229,841
Other fixed structures	2,207,483	1,784,393	453,616	456	4,445,036
Heritage assets	96,200	397	2,269	-	98,866
MACHINERY AND EQUIPMENT	13,896,046	354,832	2,638,536	840,951	16,048,463
Transport assets	7,028,972	257,985	1,354,970	522,483	8,119,444
Specialised military assets	395,999	10,169	12,836	1,219	417,785
Computer equipment	2,746,973	(148,759)	667,927	91,167	3,174,974
Furniture and Office equipment	1,549,374	3,974	208,081	21,092	1,740,337
Other machinery and equipment	2,174,728	231,463	394,722	204,990	2,595,923
LAND AND SUBSOIL ASSETS	1,259,465	58,741	1,503,116	-	2,821,322
Land	1,259,465	58,741	1,503,116	-	2,821,322
BIOLOGICAL AND CULTIVATED ASSETS	301,170	237,008	3,027	3,360	537,845
Biological and cultivated assets	301,170	237,008	3,027	3,360	537,845
TOTAL TANGIBLE ASSETS	21,810,839	6,416,421	8,851,410	1,259,234	35,819,436

Movement in Tangible capital assets per asset register for the year ended 31 March 2008

	Opening Balance Cost R'000	Current Year Adjustment to prior year Balances R'000	Additions Cost R'000	Disposal Cost R'000	Closing Balance Cost R'000
BUILDING AND OTHER FIXED STRUCTURES	3,749,945	-	2,978,079	338,388	6,389,636
Dwellings	562,375	-	257,725	12,522	807,578
Non-residential buildings	1,323,779	-	2,206,011	286,893	3,242,897
Other fixed structures	1,825,470	-	420,986	38,973	2,207,483
Heritage assets	38,321	-	93,357	-	131,678
MACHINERY AND EQUIPMENT	11,117,844	-	3,475,492	697,290	13,896,046
Transport assets	6,168,021	-	1,443,878	582,927	7,028,972
Specialised military assets	62	-	395,937	-	395,999
Computer equipment	1,892,219	-	919,627	64,873	2,746,973
Furniture and Office equipment	1,412,797	-	149,733	13,156	1,549,374
Other machinery and equipment	1,644,745	-	566,317	36,334	2,174,728
LAND AND SUBSOIL ASSETS	410,361	-	849,104	-	1,259,465
Land	410,361	-	849,104	-	1,259,465
BIOLOGICAL AND CULTIVATED ASSETS	301,838	-	15,720	16,622	300,936
Biological and cultivated assets	301,838	-	15,720	16,622	300,936
TOTAL TANGIBLE ASSETS	15,579,988	-	7,318,395	1,052,300	21,846,083

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 2009

48 Intangible Capital Assets

Movement in Intangible capital assets per asset register for the year ended 31 March 2009

	Opening Balance Cost R'000	Current Year Adjustment to prior year Balances R'000	Additions Cost R'000	Disposal Cost R'000	Closing Balance R'000
CAPITALISED DEVELOPMENT COSTS	47,879	4,725	1,430	-	54,034
COMPUTER SOFTWARE	375,247	377,685	1,405,260	37	2,158,155
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARK	6,545	(559)	-	-	5,986
SERVICES AND OPERATING RIGHTS	16,104	-	-	-	16,104
OTHER INTANGIBLES	104,796	(101,314)	561	-	4,043
TOTAL INTANGIBLE ASSETS	550,571	280,537	1,407,251	37	2,238,322

Movement in Intangible capital assets per asset register for the year ended 31 March 2008

	Opening Balance Cost R'000	Current Year Adjustment to prior year Balances R'000	Additions Cost R'000	Disposal Cost R'000	Closing Balance R'000
CAPITALISED DEVELOPMENT COSTS	-	-	47,879	-	47,879
COMPUTER SOFTWARE	312,361	-	63,942	1,056	375,247
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARK	112	-	6,433	-	6,545
SERVICES AND OPERATING RIGHTS	16,104	-	-	-	16,104
OTHER INTANGIBLES	5,460	-	99,336	-	104,796
TOTAL INTANGIBLE ASSETS	334,037	-	217,590	1,056	550,571

Reconciliation of Note 47 & 48 to Expenditure on Capital Assets per Statement of Financial Performance

Capital expenditure additions per note 47	8,851,410	7,318,395
Capital expenditure additions per note 48	1,407,251	217,590
Total additions per disclosure notes	10,258,661	7,535,985
Total reconciling items	(724,223)	533,126
Non Cash Movement	(1,703,722)	(1,580,733)
Capital Work in Progress-current costs	1,835,757	2,277,197
Assets Received but not paid/ (Paid current year but received prior year)	(106,877)	(222,505)
Other	(749,381)	59,167
Capital expenditure per statement of financial performance	9,534,438	8,069,111

49 Commitments

Tax and Loan Accounts	31,283,791	30,497,156
Corporation for Public Deposits	3,973,014	201,769
Sterilisation Deposit Account	66,090,799	63,824,560
	101,347,604	94,523,485

Government's total cash includes deposits held by the SARB and commercial banks. The SARB uses the deposits that it holds to "sterilize" the excess cash created in the money market when purchasing foreign exchange reserves. Capitalised interest increased sterilisation deposits with the SARB.

Operational cash available to finance borrowing requirement is held in the tax and loan accounts with the four commercial banks. The level of operational cash is determined by future cash requirements.

Peaks arise from seasonally high expenditure in April and May and interest payments in August and February. The repayment of loans in August and February increases the cash requirements.

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 2009

	2008/2009 R'000	2008/2009 R'000	2008/2009 R'000	2008/2009 R'000	2008/2009 R'000	2008/2009 R'000	2008/2009 R'000
	CENTRAL GOVERNMENT ADMINISTRATION	FINANCIAL AND ADMINISTRATION SERVICES	SOCIAL SERVICES	PROTECTION SERVICES	JUSTICE AND AND INFRASTRUCTURE DEVELOPMENT	ECONOMIC SERVICES AND INFRASTRUCTURE DEVELOPMENT	TOTAL
OPERATING INCOME	18,779,155	31,154,256	128,294,817	93,375,395	114,279,419	197,723,195	862,164
Departmental revenue	478,193	5,217,483	88,543	1,443,196	4,087,370	11,565,565	19,724,850
Receipts by National Departments from NRF	16,279,952	31,525,793	128,205,434	91,932,192	109,871,849	379,787,232	598,342,000
LOCAL AND FOREIGN AID ASSISTANCE	5,026	156,157	271,287	12,873	939,231	1,317,864	3,551,874
TOTAL INCOME	18,779,155	31,309,433	128,566,544	93,388,261	115,177,865	395,595,879	865,716
DEPARTMENTAL EXPENDITURE	8,514,192	3,247,699	4,827,376	76,453,987	10,749,949	94,179,192	142,863,395
Current expenditure	4,698,136	1,263,825	1,312,356	53,225,527	4,182,268	64,560,379	75,042,521
Compensation of employees	4,754,426	1,076,142	2,219,243	21,111,716	6,050,179	38,346,714	47,558,420
Goods & services	807	839	1,114	814	114	1,128	2,906
Interest	40,058	819	7,165	83,175	26,699	188,762	237,868
Financial transactions in assets and liabilities	9,634	75,545	312,536	17,160	472,817	877,652	1,695,348
Local and foreign aid assistance	-	-	-	-	-	-	-
Unauthorised expenditure approved	-	-	-	-	-	-	-
Transfers and subsidies	4,129,149	30,381,937	122,797,696	50,954,450	66,795,332	294,898,314	465,966,388
Aid assistance	-	-	8,477	1	96,472,169	254,538,663	265,014,310
Capital expenditure	2,429,248	86,126	97,680	8,268,793	1,688,631	8,534,638	12,545,974
Expenditure for capital assets	2,429,248	86,126	97,680	8,268,793	1,688,631	8,534,638	12,545,974
TOTAL EXPENDITURE	16,992,617	31,338,123	127,693,392	84,722,880	108,213,592	328,775,864	522,853
SURPLUS/(DEFICIT)	682,164	6,418,699	1,033,242	1,114,981	8,964,348	14,284,179	342,863
SURPLUS/(DEFICIT) FOR THE YEAR	682,164	6,418,699	1,033,242	1,114,981	8,964,348	14,284,179	342,863
Reconciliation of Net Surplus/(Deficit) for the year							
Initial Funds to be surrendered to the revenue fund	197,249	132,451	1,072,315	(318,020)	712,122	1,788,150	1,788,150
Departmental revenue to be surrendered to the revenue fund	478,193	5,217,483	88,543	1,443,196	4,087,370	11,565,565	19,724,850
Local and foreign aid assistance	(4,296)	27,776	(58,812)	(16,842)	470,482	1,317,864	1,317,864
Direct Exchange repayments	-	-	-	-	-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR	682,164	6,418,699	1,033,242	1,114,981	8,964,348	14,284,179	342,863



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 2009

	CENTRAL GOVERNMENT ADMINISTRATION	FINANCIAL AND ADMINISTRATION SERVICES	SOCIAL SERVICES	JUVENILE AND PROTECTION SERVICES	ECONOMIC SERVICES AND INFRASTRUCTURE	TOTAL
	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000
OPERATING INCOME						
Departmental revenue	13,385,153	27,833,339	111,989,148	84,258,987	87,588,967	304,729,594
Principals by National Departments from MBP	633,871	8,118,261	263,638	1,352,633	1,303,643	12,875,153
LOCAL AND FOREIGN AID ASSISTANCE	12,751,850	21,915,078	111,725,510	82,906,354	87,742,118	301,290,403
	6,925	28,272	395,002	85,272	172,583	744,651
TOTAL INCOME	13,385,028	27,869,689	112,325,348	84,289,278	87,729,643	304,674,187
DEPARTMENTAL EXPENDITURE						
Current expenditure	7,458,238	4,832,768	3,778,773	65,248,268	8,124,334	89,797,781
Contributions of employees	3,787,178	3,298,984	1,328,263	48,442,126	3,641,128	61,544,389
Grants & Services	3,427,261	1,548,451	2,118,865	13,698,676	1,028,125	32,244,485
Interest & fees on Loans	28,960	37,173	34,850	42,181	3,278	1,875
Local and foreign aid assistance	4,280	28,181	285,089	64,962	491,818	793,886
Unauthorised expenditure approved	-	-	-	-	3,372	3,372
Transfers and rebates	2,372,977	15,933,448	197,518,827	13,118,485	79,288,179	217,796,583
Transfers and subsidies	2,372,977	15,933,448	197,518,827	13,118,484	79,292,818	217,804,497
Aid assistance	-	-	-	45,252	-	45,252
Capital expenditure	1,088,834	84,086	16,834	4,879,368	1,868,898	8,086,111
Expenditure for capital assets	1,440,154	84,086	16,834	4,879,368	1,568,568	8,086,111
TOTAL EXPENDITURE	12,879,092	27,829,300	111,289,228	81,486,092	90,699,773	278,698,694
SURPLUS/DEFICIT	5,505,936	837,389	11,036,120	2,803,186	-2,969,130	27,000,191
SURPLUS/DEFICIT FOR THE YEAR	5,505,936	837,389	11,036,120	2,803,186	-2,969,130	27,000,191
Reconciliation of Net Surplus (Deficit) for the year						
Void Funds to be surrendered to the revenue fund	428,425	862,062	641,164	1,625,136	1,586,618	5,344,829
Departmental revenue to be surrendered to the revenue fund	833,471	5,118,321	265,808	1,350,842	1,300,843	12,875,153
Local and foreign aid assistance	2,850	17,944	87,811	(37,276)	(181,504)	(143,822)
Direct Exchange multiphase/streams	-	-	-	-	-	-
SURPLUS/DEFICIT FOR THE YEAR	5,042,790	832,286	10,787,163	2,805,187	-3,634,868	17,865,191

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 2009

	CENTRAL GOVERNMENT ADMINISTRATION R'000	FINANCIAL AND ADMINISTRATION SERVICES R'000	SOCIAL SERVICES R'000	JUSTICE AND PROTECTION SERVICES R'000	ECONOMIC SERVICES AND INFRASTRUCTURE DEVELOPMENT R'000	TOTAL R'000
ASSETS	2,298,294	288,086	2,620,039	2,193,848	3,202,292	11,586,544
Current Assets	129,395	-	27,624	565,137	697,620	1,419,780
Unallocated expenditure	43,295	-	1,265	3,175	1,265	48,035
Fund balances and unspent expenditure	192,240	81,533	1,299,248	129,123	1,485,195	3,013,831
Loans	-	-	11,550	197,193	112,528	1,208,280
Prepayments and advances	1,282,845	199,054	860,191	1,345,291	842,688	4,510,647
Receivables	-	1,287	-	13,262	24,493	26,441
Local and foreign aid assistance receivable	-	1,244	19,252	1,832	275,955	300,343
Non-current assets	69,824	18,289,691	32,148	79,608	32,728,794	43,078,388
Investments	-	200,000	-	79,608	32,268,318	32,548,026
Loans	50,917	18,000,000	32,148	-	487,260	18,110,365
Other financial assets	17	-	-	-	3,295	3,412
TOTAL ASSETS	2,448,798	18,488,087	2,682,738	2,223,656	34,222,094	64,144,628
LIABILITIES						
Current liabilities	3,127,691	397,393	3,694,766	1,933,812	3,446,839	16,193,098
United Funds to be surrendered to the Revenue Fund	588,656	127,621	1,001,115	166,118	1,505,600	3,283,381
Departmental revenue to be surrendered to the Revenue Fund	80,105	1,399	19,817	29,808	198,564	279,273
Bank overdraft	43,059	39,647	1,402,267	1,527,002	651,960	3,723,935
Payables	1,826,194	74,346	259,446	72,268	408,135	2,445,789
Local and foreign aid assistance payable	-	15,226	75,505	8,428	254,794	354,438
Local and foreign aid assistance unclaimed	257	23,083	29,475	28,648	69,252	148,355
Non-current liabilities	-	6,876	43	6,158	18,898	38,744
Provision	-	6,876	-	-	18,898	38,744
TOTAL LIABILITIES	3,127,691	404,269	3,734,615	1,946,038	3,674,635	16,231,842
NET LIABILITIES	218,197	19,287,685	47,880	394,813	32,957,966	43,928,834
Represented by:						
Contribution Revenue	50,817	200,000	33,148	79,608	32,223,151	32,623,248
Revenue income	19,621	18,051,064	14,224	319,813	234,465	18,548,887
Retained Funds (Legislature/Parliament/CMA Fund Assistance)	249,589	-	-	-	-	249,589
TOTAL	218,197	18,287,685	47,880	394,813	32,957,966	43,928,834



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 2009

	CENTRAL GOVERNMENT ADMINISTRATION	FINANCIAL AND ADMINISTRATION SERVICES	SOCIAL SERVICES	JUSTICE AND PROTECTION SERVICES	ECONOMIC SERVICES AND INFRASTRUCTURE	TOTAL
	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000	2007/2008 R'000
ASSETS						
Current Assets						
Unaudited expenditure	523 461	28 364		150 758	15 149	718 362
Fuelless and wasteful expenditure	51 414	346		3 072	3 176	58 256
Cash and cash equivalents	147 552	913 211		134 082	1 206 280	4 024 508
Prepayments and advances	18 792	1 030 348		120 811	168 038	1 348 829
Receivables	404 385	67 558		1 543 555	445 855	5 114 875
Loans	-	1 481 178		14 212	24 719	1 520 111
Local and foreign aid assistance receivable	-	1 581		5 225	251 258	250 234
Non-current assets						
Investments	44 678	292 981	33 144	75 000	31 684 493	33 338 896
Loans	-	202 001		75 000	31 235 757	31 562 758
Other financial assets	45 604	-	33 745	-	295 808	475 158
	25	-	-	-	3 978	4 001
TOTAL ASSETS	1 059 278	1 914 938	2 856 388	1 664 378	33 815 676	43 711 448
LIABILITIES						
Current liabilities						
Voided funds to be surrendered to the Revenue Fund	1 287 878	963 972	2 811 898	1 837 887	2 827 658	8 748 972
Unaudited expenditure	633 342	158 628	1 153 162	777 335	1 313 350	4 586 819
Fuelless and wasteful expenditure	158 205	47 270	47 134	15 235	284 200	791 150
Cash and cash equivalents	591 325	82 150	1 804 405	548 635	1 896 425	5 196 425
Prepayments	-	158 184	64 300	2 12 274	248 073	1 278 207
Local and foreign aid assistance payable	4 595	11 300	150 545	46 387	151 761	153 660
Local and foreign aid assistance unutilised	-	-	-	-	33 214	245 991
Non-current liabilities						
Payables	-	-	42	-	18 648	18 790
	-	-	-	42	18 606	18 752
TOTAL LIABILITIES	1 287 878	963 972	2 811 898	1 837 887	2 844 346	8 787 922
NET LIABILITIES	442 697	299 864	44 490	396 614	31 609 238	35 843 747
Represented by:						
Capitalisation Reserve	48 604	200 001	35 185	75 000	31 687 145	32 242 941
Receivable reserve	12 848	863	9 299	251 511	222 280	496 861
Relevant funds (Legislature/Parliament/CURA Fund Assistance)	424 145	-	-	-	-	424 145
TOTAL	442 697	299 864	44 490	396 614	31 609 238	35 843 747

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
	: Parliament
DFA	: Department of Foreign Affairs
DHA	: Department of Home Affairs
DPW	: Department of Public Works

Financial and Administrative Services

GCIS	: Government Communication and Information System
NT	: The National Treasury
DPSA	: Department of Public Service and Administration
PSC	: Public Service Commission
SAMDI	: South African 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 South Africa

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
DPLG	: Department of Provincial and Local Government

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

REVIEW OF OPERATING RESULTS

Public Entities

The Consolidated Financial Information (CFI) incorporates the financial statements of 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), Act 1 of 1999.

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 in 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 used 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 with the figures published in the annual reports, of the entities 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 annexures to the financial information.
- NT then uses this template as a source document to the consolidation model.

Consolidation Statistics

The list of entities consolidated is based on the PFMA list of entities, as updated and published on the Treasury website as at 31 March 2009. It must be noted that the CFI also includes some entities not listed on the PFMA list but known to NT. There has once again been an improvement in the number of entities that have submitted their templates and subsequently consolidated in the current year compared to prior years. NT continued to strive for a 100% consolidation of all listed and known public entities and an extra effort was made on a proactive approach by OAG in collecting and assisting entities with completing the consolidation templates. There were eight entities which are on the PFMA

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

REVIEW OF OPERATING RESULTS (CONTINUED)

list of entities but were not operational as at 31 March 2009. (See Annexure D2).

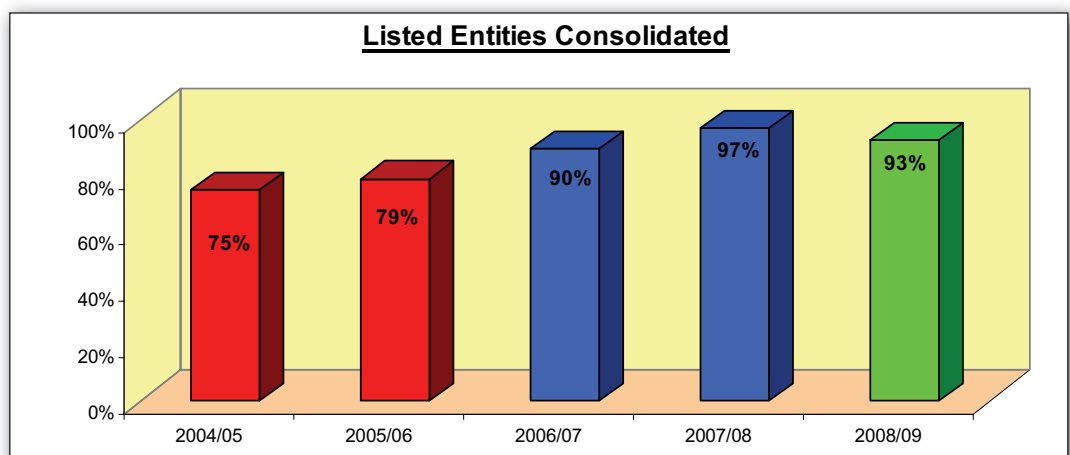
The following is a statistical consolidation summary:

Listed operational entities	Number of listed entities as at 31 March 2009	Percentage
Consolidated	191	97%
Not consolidated	6	3%

Comparison with prior years	2008/09	2007/08	2006/07	2005/06
Consolidated	97%	97%	90%	79%
Not Consolidated	3%	3%	10%	21%
Unlisted entities				
Consolidated	33	39	18	18

A total of 191 (97%) of listed entities were consolidated in 2008/09 compared to 186 (97% in 2007/08). 33 unlisted entities were consolidated in 2008/09, compared to 39 unlisted entities in the previous financial year. In general there has been a slight increase in the number of listed entities consolidated, as more entities had submitted their AFS in time for consolidation. A decrease (from 39 to 33) in the number of unlisted entities consolidated is due to some of them being incorporated into their respective departments, some ceased to operate while others were excluded as it was decided that they did not qualify as being “owned and controlled”

Certain entities did not submit their AFS consolidation template within the prescribed timeframes. The main reason for non-submission was a lack of capacity and key personnel leaving the entities close to the submission deadlines. These entities are disclosed in Annexure D1, D2 and E.



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

REVIEW OF OPERATING RESULTS (CONTINUED)

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 published in the 2007/08 financial year

Below is a list of annexures to the CFI giving a comparative breakdown of entities consolidated and those not consolidated and other information to illustrate the inconsistencies in the number of entities consolidated and above mentioned challenges.

- 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.
- Annexure C – Lists all the public entities consolidated that are not included in the PFMA listings which appear on the NT website.
- Annexure D1 – Lists all the public entities not consolidated that are included in the PFMA listings which appear on the NT website.
- Annexure D2 – Lists all the public entities not consolidated, and not operating for the year, that are included in the PFMA listing.
- 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)
- Annexure G – Lists all the public entities consolidated which have a different year end than 31 March 2009. These are mainly the water boards that have year ends which coincide with local government year ends.

Due to the inconsistencies as mentioned above, reallocations, changes in accounting policies and other restatements of figures, opening balances or prior year figures differ from those as published in the 2007/08 CFI. A reconciliation of this difference was prepared and is disclosed in the notes (Note 72 page 174) to the CFI. The following is a summarised comparison of prior year figures to those published in 2007/08:

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

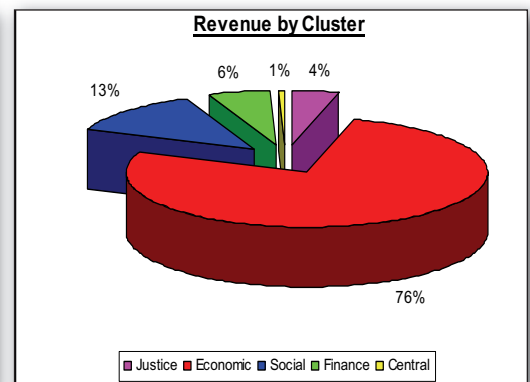
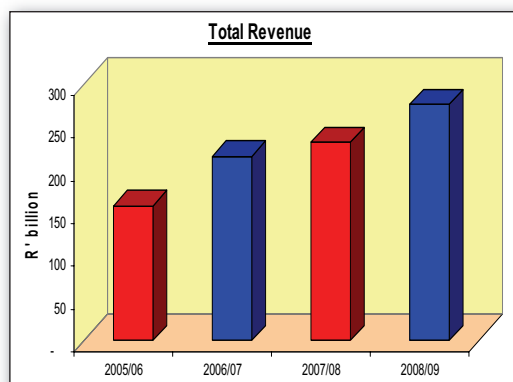
REVIEW OF OPERATING RESULTS (CONTINUED)

Description	Prior year figures in current consolidation 2008/09 <i>R' million</i>	Published in 2007/08 <i>R' million</i>	Variance <i>R' million</i>
Net Surplus	24,931	27,738	2,807
Total Assets	1,092,836	1,091,173	(1,663)
Total Liabilities	679,607	670,916	8,916
Net Assets	413,229	420,257	7,028

1. Total Revenue

Total revenue for the year under review amounted to R 276 billion. The main income items, comprising 92% of total revenue, are sale of goods, rendering of services, transfers and subsidies and levies received.

Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Sale of goods	61	66	74	92
Rendering of services	44	70	78	85
Transfers and subsidies received	20	32	35	41
Levies received	20	25	28	32
Other	13	23	16	26
Total Revenue	158	216	231	276
Change in Revenue		37%	7%	19%



There is a steady increase in all revenue items reported in the current year. Revenue from the sale of goods has increased by 24% in the current year, while the increase from rendering of services has only been 9%. Although the total revenue figure has increased by 19%, this is not a true reflection of the performance achieved by public entities during the year under review. When interrogated, the related expenditure shows the effects of the recession on the public entities within government, which also

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

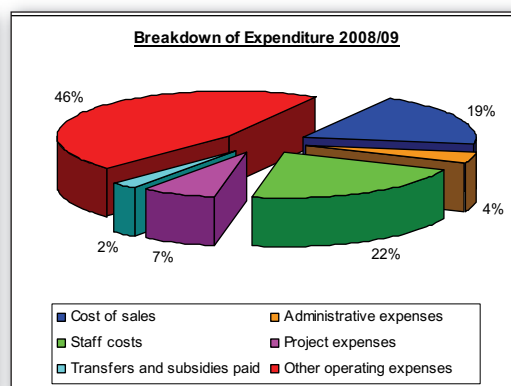
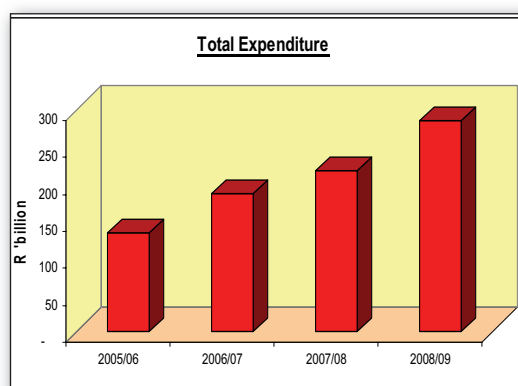
REVIEW OF OPERATING RESULTS (CONTINUED)

explains the deficit obtained for the current year.

The 22 PFMA Schedule 2 entities contributed more than 49% of the total revenue received by national public entities. National government owns 100% of 21 of the entities and 39,8% of Telkom shares. These entities operate as business enterprises and they have been assigned by government, the financial operational authority to do so. The Telkom shares are being equity accounted in the consolidation.

2. Total Expenditure

Year ended 31 March R' billion	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Cost of sales	31	31	41	54
Administrative expenses	7	13	10	12
Staff costs	37	44	51	62
Project expenses	4	14	16	20
Transfers and subsidies paid	6	7	6	7
Other operating expenses	48	76	95	131
Total Expenditure	133	185	219	286
Change in Expenditure		39%	18%	31%



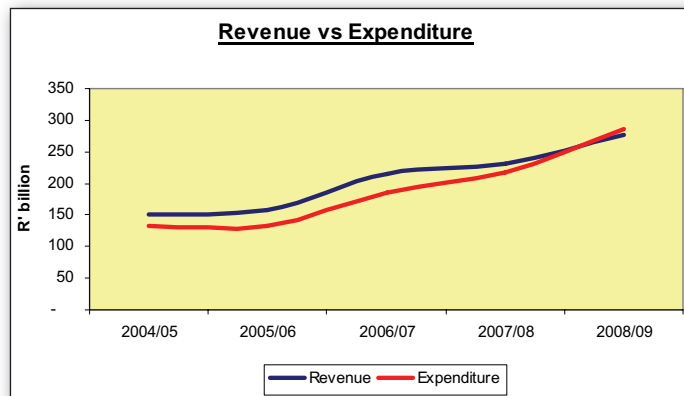
Total expenditure amounted to R 286 billion for the current year. This represents a 31% increase from the prior year. It is worth noting that cost of sales has increased by 32%, staff costs have increased by 21% and project expenses by 29%. The increase in expenditure of 31% is far more aggressive than the increase in total revenue of 19%.

As can be seen in the graph below, expenditure has for the first time exceeded the revenue of the entities consolidated. The table below shows the downward trend from the previous years which has resulted in the deficit for the year under review.

This is indicative of the economic recession, and we may see a worse result in the 2009/10 financial year.

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

REVIEW OF OPERATING RESULTS (CONTINUED)



Year ended 31 March R' billion	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Total revenue	158	216	231	276
Total expenditure	133	185	219	286
Surplus/(Deficit) from operations	25	31	122	-10
Change in Revenue		24%	-61%	-183%

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

Eskom

Eskom's primary mandate is to ensure the security of electricity supply for industrial and household needs in South Africa. As a State Owned Entity (SOE), Eskom has the South African government as its sole shareholder. Eskom generates approximately 95% of South Africa's electricity and is the largest contributor to revenue for the year under review, with revenue totaling R 54 billion.

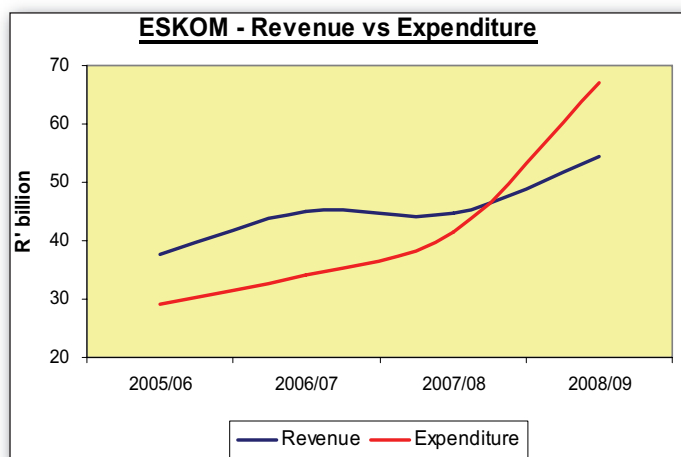
Eskom Summary R' billion	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Revenue	38	45	45	54
Expenditure	29	34	42	67
Surplus/(deficit) from operations	9	11	3	-13
Change in surplus/(deficit)		22%	-73%	-533%

From the table above, the trend seems to be a downward one. Eskom had a deficit from operations of R 13 billion for the year.

Eskom has a number of commodity-linked pricing contracts with aluminium producers, which offer discounted prices and also link electricity prices to commodity prices and exchange rates. The year-end valuation of these contracts (embedded derivatives) resulted in an accounting loss of R9,5 billion. Eskom will engage with these customers to achieve more equitable pricing.

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

REVIEW OF OPERATING RESULTS (CONTINUED)



Compared to the previous year, the sale of electricity decreased by 4,2% (2008: 2,9% increase). Producers of ferrochrome and steel switched off their furnaces for part of the year as a result of weak commodity prices and low demand.

Total expenditure for Eskom rose by R 25 billion or 60%. The rise in costs should be seen in the context of R 30 billion that was spent on infrastructure projects, which is R 18 billion more than the previous year, and the revaluation of contracts as explained above.

The loss incurred by Eskom is due to two major long-term causes:

- South Africa has priced electricity below its full cost for many decades, passing this savings on to consumers; and
- The first major expansion of our electricity grid in several decades cannot be funded through revenue generated from tariffs alone.

Another major source of rising costs was the cost of coal purchased. Eskom is urgently engaging with the coal mining industry to better manage these costs.

The organisation's financial results, however, clearly indicate that financial sustainability is now Eskom's, central challenge. The scale of losses incurred is unsustainable, and the board is determined to move quickly to return the organisation to financial health. Government has also reacted by offering assistance to Eskom in the form of a R 60 billion loan package over the next three years.

Transnet

Transnet is the SOE responsible for core transport operations in South Africa. Its main business units include Transnet Freight Rail (rail transport), Transnet Port Terminals, Transnet National Ports Authority and Transnet Pipelines. In addition Transnet holds a range of smaller companies in road logistics, warehousing, IT, wagon manufacturing, telecommunications infrastructure and property.

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

REVIEW OF OPERATING RESULTS (CONTINUED)

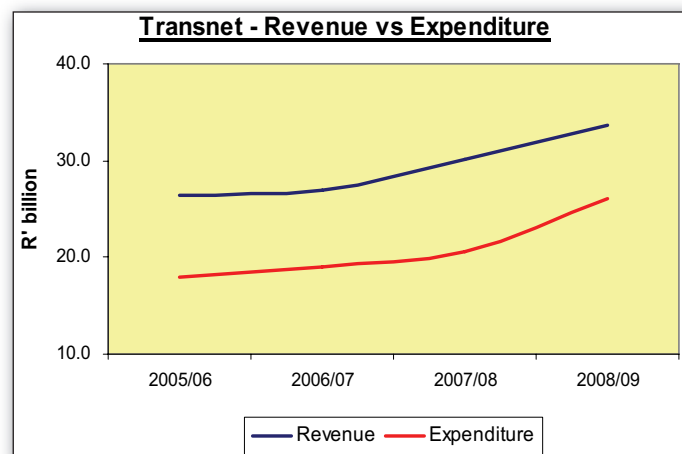
Transnet's implementation of its strategy to transform the company from a diversified conglomerate into a focused freight transport company is nearly complete. This included Transnet's exit from civil aviation, which involved the complete transfer of South African Airways (SAA) and South African Express Airways (SAX) to the state during the year.

Transnet Summary <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Revenue	26,4	26,9	30,1	33,6
Expenditure	18,0	18,9	20,5	26,0
Surplus/(deficit) from operations	8,4	8,0	9,6	7,6
Change in surplus/(deficit)		-5%	20%	-21%

The sharp downturn in economic activity globally resulted in certain commodity and container volumes handled by Transnet being below expectation, especially in the last quarter of the financial year. Nevertheless, revenue increased by 11% compared to the previous year.

Transnet's expenditure for the year increased by R 5,5 billion. Depreciation and amortisation of assets for the year increased by R 1,1 billion or 25,8% to R4,8 billion compared to the previous year, as a result of the capital investment programme and the depreciation on the revalued port facilities and pipeline assets.

This trend is expected to continue in line with the execution of the capital investment programme over the next five years.



Another major increase in costs is attributed to the increase in staff costs from R 8,8 billion to R 10,4 billion, which equates to a 18% increase.

Independent Development Corporation of South Africa (IDC)

The IDC is a self-financing national development finance institution that provides finance to promote industrial and entrepreneurial development. Its primary objectives are to contribute to balanced sustainable economic growth in Africa and to the economic

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

REVIEW OF OPERATING RESULTS (CONTINUED)

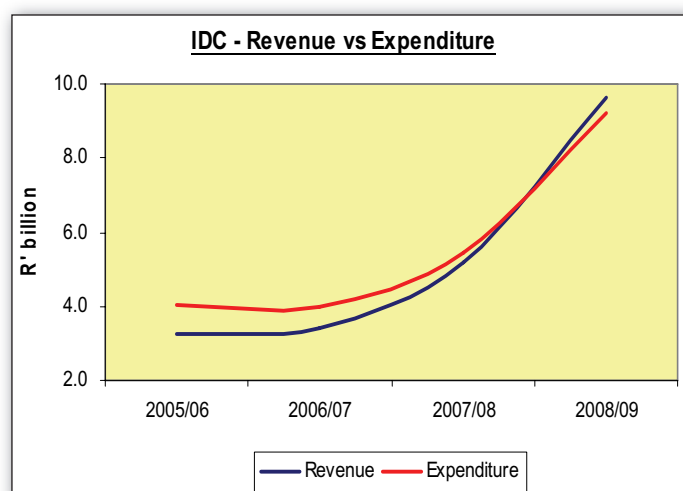
empowerment of the South African population, promoting the economic prosperity of all citizens of the African continent.

IDC Summary R' billion	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Revenue	3,2	3,4	5,2	9,7
Expenditure	4,0	4,0	5,4	9,2
Surplus/(deficit) from operations	-0,8	-0,6	-0,2	0,5
Change in surplus/(deficit)		25%	67%	350%

The revenue growth of R 4,5 billion for this year equates to a 87% increase from the prior year. The graph below depicts the closeness between revenue and expenditure over the past 4 years, illustrating IDC's funding objective.

For the year under review the IDC received a total of R 3,4 billion in dividends and R 1,3 billion in interest.

Facing recessionary conditions in the South African economy, the IDC's workout and restructuring unit, which focuses on distressed companies, spent more than R500m in assisting companies affected by the domestic economic slowdown. The corporation has set aside R6.1 billion to assist distressed companies through the global financial crisis.



The IDC also announced a strong performance for the year with funding approvals up 27% and funding in the rest of Africa up by 38%. The IDC's approved funding activity can facilitate the creation of additional jobs in South Africa.

The bulk of the funding was for start ups and expansions. In line with its role to support sustainable economic growth and development, the IDC approved R8,9 million

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

REVIEW OF OPERATING RESULTS (CONTINUED)

(2007/08: R2,6 million) worth of business support grants to assist clients through skills development and consultancy services.

Central Energy Fund (CEF)

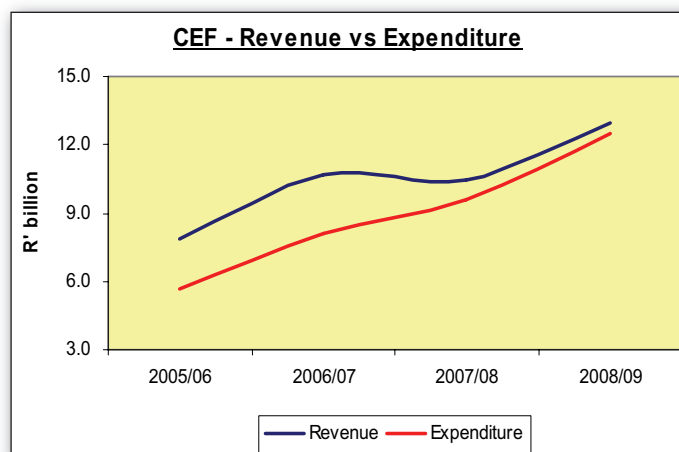
The objective of the CEF is to pursue economically viable opportunities in oil, gas, coal and renewable energy resources and to provide access to sustainable and affordable energy. The CEF does not receive any revenue from the fiscus. Revenue required for infrastructure development and operations is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

CEF Summary <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Revenue	7,8	10,6	10,5	13,0
Expenditure	5,6	8,1	9,6	12,5
Surplus/(deficit) from operations	2,2	2,5	0,9	0,5
Change in surplus/(deficit)		14%	-64%	-44%

The CEF revenue increased by R 2,5 billion or 24% from the previous year. The increase in revenue is due to the higher international prices. The average crude oil price for the year was \$83,87/bbl against an average of \$82,29/bbl in the previous year.

Due to the volatile crude oil prices, demand for crude oil storage was high.

Total expenditure for the year rose by R 2,9 billion or 28% from the previous year.



The increase in the costs was mainly due to the increased cost of feedstock purchases as a result of high oil prices and the weaker rand. There was also a significant increase in exploration expenditure incurred by PetroSA Gryphon Marin and Petro SA Egypt.

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

REVIEW OF OPERATING RESULTS (CONTINUED)

Road Accident Fund (RAF)

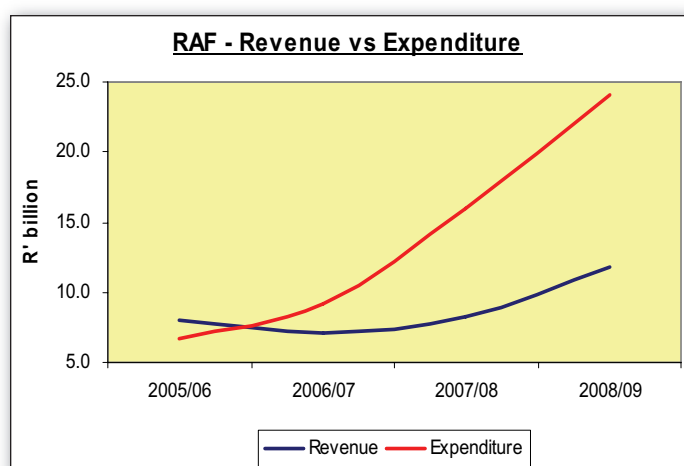
The RAF is mandated by the RAF Act (1996) and provides compensation for personal injury claims arising from the negligent actions of another driver. The fund has developed a new claims management system and implemented an ICT strategy to improve performance in its core operations. These initiatives are currently being implemented and have resulted in noticeable improvements in operating performance, especially in processing efficiency.

After a significant reduction in claims during the previous year, the RAF claims backlog stood at approximately 297 000 claims at the beginning of the year under review. However there are still high numbers of road accident claims and there have been delays in giving effect to the regulatory reforms aimed at limiting benefits and streamlining administration.

RAF Summary <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Revenue	8,1	7,0	8,2	11,8
Expenditure	6,6	9,1	16,0	24,1
Surplus/(deficit) from operations	1,5	-2,1	-7,8	-12,3
Change in surplus/(deficit)		-240%	-271%	-58%

The revenue increase for the RAF equates to R3,6 billion or 44%. The increase in revenue can be mainly attributed to the additional transfer from government during the adjustments budget.

This additional transfer was done to ensure liquidity of the fund and to provide for the payment of outstanding claims. The RAF fuel levy has been increased by 17,5 cents from 1 April 2009.



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

REVIEW OF OPERATING RESULTS (CONTINUED)

Expenditure for the RAF increased by R8,1 billion or 51% from the previous year. This is due to the significant ramping up in the processing of claims and an increase in the claims provision. Total claims expenditure, including provision for outstanding claims grew by a phenomenal 51% to R23,3 billion (previously R15,4 billion), whilst staff costs increased by 25% and administration and other expenses increased by 41%.

Unemployment Insurance Fund (UIF)

The UIF provides short-term unemployment insurance to qualifying workers in cases of unemployment, illness, maternity, adoption or death. The March 2008 actuarial valuation indicated that the UIF is in a position to meet its cash flow requirements over the next 10 years for a wide range of possible scenarios.

For the 2008/09 year, the number of new claimants for UIF benefits averaged approximately 51 350 a month. Average monthly benefit payments amounted to approximately R320 million. UIF data indicate that more people are becoming unemployed for longer periods, and that there is an increase in higher-income claimants. We may see an increase in UIF benefits being paid during the 2009/10 financial year as the effects of the recession filter through the economy. The UIF is also developing mechanisms for supporting the placement of unemployed workers in training or jobs.

Legislative improvements to the UIF benefit structure under consideration include options for extending payments beyond the current 35 weeks of benefit and possible revisions to the income replacement rate schedule.

UIF expenditure has increased by R 0,7 billion from the previous year. This increase is due mainly to the increase in the number of people who received benefits during the year. This figure increased from 527 000 in the prior year to 610 736 in the current year.

The number of claims received for the 2008/09 year has also increased from 397 000 to 474 793. The rapid deterioration in global financial markets and an increase in unemployment in South Africa saw a growing demand for unemployment benefits.

UIF Summary	Actual	Actual	Actual	Actual
R' billion	2005/06	2006/07	2007/08	2008/09
Revenue	6,9	8,1	9,2	10,3
Expenditure	3,5	3,3	4,0	4,7
Surplus/(deficit) from operations	3,4	4,8	5,2	5,6
Change in surplus/(deficit)		41%	8%	8%

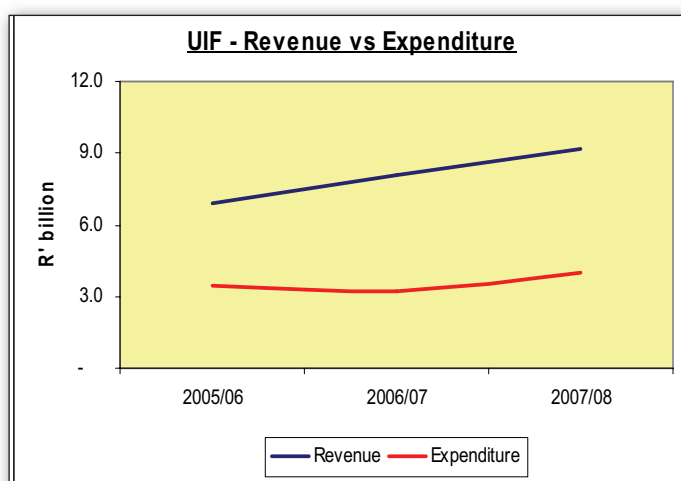
The revenue increase for the year totals R1,1 billion or 13,3%. The increase is due to the increase in UIF levies received for the year.

As can be seen from the table above the UIF had a surplus from operations for the past four years.

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

REVIEW OF OPERATING RESULTS (CONTINUED)

The surplus for the year is due to the improved contribution revenue collection and investment revenue.



Revenue and expenditure 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, among others, the Public Protector, the Human Rights Commission, and the Independent Electoral Commission. (The Auditor General is not listed but is included here for analysis purposes).
- Schedule 2** These entities are the major public entities and include ARMSCOR, DENEL, ESKOM, IDC, Transnet, SABC and ACSA. These entities function as businesses and are 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, RAF and so on.
- PART B** – National government business enterprises which includes: water boards, SA Rail Commuter Corporation Limited, and so on.

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

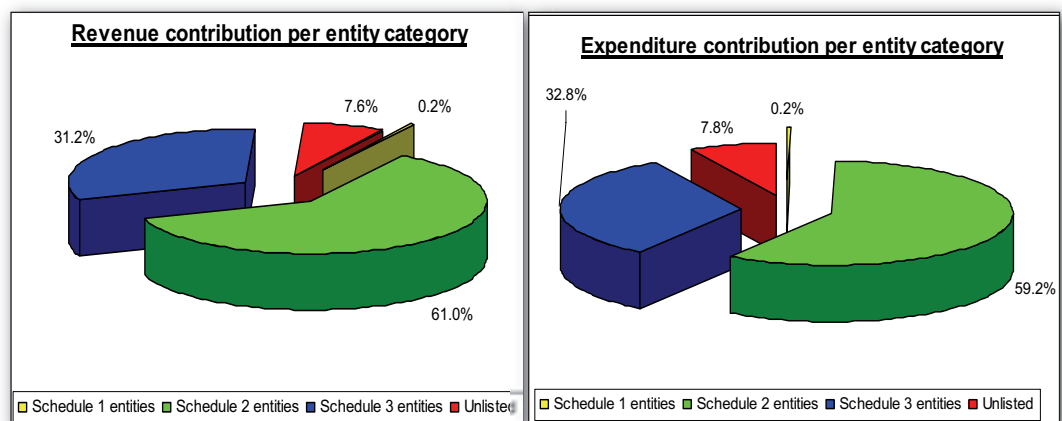
REVIEW OF OPERATING RESULTS (CONTINUED)

Revenue contribution per entity category <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Schedule 2 entities	141	168
Schedule 3 entities	75	86
Unlisted	15	21
Schedule 1 entities	0,4	0,5
Total	231,4	275,5

Expenditure contribution per entity category <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Schedule 2 entities	124	169
Schedule 3 entities	76	94
Unlisted	18	22
Schedule 1 entities	0,5	0,5
Total	218,5	285,5

The Schedule 2 entities contributed approximately 59% or R168 billion of the total income for 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 etc.

The Schedule 2 entities also contributed approximately 59% or R 169 billion of the total expenditure for the current year. In the prior year this contribution was marginally lower at 57% of total expenditure.



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:

Name of Entity	Actual 2007/08 R' 000	Actual 2008/09 R' 000	Net movement in loss
Schedule 1			
Commission for Conciliation, Mediation & Arbitration	1,738	(36,950)	(38,688)
Human Rights Commission	(757)	(749)	8
Public Protector	1,495	(5,006)	(6,501)
The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	(143)	(1,912)	(1,769)
Total	2,333	(44,617)	(46,950)

Name of Entity	Actual 2007/08 R' 000	Actual 2008/09 R' 000	Net movement in loss
Schedule 2			
SA Nuclear Energy Corporation	36,352	(3,382)	(39,734)
SA Broadcasting Corporation Limited	321,217	(1,005,374)	(1,326,591)
Sentech	(7,983)	(23,810)	(15,827)
Trans-Caledon Tunnel Authority	(161,690)	(75,963)	85,727
Denel	(347,218)	(543,874)	(196,656)
Eskom	974,241	(9,708,137)	(10,682,378)
Independent Development Trust(IDT)	(164,660)	(343,374)	(178,714)
Total	650,259	(11,703,914)	(12,354,173)

Name of Entity	Actual 2007/08 R' 000	Actual 2008/09 R' 000	Net movement in loss
Schedule 3 A			
Afrikaanse Taalmuseum, Paarl	(217)	(80)	137
Boxing South Africa	(1,786)	(4,328)	(2,542)
Education, Training and Development Practices Sector Education and Training Authority	(1,573)	(1,885)	(312)
Energy Sector Education and Training Authority	(11,692)	(8,654)	3,038
Forest Industries Sector Education and Training Authority	(197)	(3,833)	(3,636)
National Development Agency	(61,449)	(32,567)	28,882
National Economic, Development and Labour Council	(1,262)	(2,863)	(1,601)
National Film and Video Foundation	(1,371)	(509)	862
National Heritage Council	(2,581)	(5,140)	(2,559)
National Library, Pretoria/Cape Town	4,879	(3,573)	(8,452)

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

REVIEW OF OPERATING RESULTS (CONTINUED)

Name of Entity	Actual 2007/08 R' 000	Actual 2008/09 R' 000	Net movement in loss
<i>Schedule 3 A (continued)</i>			
National Museum, Bloemfontein	1,747	(611)	(2,358)
Nelson Mandela Museum	3,158	(642)	(3,800)
SA Blind Workers Organisation, Johannesburg	(92)	(230)	(138)
SA Council for Educators	9,015	(270)	(9,285)
SA Heritage Resources Agency	(2,065)	(3,592)	(1,527)
SA Institute for Drug-free Sport	(314)	(4,215)	(3,901)
Social Services Agency South Africa (SASSA)	(401,465)	(390,586)	10,879
The National English Literary Museum, Grahamstown	8	(69)	(77)
The Pan South African Language Board	(2,424)	(4,965)	(2,541)
The Playhouse Company, Durban	1,137	(1,519)	(2,656)
Tourism and Hospitality Education and Training Authority	(8,936)	(72,973)	(64,037)
Umsobomvu Fund	(16,441)	(193,442)	(177,001)
Special Investigating Unit	38,402	(3,063)	(41,465)
PSIRA	675	(4,354)	(5,029)
Agricultural Research Council	11,952	(16,082)	(28,034)
Isimangaliso Wetland Park	(3,350)	(8,505)	(5,155)
SA National Biodiversity Institute	13,164	(8,476)	(21,640)
SA Weather Services	3,610	(4,210)	(7,820)
Human Sciences Research Council	(5,125)	(537)	4,588
Competition Commission	(5,782)	(11,393)	(5,611)
National Consumer Tribunal	1,128	(869)	(1,997)
National Electronic Media Institute of SA	1,295	(1,239)	(2,534)
Universal Service and Access Fund	(21,606)	(962)	20,644
Road Accident Fund	(7,586,925)	(12,156,715)	(4,569,790)
SA Civil Aviation Authority	(631)	(13,610)	(12,979)
SA Maritime Safety Authority	1,471	(6,261)	(7,732)
Urban Transport Fund	3,033	(5,392)	(8,425)
Inkomati Catchment Management Agency	4,546	(6,475)	(11,021)
Water Research Commission	15,456	(3,370)	(18,826)
Accounting Standards Board	(44)	(104)	(60)
Financial Services Board	35,152	(13,618)	(48,770)
Independent Regulatory Board of Auditors(IRBA)	3,342	(2,689)	(6,031)
International Marketing Corp (IMC)	212	(1,139)	(1,351)
National Youth Commission(NYC)	(1,398)	(1,293)	105
Film and Publications Board (FPB)	(2,158)	(8,278)	(6,120)
South African Local Government Association (SALGA)	(15,630)	(8,468)	7,162
Construction Industry Development Board (CIDB)	4,125	(1,347)	(5,472)
Total	(7,999,007)	(13,024,995)	(5,025,988)

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

REVIEW OF OPERATING RESULTS (CONTINUED)

Name of Entity	Actual 2007/08 R' 000	Actual 2008/09 R' 000	Net movement in loss
Schedule 3 B			
State Diamond Trader	972	(5,061)	(6,033)
Social Housing Foundation	(1,621)	(2,499)	(878)
Thubelisha Homes	(214,486)	(2,649)	211,837
SA Commuter Rail Corporation Limited	(513,867)	(1,053,394)	(539,527)
Botshelo Water	9,075	(7,947)	(17,022)
Namakwa Water	2,631	(17,081)	(19,712)
Pelladriфт Water Board	21	(1,315)	(1,336)
Total	(717,275)	(1,089,946)	(372,671)

Name of Entity	Actual 2007/08 R' 000	Actual 2008/09 R' 000	Net movement in loss
Unlisted Entities			
Tshumisano Trust	238	(4,964)	(5,202)
Driving Licence Card Trading Account	(7,458)	(9,337)	(1,879)
Water Trading Account	(1,455,152)	(1,503,529)	(48,377)
Special Defence Account	530,141	(1,864,152)	(2,394,293)
Auditor General	(8,301)	(16,097)	(7,796)
Development Bank of SA Development Fund	(105,649)	(94,157)	11,492
The Financial and Fiscal Commission	1,484	(847)	(2,331)
Total	(1,044,697)	(3,493,083)	(2,448,386)

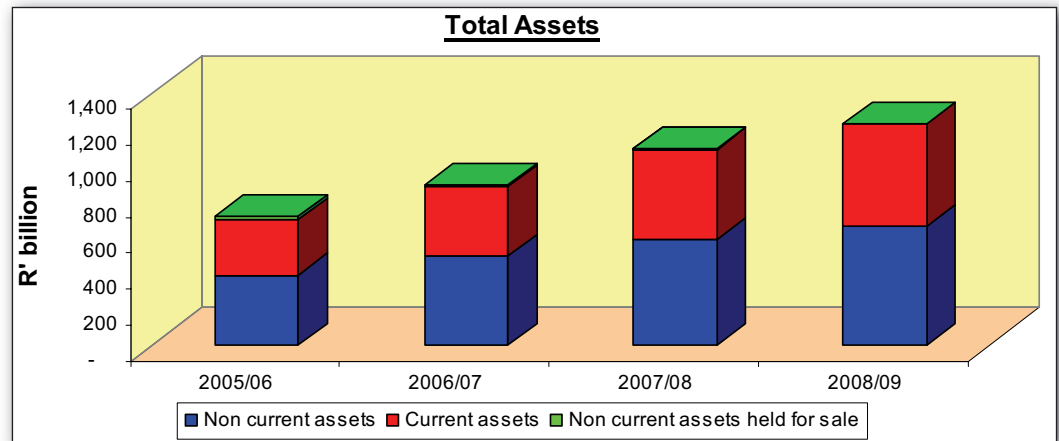
While the PFMA prohibits schedule 3A entities from budgeting for or realising a deficit, the above entities realised losses.

3. Total Assets

Year Ended 31 March R' billion	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Non current assets	387	491	582	661
Current assets	308	390	504	565
Non current assets held for sale	20	8	7	7
Total Assets	715	889	1,093	1,233
Change in Assets		24%	23%	13%

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

REVIEW OF OPERATING RESULTS (CONTINUED)



Total assets increased from R1 093 billion to R1 233 billion, an increase of R129 billion. This can be attributed to the following entities:

Transnet

During the year Transnet increased its property, plant and equipment (PPE) from R78 billion to R96 billion. This represents an R18 billion increase. During the year, Transnet revalued certain pipeline networks and these revaluations added R600 million to the total costs. Apart from these revaluations, Transnet also revalued port infrastructure and port operating assets and this added a further R3,5 billion to total assets.

The operating assets of Transnet have increased significantly, due to the capital expansion programme, revaluation of assets and investment in property adjustments, reflecting Transnet's significant infrastructure investment to enable future economic growth. Transnet's planned capital expenditure over the next five years amounts to R80 billion.

Eskom

Capital expenditure amounting to R47 billion was spent during the year on electricity infrastructure. Government has already committed to lending Eskom R 60 billion (of which R10 billion has been paid in the year under review) to assist with its infrastructure spending over the medium term and has also agreed to guarantee an amount of R176 billion (of which R150 billion is not yet used).

Debt capital markets continue to be constrained due to the recession. Eskom has prioritised funding sources that are appropriate for the long-term nature of the assets under construction, and to provide cash-flow relief during the long construction period of power stations.

Airports Company of South Africa (ACSA)

ACSA capital expenditure amounted to approximately R6 billion, which was essentially

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

REVIEW OF OPERATING RESULTS (CONTINUED)

to provide capacity for the 2010 FIFA World Cup and beyond. The major components of this expenditure were:

- R1,8 billion at O.R Tambo International airport;
- R1 billion at Cape Town International airport;
- R2,4 billion on the new airport development in La Mercy, in Kwazulu-Natal
- R0,5 billion on domestic airports and ACSA Corporate office.

South African National Roads Agency Limited (SANRAL)

SANRAL has increased its capital expenditure by approximately R8,4 billion. This is mainly due to the commencement of the Gauteng Freeway Improvement Project (GFIP). The first phase under construction consists of upgrading 185km of roads in and surrounding Tshwane, Johannesburg and Ekurhuleni.

This project will become the first multi lane “free-flow” toll road in South Africa. The improved road network will use electronic toll collection (ETC) systems consisting of a transponder (tag) in vehicles and receivers and cameras mounted on gantries straddling the roadway. This system is scheduled to go live in the first quarter of 2011.

Other road capital expenditure projects which are close to completion include the N17 in Gauteng, the R30 in the Free State, the Ring Road around Nelspruit in Mpumalanga and the N2 in the Tsitsikama Forest.

Passenger Rail Agency of South Africa (PRASA)

PRASA has increased its capital expenditure by approximately R3 billion. The major part of the capital expenditure was related to the 2010 FIFA World Cup projects, including the upgrading and construction of stations worth R1,3 billion. The following railway station upgrade projects were started in the 2008/09 financial year and are due for completion in early 2009/10:

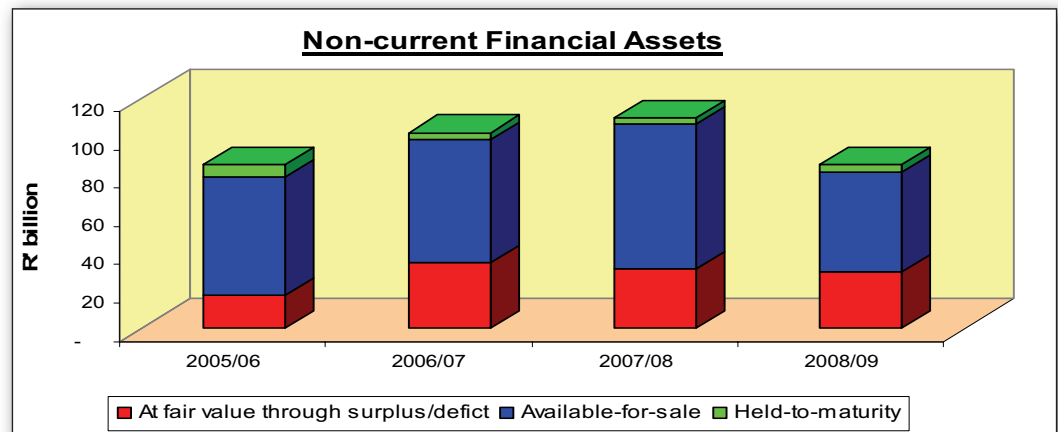
Railway station upgrade projects <i>R' million</i>	Actual 2008/09
Doorfontein Station Upgrade	75
Nasrec Station	60
Athlone, Heideveld and Langa Stations	60
Isipingo Station	29
Duffs Road Station	29
Reunion Station	38
Rossburgh Station	34
Cape Town Station	278
Total	603

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

REVIEW OF OPERATING RESULTS (CONTINUED)

3.1 Non-current financial assets

Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
At fair value through surplus/deficit	17	34	31	30
Available-for-sale	62	65	76	52
Held-to-maturity	7	4	3	4
Total	86	103	110	86
Change from Prior year		20%	7%	-22%



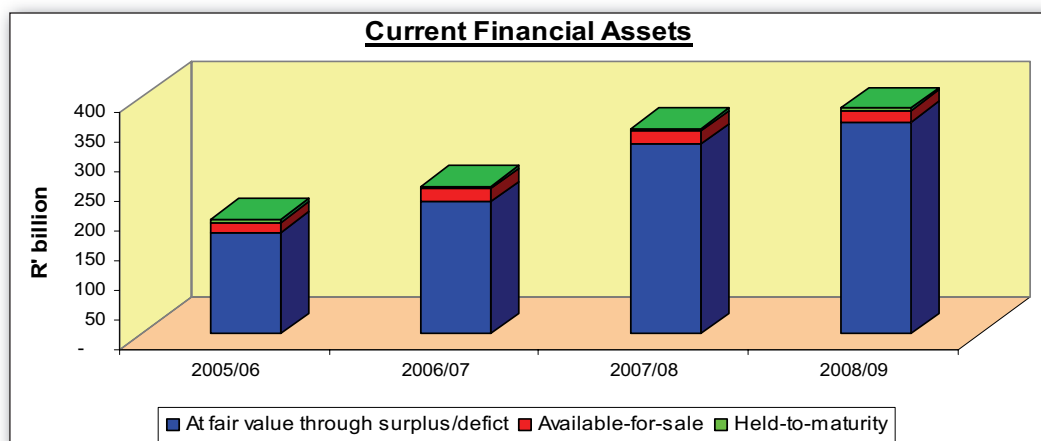
There is a significant decline in the total non-current financial assets. This is due mainly to the significant downward revaluations, amounting to R 29 billion for the current year, compared to positive revaluations of R 21 billion in the prior year. The major portion of the decrease can be attributed to the IDC, which had a decrease of R19 billion from the prior year.

3.2 Current financial assets

Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
At fair value through surplus/deficit	171	223	319	356
Available-for-sale	17	21	23	20
Held-to-maturity	5	4	4	5
Total	193	248	346	381
Change from prior year		28%	40%	10%

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

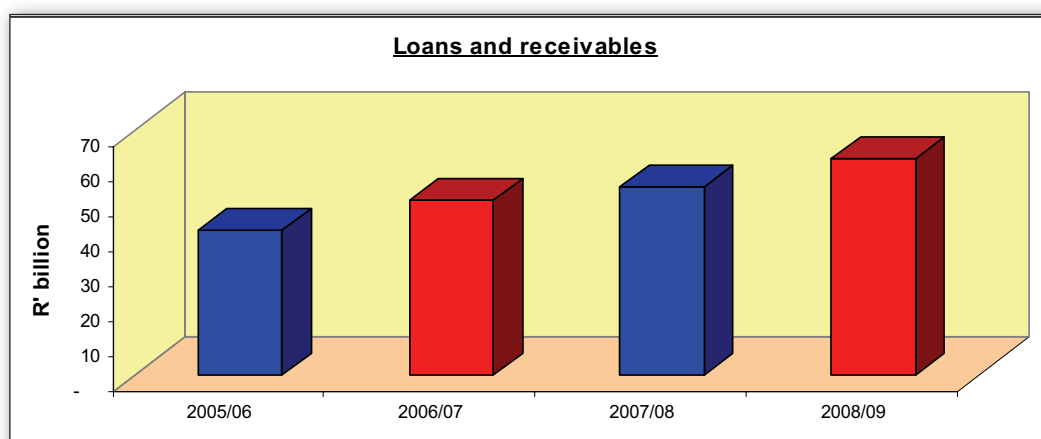
REVIEW OF OPERATING RESULTS (CONTINUED)



The current financial assets increased from R346 billion to R381 billion, an increase of R35 billion or 10%. A major part of this increase can be attributed to the increased gold and foreign exchange held by the SARB to the value of R14 billion. The remainder of the increase is due to the SARB increasing its money and capital market instruments and deposits by R29 billion in the current year.

3.3 Loans receivable

Year ended 31 March	Actual	Actual	Actual	Actual
<i>R' billion</i>	2005/06	2006/07	2007/08	2008/09
Loans and receivables	41	50	54	62
Change from prior year		22%	8%	15%



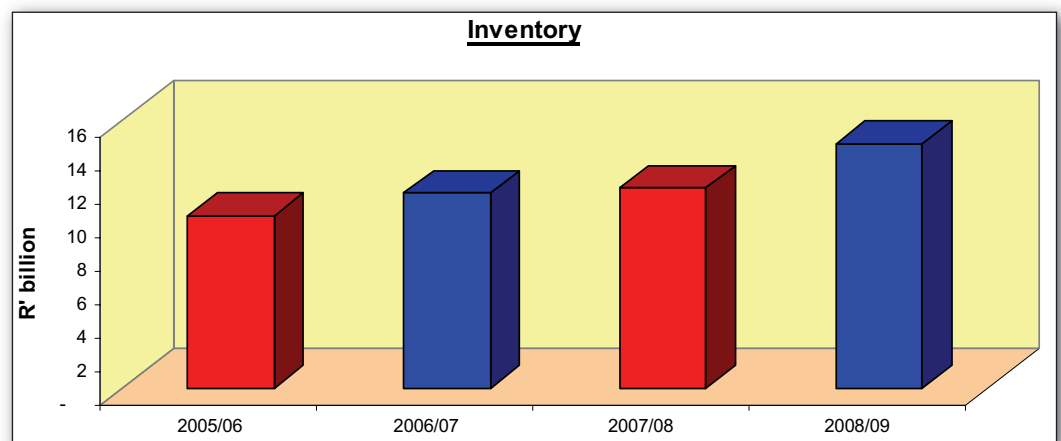
CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES, AND TRADING ACCOUNTS

REVIEW OF OPERATING RESULTS (CONTINUED)

Loans and receivables appear to be stable over the 5 year period and have increased in the current year by 12%. The entities which have disclosed material values for loans and receivables are listed below:

Year ended 31 March <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Denel	1	1
Eskom	4	11
Transnet	4	6
SAA	4	4
Water Trading Account	2	2
ACSA	1	1
RAF	2	2
SA National Roads Agency	1	3
IDC	2	1
CEF	2	2
Total	23	36

3.4 Inventory



Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Inventory	10	12	12	15
Change from Prior year		20%	0%	25%

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

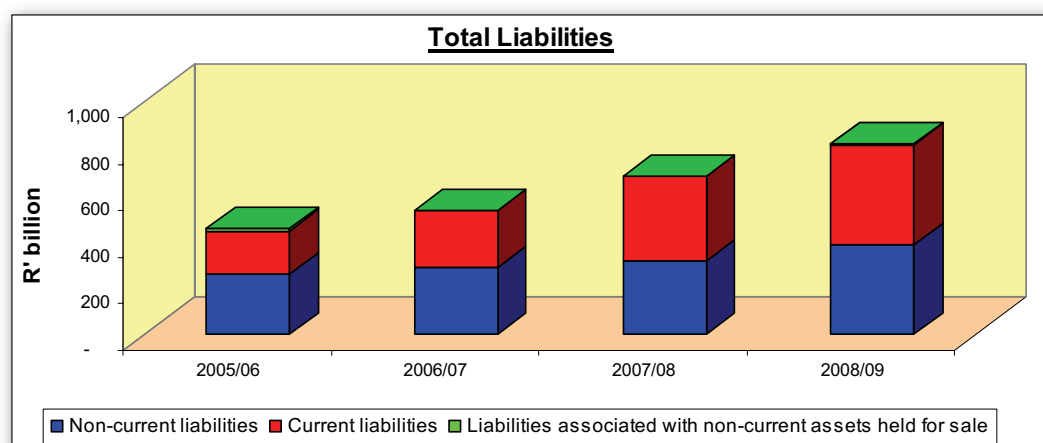
REVIEW OF OPERATING RESULTS (CONTINUED)

The inventory balance appears to be reasonably stable. Inventory is made up of the following material balances per the entities listed below:

Year ended 31 March <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Eskom	4	7
Transnet	2	3
Central Energy Fund	2	2
Industrial Development Corporation	1	1
Total	9	13

4. Total Liabilities

Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Non-current liabilities	259	285	317	286
Current liabilities	185	246	360	428
Liabilities associated with non-current assets held for sale	13	2	3	3
Total	457	533	680	817
Change from prior year		17%	28%	20%



The increase in total liabilities can be attributed to the increase in borrowings for most of the entities listed above. The borrowings were incurred to provide funding for infrastructure growth for the current and future years. Only the RAF liabilities, which increased by R12.1 billion, related to an increase in provisions for outstanding claims to be paid.

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

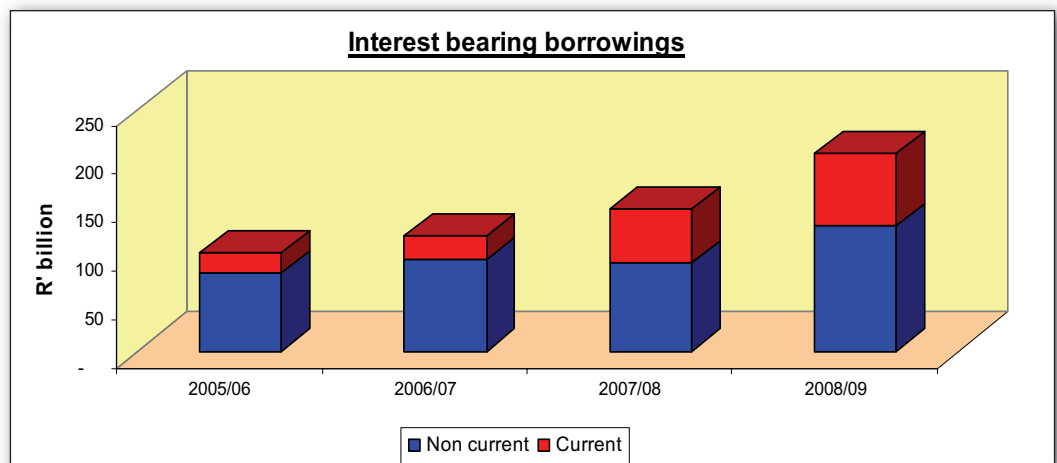
REVIEW OF OPERATING RESULTS (CONTINUED)

Total liabilities have increased by R 94 billion and the bulk of this increase is accounted for by the following public entities:

Year ended 31 March <i>R' billion</i>	Actual 2008/09
Eskom	33,0
South African National Roads Agency Limited (SANRAL)	12,9
Transnet	12,4
Road Accident Fund (RAF)	12,1
Airports Company of South Africa (ACSA)	6,3
Passenger Rail Authority of South Africa (PRASA)	3,4
Total	80,1

4.1 Interest bearing borrowings

Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Non-current borrowings	81	95	91	129
Current borrowings	21	24	56	75
Total	102	119	147	204
Change from Prior year		17%	24%	39%



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

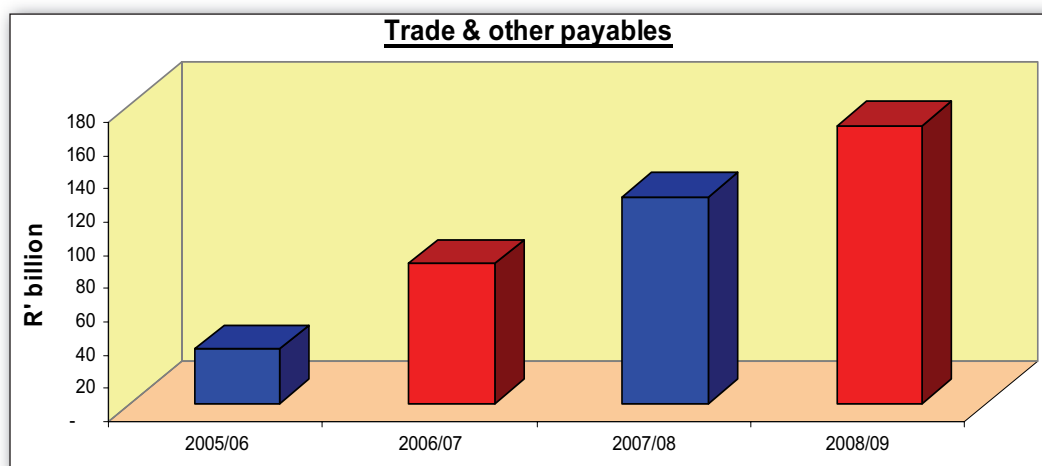
REVIEW OF OPERATING RESULTS (CONTINUED)

Interest bearing borrowings have increased by 39% in the current year. The major part of the increase is due to the following entities:

Year ended 31 March <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Eskom	51	74
SA Reserve Bank	28	34
Transnet	25	37
Airports company of SA	6	12
South African Airways	4	4
SA National Roads Agency	7	17
Total	121	178

4.2 Trade & other payables

Year ended 31 March <i>R' billion</i>	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09
Current trade & other payables	33	84	124	167
Change from Prior year		155%	48%	35%



Year ended 31 March <i>R' billion</i>	Actual 2007/08	Actual 2008/09
Trade creditors	26	31
Accruals	9	12
Prepayments & Other	6	8
Administered funds	2	5
SARS & Other Trust liabilities	7	8
Deposits	1	1
Gold and Foreign Exchange Contingency Reserve	73	101
Other	0	1
Total	124	167

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

REVIEW OF OPERATING RESULTS (CONTINUED)

Total trade and other payables have increased by approximately R43 billion during the current year.

The Gold & Foreign Exchange Contingency Reserve Account relates to the 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. This contingency reserve increased by R28 billion during the current year.

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.

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 2009

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 entities respectively and has been subjected to agreed upon procedures reviewed by the Auditor General. National Treasury has continued to prepare aggregated financial information for entities due to the differing accounting policies being applied. These matters are dealt with in more detail in page 93 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 2009 set out on pages 134 to 174. 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.
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.

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 2009

5. With respect to item 5, the figures in the current year's CFI agree with the figures in the previous year's CFI as a reconciliation was performed to balance the opening figures.

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 2009.

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
9 October 2009



AUDITOR - GENERAL
SOUTH AFRICA

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.1-** List of entities not consolidated that have been included in the PFMA listing
- Annexure D.2-** List of entities not consolidated and not operating 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 2009

- 1 Academy of Science of SA
- 2 Accounting Standards Board
- 3 Africa Institute of South Africa
- 4 African Renaissance and International Cooperation Fund
- 5 Agricultural Research Council
- 6 Agricultural Sector Education and Training Authority
- 7 Air Traffic and Navigation Services Company Limited
- 8 Airports Company of South Africa Limited
- 9 Albany Coast Water Board
- 10 Amatola Water Board
- 11 Armaments Corporation of South Africa Limited
- 12 Artscape
- 13 Auditor General
- 14 Banking Sector Education and Training Authority
- 15 Bloem Water
- 16 Botsshelo Water
- 17 Boxing South Africa
- 18 Breede River Catchment Management Agency
- 19 Broadband Infrastructure Company (Pty) Ltd
- 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 Companies and Intellectual Property Registration Office (CIPRO)
- 28 Compensation Commissioner for Occupational Diseases
- 29 Compensation Fund, including Reserve Fund
- 30 Competition Commission
- 31 Competition Tribunal
- 32 Construction Education and Training Authority
- 33 Construction Industry Development Board
- 34 Council for Geoscience
- 35 Council for Medical Schemes
- 36 Council for Mineral Technology
- 37 Council for Scientific and Industrial Research (CSIR)
- 38 Council for the Built Environment
- 39 Council on Higher Education
- 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 Driving Licence Card Trading Account
- 48 Education Labour Relations Council
- 49 Education, Training and Development Practices Sector Education and Training Authority
- 50 Electricity Distribution Industry Holdings (Pty) Ltd
- 51 Energy Sector Education and Training Authority
- 52 Equalisation Fund
- 53 ESKOM
- 54 Estate Agency Affairs Board
- 55 Export Credit Insurance Corporation of South Africa Limited
- 56 Film and Publications Board
- 57 Financial Intelligence Centre
- 58 Financial Services Board
- 59 Food and Beverages Manufacturing Industry Sector Education and Training Authority
- 60 Forest Industries Sector Education and Training Authority
- 61 Freedom Park Trust
- 62 Government Printing Works

31 March 2008

- 1 Academy of Science of SA
- 2 Accounting Standards Board
- 3 Africa Institute of South Africa
- 4 African Renaissance and International Cooperation Fund
- 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

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE A (CONTINUED)

List of entities consolidated at:

31 March 2009

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

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
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87	Marine Living Resources Fund
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90	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority
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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 Skills Fund
118	National Student Financial Aid Scheme
119	National Supplies Procurement Fund
120	National Urban Reconstruction and Housing Agency
121	National Youth Commission

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE A (CONTINUED)

List of entities consolidated at:

31 March 2009

122 National Youth Commission
 123 Ncera Farms (Pty) Ltd
 124 Nelson Mandela National Museum
 125 Northern Flagship Institution
 126 Office of the Ombud for Financial Service Providers
 127 Office of The Pension Funds Adjudicator
 128 Onderstepoort Biological Products Limited
 129 Overberg Water
 130 Pebble Bed Modular Reactor
 131 Pelladri Water Board
 132 Performing Arts Council of the Free State
 133 Perishable Products Export Control Board
 134 Ports Regulator of South Africa
 135 Presidents Fund
 136 Private Security Industry Regulatory Authority
 137 Productivity SA
 138 Project Development Facility
 139 Public Investment Corporation Limited
 140 Public Sector Education and Training Authority
 141 Railway Safety Regulator
 142 Rand Water
 143 Refugee Relief Fund
 144 Represented Political Parties Fund
 145 Road Accident Fund
 146 Road Traffic Management Corporation
 147 Robben Island Museum
 148 Rural Housing Loan Fund
 149 SA Blind Workers Organisation, Johannesburg
 150 SA National Aids Trust
 151 SA Rail Commuter Corporation Limited
 152 SA Reserve Bank
 153 SA Special Risk Insurance Association Limited
 154 Safety and Security Sector Education Training Authority
 155 Sedibeng Water
 156 Sentech Limited
 157 Servcon Housing Solutions (Pty) Ltd

 158 Services Sector Education and Training Authority
 159 SETA for Finance, Accounting, Management Consultation and Other
 Financial Services
 160 Sheltered Employment Factories
 161 Small Enterprise Development Agency
 162 Social Housing Foundation
 163 Social Relief Fund
 164 South African Airways (Pty) Limited
 165 South African Broadcasting Corporation Limited
 166 South African Bureau of Standards (SABS)
 167 South African Civil Aviation Authority
 168 South African Council for Educators
 169 South African Diamond and Precious Metals Regulator
 170 South African Express (Pty) Limited
 171 South African Forestry Company Limited
 172 South African Heritage Resources Agency
 173 South African Library for the Blind
 174 South African Local Government Association
 175 South African Maritime Safety Authority
 176 South African Micro Finance Apex Fund
 177 South African National Accreditation System
 178 South African National Biodiversity Institute
 179 South African National Parks
 180 South African Nuclear Energy Corporation Limited
 181 South African Post Office Limited
 182 South African Qualifications Authority
 183 South African Revenue Services-(SARS)
 184 South African Social Security Agency
 185 South African Tourism
 186 South African Weather Services

31 March 2008

122 Ncera Farms (Pty) Ltd
 123 Nelson Mandela National Museum
 124 Northern Flagship Institution,
 125 Office of the Ombud for Financial Service Providers
 126 Onderstepoort Biological Products Limited
 127 Overberg Water
 128 Pelladri Water Board
 129 Performing Arts Council of the Free State
 130 Perishable Products Export Control Board
 131 Presidents Fund
 132 Productivity SA
 133 Project Development Facility
 134 Public Investment Corporation Limited
 135 Railway Safety Regulator
 136 Rand Water
 137 Refugee Relief Fund
 138 Represented Political Parties Fund
 139 Road Accident Fund
 140 Road Traffic Management Corporation
 141 Rural Housing Loan Fund
 142 SA Quality Institute
 143 SA Blind Workers Organisation, Johannesburg
 144 SA Bureau of Standards
 145 SA Housing Fund
 146 SA Medical Research Council
 147 SA Micro Finance Apex Fund
 148 SA National Aids Trust
 149 SA Rail Commuter Corporation Limited
 150 SA Reserve Bank
 151 SA Special Risk Insurance Association Limited
 152 Safety and Security Sector Education Training Authority
 153 Sedibeng Water
 154 Sentech Limited
 155 Servcon Housing Solutions (Pty) Ltd
 156 Services Sector Education and Training Authority
 157 SETA for Finance, Accounting, Management Consulting and Other
 Financial Services
 158 Sheltered Employment Factories
 159 Small Enterprise Development Agency

 160 Social Housing Foundation
 161 Social Relief Fund
 162 South African Library for the Blind
 163 South African Airways (Pty) Limited
 164 South African Broadcasting Corporation Limited
 165 South African Civil Aviation Authority
 166 South African Council for Educators
 167 South African Diamond and Precious Metals Regulator
 168 South African Express (Pty) Limited
 169 South African Forestry Company Limited
 170 South African Heritage Resources Agency
 171 South African Local Government Association
 172 South African Maritime Safety Authority
 173 South African National Accreditation System
 174 South African National Biodiversity Institute
 175 South African National Parks
 176 South African Nuclear Energy Corporation Limited
 177 South African Post Office Limited
 178 South African Qualifications Authority
 179 South African Revenue Services - (SARS)
 180 South African Social Security Agency
 181 South African Tourism
 182 South African Weather Services
 183 Special Defence Account
 184 Special Investigation Unit
 185 State Diamond Trader
 186 State Information Technology Agency

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE A (CONTINUED)

List of entities consolidated at:

31 March 2009

187 Special Defence Account
188 Special Investigation Unit
189 State Diamond Trader
190 State Information Technology Agency
191 State President Fund
192 Telkom SA Limited
193 The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
194 The Financial and Fiscal Commission
195 The Independent Communications Authority of South Africa
196 The Municipal Demarcation Board
197 The National English Literary Museum
198 The Pan South African Language Board
199 The Playhouse Company
200 The Public Protector of South Africa
201 The SAMDI Trading Entity
202 The South African Human Rights Commission
203 The South African Institute for Drug-free Sport
204 The South African National Roads Agency Limited
205 The South African State Theatre
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 Umsombomvu 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

31 March 2008

187 State President Fund
188 Telkom SA Limited
189 The Commission for PPRCRLC
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 (CONTINUED)

ANNEXURE B

List of entities consolidated using draft financial statements at:

31 March 2009

- 1 Albany Coast Water Board
- 2 Amatola Water Board
- 3 Banking Sector Education and Training Authority
- 4 Bloem Water
- 5 Botshelo Water
- 6 Breede River Catchment Management Agency
- 7 Bushbuckridge Water Board
- 8 Food and Beverages Manufacturing Industry Sector Education and Training Authority
- 9 Freedom Park Trust
- 10 Independent Regulatory Board of Auditors (IRBA)
- 11 Insurance Sector Education and Training Authority
- 12 King George V Silver Jubilee
- 13 Lepelle Northern Water
- 14 Magalies Water

- 15 Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority
- 16 Mhlathuze Water
- 17 Namaqua Water Board
- 18 National Heritage Council of South Africa
- 19 National Home Builders Registration Council
- 20 National Library of South Africa
- 21 National Youth Commission
- 22 Nelson Mandela National Museum
- 23 Overberg Water
- 24 Pelladriфт Water Board
- 25 Public Sector Education and Training Authorities
- 26 Rand Water
- 27 Represented Political Parties Fund
- 28 SA Reserve Bank
- 29 Sedibeng Water
- 30 Sheltered Employment Factories
- 31 South African Airways (Pty) Limited
- 32 South African Broadcasting Corporation Limited
- 33 South African Library for the Blind
- 34 State Diamond Trader
- 35 State Information Technology Agency
- 36 The Pan South African Language Board
- 37 The Public Protector of South Africa
- 38 The South African Human Rights Commission
- 39 The South African State Theatre
- 40 Thubelisha Homes
- 41 Umgeni Water
- 42 Voortrekker Museum
- 43 Windybrow Theatre

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

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE C

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

31 March 2009

- 1 Academy of Science of SA
- 2 Auditor General
- 3 Business Arts of South Africa, Johannesburg
- 4 Companies and Intellectual Property Registration Office (CIPRO)
- 5 Compensation Commissioner for Occupational Diseases
- 6 Deeds Registration Trading Account
- 7 Development Bank of SA Development Fund
- 8 Disaster Relief Fund
- 9 Driving Licence Card Trading Account
- 10 Equalisation Fund
- 11 Government Printing Works
- 12 High School Vorentoe
- 13 King George V Silver Jubilee
- 14 National Lottery Distribution Fund
- 15 National Skills Fund
- 16 National Supplies Procurement Fund
- 17 Pebble Bed Modular Reactor
- 18 Presidents Fund
- 19 Project Development Facility
- 20 Refugee Relief Fund
- 21 Represented Political Parties Fund
- 22 SA Blind Workers Organisation, Johannesburg
- 23 SA National Aids Trust
- 24 SA Reserve Bank
- 25 Safety and Security Service Education and Training Authority
- 26 Sheltered Employment Factories
- 27 Social Relief Fund
- 28 South African Micro Finance Apex Fund
- 29 Special Defence Account
- 30 State President Fund
- 31 The SAMDI Trading Entity
- 32 Tshumisano Trust
- 33 Water Trading Account

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 Skills 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

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE D.1

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

31 March 2009

- 1 Alexkor Limited
- 2 Electronic Communications Security (Pty) Ltd
- 3 Ikangala Water
- 4 Independent Electoral Commission
- 5 National Metrology Institute of South Africa
- 6 The Commission on Gender Equality

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

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE D.2

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

31 March 2009

- 1 Housing Development Agency
- 2 Inala Farms
- 3 Municipal Infrastructure Investment Unit
- 4 National Consumer Commission
- 5 National Youth Development Agency
- 6 South African National Space Agency
- 7 Technology Innovation Agency
- 8 The Co-Operatives Banks Development Agency

Note:

All these entities except Inala Farms are newly listed and were non operational as at 31 March 2009
Though still listed as at 31 March 2009, Inala Farms have been liquidated

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE E

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

31 March 2009

- 1 Government Employee Pension Fund
- 2 Guardians Fund
- 3 National Forest Recreational and Access Trust
- 4 Public Management Trading Entity
- 5 Third Party Funds

31 March 2008

- 1 Aliens Control Account
- 2 Breede River Catchment Management Agency
- 3 Broadband Infrastructure Company (Pty) Ltd
- 4 Driving Licence Card Trading Account
- 5 National Consumer Commission
- 6 National Forest Recreational and Access Trust
- 7 National Regulator for Compulsory Specifications
- 8 Office of the Pension Fund Adjudicator
- 9 Ports Regulator of SA
- 10 Private Security Industry Regulatory Authority
- 11 Property Management Trading Entity

Note:

The above list represents a draft list of unlisted entities, excluded. The list may not be complete..

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE F

List of entities consolidated but audited by other auditors at:

31 March 2009

1	Academy of Science of SA	Douglas & Velich CA (SA)
2	Accounting Standards Board	LMD Africa Chartered Accountants Incorporated
3	Airports Company of South Africa Limited	KPMG and SAB & T Inc
4	Air Traffic and Navigation Services Company Limited	Ernst & Young
5	Albany Coast Water Board	CHARTERIS AND BARNES
6	Amatola Water Board	KPMG
7	Auditor General	BDO Spencer
8	Bloem Water	Ernst & Young
9	Bushbuckridge Water Board	J.K Sithole & Co. CA (SA)
10	Business Arts of South Africa, Johannesburg	Grant Thornton
11	DENEL (PTY) Ltd	Ernst & Young and SizweNtsaluba VSP
12	Development Bank of Southern Africa	KPMG and Gobodo Inc.
13	Development Bank of SA Development Fund	Gobodo Inc.
14	ESKOM	KPMG and SizweNtsaluba VSP
15	Estate Agency Affairs Board	Kwinana & Associates
16	Export Credit Insurance Corporation of South Africa Limited	KPMG
17	Industrial Development Corporation of South Africa Limited	KPMG Inc & SizweNtsaluba VSP
18	Inkomati Catchment Management Agency	J.K Sithole & Co. CA(SA)
19	Khula Enterprises Finance Limited	SizweNtsaluba VSP
20	Lepelle Northern Water	KPMG
21	Mhlathuze Water	KPMG Inc. and SizweNtsaluba VSP
22	National Economic Development and Labour Council	Gobodo Inc.
23	National Empowerment Fund	PriceWaterhouseCoopers
24	National Health Laboratory Service	Gobodo Inc.
25	National Housing Finance Corporation Limited	Ernst & Young
26	National Urban Reconstruction and Housing Agency	Nkonki Inc.
27	Ncera Farms (Pty) Ltd	PriceWaterhouseCoopers
28	Onderstepoort Biological Products Limited	Ramate Inc.
29	Overberg Water	Moore Stephens VDA
30	Pelladrift Water Board	PKF
31	Perishable Products Export Control Board	PriceWaterhouseCoopers
32	Productivity SA	SizweNtsaluba VSP
33	Rand Water	SizweNtsaluba VSP
34	Rural Housing Loan Fund	Gobodo Inc
35	SA Blind Workers Organisation, Johannesburg	HLB Burnett Chown Inc
36	SA Reserve Bank	PriceWaterhouseCoopers & SizweNtsaluba VSP
37	SA Special Risk Insurance Association Limited	PriceWaterhouseCoopers
38	Sedibeng Water	PriceWaterhouseCoopers
39	Sentech Limited	KPMG Inc.
40	Servcon Housing Solutions (Pty) Ltd	SAB&T
41	Social Housing Foundation	PriceWaterhouseCoopers
42	South African Airways (Pty) Limited	Deloitte & Touche
43	South African Broadcasting Corporation Limited	KPMG Inc., Kwinana and Associates & Ngubane and Co
44	South African Council for Educators	PriceWaterhouseCoopers
45	South African Express (Pty) Limited	APF Chartered Accountants Inc.
46	South African Forestry Company Limited	PriceWaterhouseCoopers

31 March 2008

1	Academy of Science of SA	Douglas & Velich CA (SA)
2	Accounting Standards Board	LMD Africa Chartered Accountants Incorporated
3	Airports Company of South Africa Limited	KPMG and SAB & T Inc
4	Air Traffic and Navigation Services Company Limited	Ernst & Young
5	Albany Coast Water Board	CHARTERIS AND BARNES
6	Alexkor Limited	PriceWaterhouseCoopers
7	Amatola Water Board	KPMG
8	Auditor General	BDO Spencer
9	Bloem Water	Ernst & Young
10	Bushbuckridge Water Board	J.K Sithole & Co. CA (SA)
11	Business Arts of South Africa, Johannesburg	Grant Thornton
12	DENEL	Ernst & Young
13	Development Bank of Southern Africa	KPMG and Gobodo Inc.
14	Development Bank of SA Development Fund	Gobodo Inc.
15	Eskom	KPMG and SizweNtsaluba VSP
16	Estate Agency Affairs Board	Kwinana & Associates
17	Export Credit Insurance Corporation of South Africa Limited	KPMG
18	Guardians Fund	LMD Africa Chartered Accountants Incorporated
19	Ikangala Water	KPMG
20	Industrial Development Corporation of South Africa Limited	SizweNtsaluba VSP
21	Inkomati Catchment Management Agency	J.K Sithole & Co. CA(SA)
22	Khula Enterprises Finance Limited	SizweNtsaluba VSP
23	Lepelle Northern Water	KPMG
24	Mhlathuze Water	KPMG
25	National Economic Development and Labour Council	Gobodo Inc.
26	National Empowerment Fund	PriceWaterhouseCoopers & Simama CA (SA)
27	National Health Laboratory Service	PriceWaterhouseCoopers & Gobodo Inc.
28	National Housing Finance Corporation Limited	Ernst & Young
29	National Metrology Institute of South Africa	PriceWaterhouseCoopers
30	National Urban Reconstruction and Housing Agency	Nkonki Inc.
31	Ncera Farms (Pty) Ltd	PriceWaterhouseCoopers
32	Onderstepoort Biological Products	BGR Aucamp Scholtz Inc.
33	Overberg Water	Moore Stephens VDA
34	Pelladrift Water Board	PKF
35	Perishable Products Export Control Board	PriceWaterhouseCoopers
36	Productivity SA	SizweNtsaluba VSP
37	Rand Water	SizweNtsaluba VSP
38	Rural Housing Loan Fund	Gobodo Inc
39	SA Blind Workers Organisation, Johannesburg	HLB Burnett Chown Inc
40	SA Micro Finance Apex Fund	Ernst & Young
41	SA Quality Institute	LUBBES Accountants
42	SA Reserve Bank	PriceWaterhouseCoopers & SizweNtsaluba VSP
43	SA Special Risk Insurance Association Limited	PriceWaterhouseCoopers
44	Sedibeng Water	PriceWaterhouseCoopers
45	Sentech Limited	PriceWaterhouseCoopers
46	Servcon Housing Solutions (Pty) Ltd	Deloitte & Touche

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE F (CONTINUED)

List of entities consolidated but audited by other auditors at:

31 March 2009

47	South African National Accreditation System	SizweNtsaluba Inc.
48	South African Post Office Limited	Deloitte & Touche and Gobodo Inc.
49	Telkom SA Limited	Ernst & Young
50	The Commission for the Promotion	Kwinana and Associates
51	Thubelisha Homes	Deloitte & Touche
52	Trans-Caledon Tunnel Authority	Deloitte & SizweNtsaluba VSP
53	Transnet Limited	Deloitte & Touche
54	Tshumisano Trust	PriceWaterhouseCoopers
55	uMalusi Council for Quality Assurance in General and Further Education and Training	Sizwe Ntsaluba
56	Umgeni Water	Deloitte & Touche and Ngubane & Co.
57	Umsobomvu Youth Fund	Ernst & Young

31 March 2008

47	Social Housing Foundation	PriceWaterhouseCoopers
48	South African Airways (Pty) Limited	Deloitte & Touche
49	South African Broadcasting Corporation Limited	Kwinana & Associates and KPMG
50	South African Council for Educators	PriceWaterhouseCoopers
51	South African Express (Pty) Limited	APF Chartered Accountants Inc.
52	South African Forestry Company Limited	PriceWaterhouseCoopers
53	South African National Accreditation System	SizweNtsaluba Inc.
54	South African Post Office Limited	Deloitte & Touche and Gobodo Inc.
55	Telkom SA Limited	Ernst & Young
56	The Commission for PPRCRLC	Kwinana and Associates
57	The Commission on Gender Equality	LMD Africa Chartered Accountants Incorporated
58	The Independent Communications Authority of South Africa	LMD Africa Chartered Accountants Incorporated
59	Thubelisha Homes	Deloitte & Touche
60	Trans-Caledon Tunnel Authority	Deloitte & Touche / Ngubane & Co.
61	Transnet Limited	Deloitte & Touche
62	Tshumisano Trust	PriceWaterhouseCoopers
63	uMalusi Council for Quality Assurance in General and Further Education and Training	Gobodo Inc.
64	Umgeni Water	Deloitte & Touche and Ngubane & Co.
65	Umsobomvu Youth Fund	Ernst & Young

ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

ANNEXURE G (CONTINUED)

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

31 March 2009

1	Albany Coast Water	30-Jun
2	Amatola Water Board	30-Jun
3	Bloem Water	30-Jun
4	Botshelo Water	30-Jun
5	Bushbuckridge Water Board	30-Jun
6	Lepelle Northern Water	30-Jun
7	Magalies Water	30-Jun
8	Mhlathuze Water	30-Jun
9	Namaqua Water Board	30-Jun
10	Overberg Water	30-Jun
11	Pelladrift Water Board	30-Jun
12	Rand Water	30-Jun
13	Sedibeng Water	30-Jun
14	Umngeni Water	30-Jun

31 March 2008

1	Albany Coast Water	30-Jun
2	Amatola Water Board	30-Jun
3	Bloem Water	30-Jun
4	Bushbuckridge Water Board	30-Jun
5	Inkangala Water	30-Jun
6	Lepelle Northern Water	30-Jun
7	Mhlathuze Water	30-Jun
8	Overberg Water	30-Jun
9	Pelladrift Water Board	30-Jun
10	Rand Water	30-Jun
11	Sedibeng 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 2009

		31 March 2009	31 March 2008
	Notes	R'000	R'000
REVENUE			
Taxation revenue	2	616,884	(80,820)
Sale of goods	3	92,394,591	74,373,231
Rendering of services	4	84,927,262	78,196,091
Rental income	5	3,337,052	2,657,642
Transfers and subsidies received	6	41,429,599	34,730,663
Levies received	7	31,707,493	28,290,144
Fines, penalties and forfeits	8	653,762	475,488
Local and foreign aid assistance received	9	975,951	883,545
Gains on disposal of assets	10.1	562,660	360,487
National Skills Fund income	11	110,645	113,863
Gifts, sponsorships and donations received	12	129,765	111,262
Other income	13	19,110,181	11,525,326
TOTAL REVENUE		275,965,865	231,636,922
EXPENDITURE			
Cost of Sales		(54,320,161)	(40,577,094)
Losses on disposal of assets	10.2	(92,799)	(131,926)
Administrative expenses	14	(11,556,449)	(10,019,343)
Research and development costs	15	(1,368,970)	(643,618)
Staff costs	16	(61,914,264)	(51,147,150)
Marketing costs	17	(1,884,550)	(1,648,383)
Audit fees	18	(524,121)	(431,438)
Project expenses	19	(19,935,260)	(15,509,099)
National Skills Fund expenses	20	(109,606)	(120,971)
Transfers and subsidies paid	21	(6,952,045)	(5,505,409)
Gifts, sponsorships and donations paid	22	(453,519)	(346,690)
Local and foreign aid assistance paid	23	(482,164)	(352,523)
Other operating expenses	24	(126,196,385)	(91,669,747)
TOTAL EXPENDITURE		(285,790,322)	(218,103,391)
SURPLUS/(DEFICIT) FROM OPERATIONS		(9,804,457)	13,533,531
Finance income	25	28,657,014	27,018,475
Finance cost	26	(22,655,996)	(21,763,661)
Income from investments	27	12,293,149	9,080,855
Share of surplus/(deficit) of associates and joint ventures accounted for using the equity method		3,099,683	5,017,485
SURPLUS/(DEFICIT) BEFORE TAX		11,589,393	32,886,685
Taxation - continuing operations	28	(297,380)	(5,147,566)
SURPLUS/(DEFICIT) AFTER TAX FROM CONTINUING OPERATIONS		11,292,013	27,739,119
GAINS/(LOSSES) ON DISCONTINUED OPERATIONS	29	(1,362,223)	(2,807,820)
SURPLUS/(DEFICIT) AFTER TAX ATTRIBUTABLE TO:			
Net asset holders of the controlling entity		9,976,857	24,887,984
Minority interest	70	(47,068)	43,315
Surplus/(Deficit) for the year		9,929,789	24,931,299

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2009

		31 March 2009	31 March 2008
	<u>Notes</u>	R'000	R'000
ASSETS			
Non-current assets		660,732,438	582,450,946
Property, plant and equipment	<u>30</u>	415,323,360	333,201,963
Investment property	<u>31</u>	10,567,697	7,687,298
Intangible assets	<u>32</u>	29,885,214	28,626,051
Goodwill	<u>33</u>	14,500	-
Investments in controlled entities	<u>34</u>	20,109,717	16,686,961
Investments in associates and joint ventures	<u>35</u>	26,414,743	25,318,174
Financial assets at fair value through surplus/deficit	<u>36</u>	29,507,973	31,325,976
Financial assets available-for-sale	<u>36</u>	52,259,900	76,352,627
Financial assets held-to-maturity	<u>36</u>	4,348,816	3,301,608
Biological and agricultural assets	<u>37</u>	3,228,164	2,472,206
Loans and receivables	<u>38</u>	65,996,816	54,831,727
Finance lease receivables	<u>39</u>	538,038	415,522
Deferred tax asset	<u>40</u>	2,301,561	2,011,763
Retirement benefit asset	<u>46</u>	235,909	219,070
Current assets		564,839,875	503,747,475
Financial assets available-for-sale:current	<u>36</u>	20,392,118	22,668,637
Financial assets at fair value through surplus/deficit	<u>36</u>	356,432,199	318,975,534
Financial assets held-to-maturity	<u>36</u>	4,517,997	4,126,520
Loans and receivables	<u>38</u>	61,686,869	53,953,270
Finance lease receivables	<u>39</u>	14,379	10,772
Inventory	<u>41</u>	14,622,155	11,980,818
Cash and cash equivalents	<u>43</u>	107,174,138	92,031,924
Non-current assets held for sale	<u>60</u>	6,771,868	6,637,385
TOTAL ASSETS		1,232,344,181	1,092,835,806
LIABILITIES			
Non-current liabilities		386,292,506	316,566,625
Deferred tax liability	<u>40</u>	19,494,911	28,274,969
Interest bearing borrowings: non current	<u>44</u>	128,847,069	90,681,052
Finance lease obligations: non current	<u>45</u>	900,238	1,016,206
Retirement benefit obligation	<u>46</u>	23,895,037	21,523,425
Government grants:non current	<u>47</u>	32,682,105	26,900,128
Provisions:non current	<u>50</u>	55,827,101	38,892,011
Financial instrument liability:non-current	<u>61</u>	124,646,025	109,278,814
Current liabilities		428,231,853	359,941,591
Local and foreign aid assistance payable:current	<u>23</u>	4,163,869	3,689,442
Taxation payable	<u>28</u>	989,908	1,817,907
Interest bearing borrowings: current	<u>44</u>	74,679,440	55,561,054
Bank overdraft	<u>44</u>	987,221	589,437
Finance lease obligations: current	<u>45</u>	187,075	357,209
Government grants	<u>47</u>	4,097,526	3,147,799
Trade and other payables	<u>48</u>	167,190,909	124,444,999
Income received in advance	<u>49</u>	6,838,969	5,930,772
Provisions	<u>50</u>	24,367,569	24,297,858
Skills development grant payable: current	<u>58</u>	630,590	539,635
VAT payable	<u>59</u>	339,425	350,543
Financial Instrument liability:current	<u>61</u>	143,559,312	139,234,936
Liabilities directly associated with non-current assets held for sale	<u>42</u>	2,651,516	3,098,588
TOTAL LIABILITIES		817,175,915	679,606,804

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

for the year ended 31 March 2009

		31 March 2009	31 March 2008
NET ASSETS			
CAPITAL AND RESERVES			
Share Capital (Contributions from owners)	65	43,004,399	42,691,690
Accumulated surplus/(deficit)	66	165,897,533	163,790,988
Financial instrument reserve	67	3,844,269	5,272,450
Revaluation reserve	68	141,863,771	154,946,114
Foreign currency translation reserve	69	1,310,630	358,518
Other reserves	71	58,980,805	45,841,699
Amounts recognised in equity relating to non-current assets classified as held for sale		2,200	1,527
Minority interest	70	264,639	326,016
TOTAL NET ASSETS		415,168,266	413,229,002
TOTAL NET ASSETS AND LIABILITIES		1,232,344,181	1,092,835,806

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 2009

Notes	From Owners	Accumulated	Financial	Revaluation reserve	Foreign currency	Minority Interest	Other reserves	Total Equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	41,148,731	140,765,721	(200,067)	136,215,063	66,043	304,881	38,736,891	357,100,193
- correction of prior period error	-	2,248,894	(5,412)	(7,798,815)	-	-	286,101	(5,269,242)
- change in accounting policy	-	1,275,036	(892)	(982)	-	-	627,732	1,892,388
As restated	41,148,731	144,249,641	(295,479)	128,415,848	66,043	304,881	39,650,724	363,693,338
Shares issued	533,001	-	-	-	-	-	-	533,001
Shares redeemed	-	-	-	-	-	(126,000)	-	(126,000)
Surplus/(Deficit) for the year	24,873,235	24,873,235	-	-	-	43,315	4,436,221	24,916,552
Transfers to/from reserves	(2,374,179)	(2,374,179)	180,624	(1,518,203)	-	-	-	562,853
Dividends paid (distributions to owners)	(2,400,943)	(2,400,943)	(17,994)	32,747,011	(3,337)	(3,776)	-	(2,400,713)
Revaluation increase/(decrease) on investments	(3,150)	(3,150)	(17,994)	(1,238,119)	(3,337)	-	37,366	(32,759,628)
Revised on disposal of investments	1,165	1,165	-	105,565	-	-	-	106,555
Revaluation increase/(decrease) on property, plant and equipment	-	-	(9,362)	-	-	-	(10,442)	40,036
Net gains/(losses) not recognised in the statement of financial performance	-	68,840	(9,362)	-	-	-	-	7,258
Revised on disposal of investments	-	9,371	(2,863)	-	-	-	-	30,000
Currency translation differences	-	42	-	-	295,812	-	-	30,854
Other	609,928	(631,264)	5,406,124	(3,765,018)	-	107,592	1,697,800	3,424,872
Balance at 31 Mar 2008	42,891,690	163,790,668	5,272,450	154,846,114	358,518	328,016	45,841,699	413,227,672
- correction of prior period error	-	(3,075,648)	4,770	(2,000)	-	-	(65,450)	(3,738,228)
- change in accounting policy	-	302,139	-	-	-	-	(742,245)	(440,106)
As restated	42,891,690	160,417,159	5,277,250	154,846,114	358,518	328,016	45,834,004	409,049,341
Shares issued	-	-	-	-	-	27,765	-	27,765
Conversion of other instruments into shares	-	-	-	-	-	-	891,966	891,966
Surplus/(Deficit) for the year	-	9,876,858	(1,164,000)	(1,418,544)	-	(47,068)	9,130	9,938,923
Transfers to/from reserves	-	(3,245,133)	(1,164,000)	-	14,000	-	3,868,729	(1,944,144)
Dividends paid (distributions to owners)	-	(1,060,200)	-	-	-	(8,337)	(185,000)	(1,253,657)
Revaluation increase/(decrease) on investments	-	(1,933)	12,875	(10,654,051)	7,813	-	570	(10,635,526)
Revised on disposal of investments	-	-	-	(46,274)	-	(7,276)	-	(53,850)
Revaluation increase/(decrease) on property, plant and equipment	-	-	-	-	-	-	11,294	336,153
Net gains/(losses) not recognised in the statement of financial performance	-	2,224	-	322,635	-	-	-	(223,890)
Revised on disposal of investments	-	(22,371)	(14,900)	(175,793)	-	-	(11,633)	(316,797)
Currency translation differences	-	(12,000)	-	81	-	-	(628,012)	29,265
Other	312,709	(157,271)	(267,713)	(1,199,797)	265,303	(25,666)	10,287,768	9,105,403
Balance at 31 Mar 2009	43,504,399	165,897,833	3,844,289	141,863,271	1,316,630	264,639	58,380,805	415,156,006

Balance at 01 Apr 2007 as originally stated
- 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
Revised on disposal of investments
Net gains/(losses) not recognised in the statement of financial performance
Revised on disposal of investments
Currency translation differences
Other
Balance at 31 Mar 2008
- correction of prior period error
- change in accounting policy
As restated
Shares issued
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
Revised on disposal of investments
Revaluation increase/(decrease) on property, plant and equipment
Net gains/(losses) not recognised in the statement of financial performance
Revised on disposal of investments
Currency translation differences
Other
Balance at 31 Mar 2009

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

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2009

Notes	31 March 2009	31 March 2008
	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	257,591,315	211,457,343
Cash paid to suppliers and employees	(222,603,735)	(168,193,489)
Cash generated from/(utilised in) operations	34,987,580	43,263,853
Interest received / (paid)	19,368,134	16,475,756
Dividends received / (paid)	(6,165,022)	(5,790,220)
Tax paid	(4,616,774)	(4,524,712)
Net cash inflows/ outflows from operating activities	43,573,918	49,424,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of:	3,753,390	2,256,283
Property, plant and equipment	725,460	1,393,040
Investment property	66,851	240,004
Intangible assets	33,434	10,898
Controlled entities	5,000	-
Associates and joint ventures	24,717	50,218
Securities	(217,131)	2,435,392
Discontinued operation	470,000	878,000
Investment in associate held for sale	(8,041,395)	(5,507,327)
Other	10,686,454	2,756,058
Acquisition of:	(608,606,272)	(64,584,322)
Property, plant and equipment	(82,713,209)	(48,132,297)
Investment property	(27,403)	(40,404)
Intangible assets	(1,659,179)	(951,213)
Controlled entity	(2,153,409)	(538,400)
Associates and joint ventures	(376,431)	(680,600)
Securities	(3,742,496)	(1,886,679)
Other	(5,127,869)	(2,172,104)
Other	(12,705,256)	(10,182,625)
Replacement of property, plant and equipment	(8,502,651)	(8,732,903)
Loans receivable / granted:	2,586,151	2,954,493
Related parties	835,643	616,651
Other	1,750,508	2,337,842
Dividends received	134,894	78,600
Interest received	5,599,540	5,226,752
Net cash flows from investing activities	(104,540,748)	(62,801,097)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of:	(48,875,008)	(10,735,122)
Borrowings	(57,178,876)	(21,230,159)
Finance lease obligations	(330,467)	(288,520)
Minority shareholder's loan	-	(11)
Other	8,634,334	10,783,568
New debt raised	107,288,332	32,484,106
Increase/(decrease) in non-current financial instruments	1,458,310	(110,303)
Proceeds from:	20,111,308	10,842,897
Issuance of commercial paper	1,291,705	875,113
Issuance of ordinary shares	-	933,000
Borrowings	13,150,499	2,183,608
Other	5,669,104	6,851,176
Dividends paid	(512,101)	(135,890)
Interest paid	(3,877,865)	(3,160,293)
Increase in amounts owing to controlled entities	118,285	84,125
Net cash flow financing activities	75,711,261	29,269,520
Net increase/(decrease) in cash and cash equivalents	14,744,430	15,893,101
Cash and cash equivalents at the beginning of the year	91,442,487	75,549,386
Cash and cash equivalents at end of the year	106,186,917	91,442,487

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 2009

1. 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 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.

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

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 2009

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 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

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 2009

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. 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 used. 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.

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 2009

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.

Other property, plant and equipment

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

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 2009

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 assesses 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 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.

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 2009

1.12 Impairment

At each balance sheet date, 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 tests are 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 2009

1.14 Subsidiaries

Subsidiaries are entities under the ownership control of government. Control exists when government has the power, directly or indirectly, to the govern 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 CFI 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 where 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

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 2009

that the economic benefits associated with the transactions will flow to/from the entities and the amount can be measured reliably.

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.

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 2009

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

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 of contract costs incurred for work performed to date to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed on 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.

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 2009

Investments

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

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 2009

Convertible debentures

Convertible debentures are regarded as compound instruments, consisting of a 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 (amortised cost).

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.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is

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 2009

any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment allowance is raised when there is an indication of impairment and a write-off is only effected when the debtor is deemed to be fully impaired and not recoverable.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period. Interest income/expense is recognised on an effective interest basis for instruments other than those designated as at fair value through profit or loss.

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 2009

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.

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

for the year ended 31 March 2009

	31 March 2009	31 March 2008
	R'000	R'000
2 Taxation Revenue (SPR)		
Other	616,884	(80,820)
Total	616,884	(80,820)
3 Sale of goods		
Regular sales	79,497,371	67,084,356
Contract printing	141,399	117,842
Stock sales	35	32
Defence Material Sales	6,038	4,921
Sale of Maps	1,032	870
Farming, Manufacturing and Mining	9,480,000	4,657,000
Private enterprise & sales	7,033	1
Other	3,260,583	2,508,210
Total	92,394,591	74,373,231
4 Rendering of services		
Movies, games and publications	20,205,170	19,323,815
Registration fees	416,212	514,731
Professional services and fees	4,290,787	3,429,173
Licenses and permits	32,742	33,836
Advertising revenue	3,183,000	3,239,012
Postal and courier services	5,574,330	5,200,375
Toll revenue	1,314,403	1,211,490
Management fees and other	49,910,118	45,243,659
Total	84,927,262	78,196,091
5 Rental income		
Machinery and Equipment	2,433	7,238
Land	69,388	90,737
Buildings	1,637,053	1,351,167
Venue, parking and property rental	41,179	32,870
Rental-Investment property	223,181	86,454
Other	1,363,318	1,089,176
Total	3,337,052	2,657,642
6 Transfers and subsidies received		
National Departments	38,563,755	33,359,157
Provincial Departments	559,925	364,947
Local Governments	50,137	46,900
Parliamentary allocation	259,138	241,292
Grant, foreign and international transfers	43,087	53,519
Department of Justice	838,120	613,029
Other	1,115,437	51,819
Total	41,429,589	34,730,663
7 Levies received		
Training, skills development levies and other	17,757,470	15,637,908
RAF Fuel Levy	4,370	3,165
Diesel and other rebates	(876,102)	(775,959)
Other	14,821,255	13,425,030
Total	31,707,493	28,290,144
8 Fines, penalties and forfeits		
Fines	569,445	412,327
Penalties	83,378	61,964
Forfeits	939	1,197
Total	653,762	475,488

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 2009

	31 March 2009	31 March 2008
9 Local and foreign aid assistance received		
Local and foreign aid assistance received	975,951	883,545
- In Cash	975,951	883,545
10 Gains / losses on disposal of assets		
10.1 Gains on disposal of assets	592,680	360,487
Property plant and equipment	541,953	295,546
Other	50,727	64,941
10.2 Losses on disposal of assets	92,789	131,926
Property plant and equipment	91,117	132,469
Other	1,682	(543)
11 National Skills Fund income	110,645	113,863
National skills fund income	110,645	113,863
Other		
12 Gifts, sponsorships and donations received	129,765	111,262
13 Other income		
Royalties	102,698	29,945
Material loss recovered	1,515	50
Management fees received	387,034	310,021
Income from insurance claims	85,320	54,859
Bad debts recoverable & other receivables	333,890	10,684
Sales of services and goods & other sundry income	5,173,911	3,515,300
Fare Revenue	7,461	6,253
Other	13,018,352	7,598,214
Total	19,119,181	11,525,326
14 Administrative expenses		
General administrative expenses	1,578,497	1,599,114
Other	4,441,331	3,684,492
Fees for services	1,144	789
- Administrative	207,442	170,615
- Managerial	85,816	71,702
- Secretarial	1,471	2,093
- Technical	629,654	733,075
- Board members	84,751	83,912
Other	478,918	451,398
Internal audit fees	78,793	55,323
Legal fees	625,746	433,618
Entertainment	86,700	73,385
Stationery and printing	674,414	578,772
Venues and facilities	270,643	240,346
Restructuring costs	43,463	7,539
Bad debt written off	680,503	1,139,986
Bank charges	142,747	131,629
Training and staff development	1,139,388	903,298
Net foreign exchange (gains) / losses	305,028	(321,744)
Total	11,556,449	10,019,343
15 Research and development costs		
Total research and development costs incurred for the year	1,368,970	1,335,720
less: Development costs capitalised	-	(692,102)
Total research and development cost expensed	1,368,970	643,618

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 2009

	31 March 2009	31 March 2008
16 Staff costs		
Wages and salaries	54,719,639	46,037,809
- Basic salaries	40,337,890	33,102,727
- Performance awards	3,810,411	3,594,806
- Periodic payments	407,062	383,305
- Other non-pensionable allowance	3,206,045	2,525,273
- Temporary staff	2,172,708	2,112,917
- Leave payments	1,167,849	968,315
- Overtime pay	3,034,450	2,807,145
- Severance packages	96,126	87,824
Executive director's emoluments	488,100	455,498
Defined contribution plan expense	191,092	215,917
Social contributions (Employer's contributions)	5,914,831	5,305,934
- Medical	1,930,022	1,708,469
- UIF	202,474	188,003
- Official unions and associations	5,860	127,875
- Insurance	78,808	66,146
- Pension	2,819,204	1,968,093
- Other salary related costs	878,464	1,249,349
Defined benefit plan expense	986,899	(456,584)
- current service cost	401,685	521,623
- interest cost	2,207,514	2,169,008
- expected return on plan assets	(2,510,462)	(2,916,241)
- net actuarial (gains) / losses recognised	1,009,064	(417,472)
- past service cost	(120,902)	186,498
Other long-term employee benefits including long-service leave, surplus sharing, deferred compensation	101,824	44,074
Total	61,914,284	51,147,150
17 Marketing costs		
Advertising	998,517	835,892
Other	886,033	812,491
Total	1,884,550	1,648,383
18 Audit fees	524,121	431,438
Statutory Audit	436,470	350,997
Prior year under / (over) provision	24,587	35,828
Performance audit fees	23,566	4,342
Forensic audit fees	5,437	8,026
Other	34,061	32,245
19 Project expenses	19,935,269	15,609,099
Project Expenses	13,840,937	11,326,660
Other	6,094,332	4,182,439
20 National Skills Fund expenses	109,606	120,971
National Skills Fund Expenses	2,501	2,232
Other	107,105	118,739
21 Transfers and subsidies paid	6,952,045	6,605,409
Transfers and subsidies paid	6,030,440	4,850,721
Maintenance	796,870	684,096
Other	124,735	170,592
22 Gifts, donations and sponsorships paid	453,519	346,690
23 Local and foreign aid		
Local and foreign aid assistance paid		
In Cash	482,164	352,523
Total	482,164	352,523
Local and foreign aid assistance payable		
In Cash	4,163,889	3,669,442
Total	4,163,889	3,669,442

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 2009

	31 March 2009	31 March 2008
24 Other operating expenses		
Fruitless and wasteful expenditure	7,435	7,580
Consultants, contractors and special services	6,004,648	5,340,440
Equipment items expensed as per entity policy	75,803	73,745
Membership Fees and Subscription	1,584,137	1,330,173
Claims expenditure	23,617,069	15,499,818
Licence Fees - IT	163,632	146,212
Other	50,616,305	30,846,113
Maintenance, repairs and running costs	12,885,552	10,503,561
- Property and buildings	896,631	784,482
- Machinery and Equipment	2,002,600	2,082,493
- Other maintenance, repairs and running costs	9,986,313	7,636,586
Impairment recognised / (reversed)	1,277,244	(14,316)
Depreciation	16,775,423	14,787,891
- Assets carried at cost	14,602,605	12,962,900
- Assets carried at revalued amounts	2,172,818	1,824,991
Amortisation	2,280,674	1,932,651
Direct operating expenses arising from investment property that:		
- generated rental income during the year	280,249	216,650
- did not generate rental income during the year	279,682	216,297
	567	353
Stores/consumables	480,314	433,565
Municipal services	824,055	724,131
Travel and subsistence	2,605,550	2,476,368
Courier and delivery charges	224,116	375,291
Communication costs	1,129,504	858,356
Rentals in respect of operating leases (minimum lease payments)	5,365,445	6,131,518
- Buildings	1,610,012	1,482,833
- Plant, machinery and equipment	2,962,045	3,802,113
- Vehicles	660,472	588,318
Other	132,916	258,254
Total	126,196,385	91,669,747
25 Finance income		
Interest on	-	-
- Loans and other advances	2,897,990	3,037,724
- Cash and bank deposits	2,295,073	1,643,180
- Short-term investments	16,945,200	17,477,853
Finance leases	139,746	55,287
Accrued on impaired loans	1,224,440	176,891
Interest/discount on outstanding debtors	3,152,077	2,548,535
Other	2,002,488	2,079,005
Total	28,657,014	27,018,475
26 Finance costs		
Interest expense:	23,684,028	19,774,033
- Borrowings	23,567,809	19,583,314
- Obligations under finance leases	116,219	190,719
Less: - Subvention from government	-	-
- Borrowing costs capitalised	(4,772,307)	(1,228,214)
Losses arising from derivatives trading	21,560	10,815
Other	3,722,715	3,207,027
Total	22,655,996	21,763,661
27 Income from investments		
Dividend income	5,963,013	3,076,758
- Associates	43	40
- Controlled entities	2,073,051	1,349,814
- Listed investments	2,373,582	1,176,858
- Unlisted investments	1,516,337	550,046
Gains on disposal of available-for-sale investments	(2,783)	1,243,178
Other	6,332,919	4,760,919
Total	12,293,149	9,080,855

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 2009

	31 March 2009	31 March 2008
28 Taxation		
SA normal taxation	477,170	5,242,874
- Current taxation		
- Continuing operations	3,045,827	3,751,144
- Discontinuing operations	(78,223)	(128,809)
- Deferred taxation		
- Continuing operations	179,790	95,308
- Discontinuing operations	(2,321,692)	1,623,835
- tax rate changes	(372,774)	216,097
Capital gains tax		
- Current taxation	15,000	1,034
Foreign taxation	7,000	5,000
Secondary tax on companies	2,242	16,145
Tax expense	477,170	5,242,874
- Continuing operations	297,380	5,147,566
- Discontinuing operations	179,790	95,308
The charge for the year can be reconciled to the surplus per the statement of financial performance as follows		
Surplus/ (Deficit) before taxation	7,031,862	24,950,283
Tax at 29%	1,380,998	6,589,352
Non-taxable/non-deductible differences	(139,106)	(894,745)
- Export incentives and other allowances	1,852	29,107
- Disallowable expenditure	121,890	(265,785)
- Utilisation of assessable deficit	(102,425)	906,191
- Deferred taxation rate change	317,587	(188,482)
- Non-taxable income	(1,144,023)	(564,845)
- Portion of capital gain not taxable	(21,414)	(129,116)
- Foreign taxation rate differential	5,479	(24,770)
- Secondary taxation on companies	(1)	16,089
- Prior year (over)/under provision	59,027	202,826
- Non-recoupable allowances on leased assets	(3,594)	(32,948)
Tax expense	477,170	5,242,874
Taxation payable	989,908	1,817,907
OR		
Estimated assessable deficit available for set-off against future taxable income are as follows:	1,374,175	1,192,508
Total assessable deficit	(64,952)	141,638
	1,331,633	1,302,936
Capital expenditure allowances to be carried forward	881,115,469	911,439,124
29 Discontinued operations		
Revenue	3,783,345	4,801,677
Expenses	(4,965,779)	(7,514,189)
Surplus/(deficit) before tax of discontinued operations	(1,182,433)	(2,712,512)
Taxation	(179,790)	(95,308)
Surplus/(deficit) after tax of discontinued operations	(1,362,223)	(2,807,820)
Operating cash flows	128,265	943,833
Investing cash flows	(686,446)	(547,937)
Financing cash flows	74,720	(509,709)
Total cash flows	(483,461)	(113,813)
Property, Plant and equipment	850,000	1,568,384
Current assets	1,578,000	1,070,917
Other	3,059,439	2,489,392
Total assets	5,487,439	5,128,693
Total liabilities	(2,647,439)	(2,275,302)
Net assets	2,840,000	2,853,391

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 2009

	31 March 2009	31 March 2008
The loss on disposal determined as follows:		
Net assets sold	2,840,000	2,853,391
Reclassifications from net assets:		
Other	(2,965,485)	(4,388,938)
Proceeds from sale	(898,447)	(989,036)
Surplus/deficit on disposal	(1,023,932)	(2,524,583)
Tax thereon	(32,000)	33,000
Surplus/deficit on disposal after tax	(1,055,932)	(2,491,583)
The net cash inflow on sale is determined as follows:		
Proceeds from sale	757,582	986,000
Less: cash and cash equivalents of assets sold	(287,582)	(108,000)
Net cash inflow on sale	470,000	878,000

30 Property, plant and equipment

Land		
Opening net carrying amount	21,818,157	21,998,305
Gross carrying amount	21,981,636	22,094,167
Accumulated impairment	(163,479)	(95,863)
Additions	623,694	247,791
Disposal	(5,364)	(9,520)
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(62,123)	71,230
Transfer (to)/from inventories and/or investment property	(96,856)	(93,517)
Transfers from work-in-progress	15,049	12,929
Assets acquired through a business/entity combination	5,000	-
Impairment deficit (recognised)/reversed	44,000	(49,960)
Revaluation adjustments	235,084	66,415
Borrowing costs capitalised	(152)	488
Other	(18,670)	(426,003)
Closing net carrying amount 31 March	22,557,799	21,818,157
Gross carrying amount	22,699,558	21,981,636
Accumulated impairment	(141,759)	(163,479)
Buildings		
Opening net carrying amount	24,989,217	22,340,017
Gross carrying amount	32,314,140	28,829,383
Accumulated depreciation	(7,196,100)	(6,376,987)
Accumulated impairment	(128,823)	(112,378)
Revaluation adjustments	127,422	263,269
Additions	4,426,014	2,050,030
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(111,965)	(72,741)
Transfer (to)/from inventories and/or investment property	(219,290)	(52,920)
Transfers from work-in-progress	879,530	839,723
Assets acquired through a business/entity combination	18,156	47,000
Disposals	(90,513)	(71,441)
Depreciation charge	(1,250,190)	(978,319)
Impairment deficit (recognised)/reversed	(48,414)	(57,029)
Borrowing costs capitalised	1,152	512
Other	24,383	661,095
Closing net carrying amount 31 March	28,745,482	24,989,217
Gross carrying amount	37,132,437	32,314,140
Accumulated depreciation	(8,204,504)	(7,196,100)
Accumulated impairment deficit	(182,451)	(128,823)

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 2009

	31 March 2009	31 March 2008
Plant and equipment		
Opening net carrying amount	106,085,595	87,486,800
Gross carrying amount	187,570,520	164,856,196
Accumulated depreciation	(81,384,057)	(77,274,783)
Accumulated impairment	(100,868)	(94,613)
Revaluation adjustments	3,432	(16,756)
Additions	26,937,949	21,075,874
Borrowing costs capitalised	-	260,227
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(9,199)	(139,978)
Transfer (to)/from inventories and/or investment property	(2,281)	38,431
Transfers from work-in-progress	2,114,379	1,196,292
Assets acquired through a business/entity combination	7,962	29,281
Disposals	(303,667)	(315,276)
Depreciation charge	(7,343,810)	(6,604,711)
Impairment deficit (recognised)/reversed	(770,011)	280,564
Borrowing costs capitalised	4,183	1,000
Other	801,684	2,793,847
Closing net carrying amount 31 March	127,526,221	106,085,595
Gross carrying amount	215,923,123	187,570,520
Accumulated depreciation	(87,345,345)	(81,384,057)
Accumulated impairment deficit	(1,051,557)	(100,868)
Vehicles		
Opening net carrying amount	1,877,944	1,488,211
Gross carrying amount	4,096,638	3,846,799
Accumulated depreciation	(2,217,415)	(2,357,566)
Accumulated impairment	(1,279)	(1,022)
Revaluation adjustments	140	67
Additions	1,038,912	602,922
Transfer (to)/from asset held for sale or disposal group classified as held for sale	1,563	(9,101)
Transfer (to)/from inventories and/or investment property	-	576
Assets acquired through a business/entity combination	(3,121)	2,963
Disposals	(83,127)	(28,189)
Depreciation charge	(382,390)	(307,431)
Impairment deficit (recognised)/reversed	(2,355)	(1,223)
Other	107,351	129,149
Closing net carrying amount 31 March	2,574,917	1,877,944
Gross carrying amount	4,986,483	4,096,638
Accumulated depreciation	(2,407,048)	(2,217,415)
Accumulated impairment deficit	(4,518)	(1,279)
Computer equipment		
Opening net carrying amount	1,833,078	1,578,057
Gross carrying amount	5,433,219	5,276,916
Accumulated depreciation	(3,586,711)	(3,685,537)
Accumulated impairment	(13,430)	(13,322)
Revaluation adjustments	1,968	2,353
Additions	921,989	793,970
Borrowing costs capitalised	511	-
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(7,695)	(3,727)
Assets acquired through a business/entity combination	2,868	-
Disposals	(28,249)	(39,174)
Depreciation charge	(783,675)	(629,857)
Impairment deficit (recognised)/reversed	(85,361)	(10,624)
Other	24,104	142,080
Closing net carrying amount 31 March	1,919,529	1,833,078
Gross carrying amount	5,921,478	5,433,219
Accumulated depreciation	(3,976,160)	(3,586,711)
Accumulated impairment deficit	(25,790)	(13,430)

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 2009

	31 March 2009	31 March 2008
Office furniture and fittings		
Opening net carrying amount	902,399	683,484
Gross carrying amount	1,681,534	1,313,574
Accumulated depreciation	(779,128)	(630,050)
Accumulated impairment	(7)	(40)
Revaluation adjustments	903	2,837
Additions	383,937	409,572
Borrowing costs capitalised	14,683	-
Transfer (to)/from asset held for sale or disposal group classified as held for sale	1,354	(1,969)
Assets acquired through a business/entity combination	27	1,000
Disposals	(16,900)	(7,307)
Depreciation charge	(222,555)	(199,446)
Impairment deficit (recognised)/reversed	(7,763)	237
Other	2,670	13,991
Closing net carrying amount 31 March	1,058,755	902,399
Gross carrying amount	2,183,479	1,681,534
Accumulated depreciation	(1,124,707)	(779,128)
Accumulated impairment deficit	(7)	(7)
Construction WIP		
Opening balance	34,749,073	19,772,255
Additions	35,632,365	15,474,892
Borrowing costs capitalised	3,481,422	758,910
Transfer (to) asset held for sale or disposal group classified as held for sale	(151,734)	(463,536)
Transfers to inventories, owner-occupied property and investment properties	(2,075,088)	(991,354)
Disposals	(24,663)	(54,837)
Other	(26,709)	254,743
Closing balance	71,584,636	34,749,073
Other		
Opening net carrying amount	140,946,012	118,327,573
Gross carrying amount	183,967,328	153,335,236
Accumulated depreciation	(42,193,022)	(33,954,820)
Accumulated impairment	(828,294)	(1,052,843)
Revaluation adjustments	4,192,057	14,140,321
Additions	22,688,344	16,721,776
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(93,310)	(804,569)
Transfer (to)/from inventories and/or investment property	(193,000)	47,287
Assets acquired through a business/entity combination	696	0
Transfers from work-in-progress	(1,081,403)	(1,206,983)
Disposals	(319,959)	(326,402)
Depreciation charge	(6,825,997)	(6,062,269)
Impairment deficit (recognised)/reversed	(284,362)	15,122
Borrowing costs capitalised	720,885	285,000
Other	(393,739)	(190,844)
Closing net carrying amount 31 March	159,356,194	140,946,012
Gross carrying amount	209,517,628	183,967,328
Accumulated depreciation	(49,235,675)	(42,193,022)
Accumulated impairment deficit	(925,759)	(828,294)

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 2009

	31 March 2009	31 March 2008
Total Property, plant and equipment		
Opening net carrying amount	333,201,963	273,674,702
Gross carrying amount	471,794,576	399,324,520
Accumulated depreciation	(137,356,433)	(124,279,743)
Accumulated impairment	(1,236,180)	(1,370,081)
Revaluation adjustments	4,560,996	14,478,526
Additions	92,653,194	57,376,826
Borrowing costs capitalised	4,222,044	1,304,625
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(433,129)	(1,424,391)
Assets acquired through a business/entity combination	31,588	80,244
Disposals	(872,477)	(852,146)
Depreciation charge	(16,768,617)	(14,782,032)
Impairment deficit (recognised)/reversed	(1,134,286)	177,087
Transfer (to)/from inventories and/or investment property	(511,427)	(60,143)
Transfers to inventories, owner-occupied property and investment properties	(2,075,088)	(991,354)
Transfers from work-in-progress	1,927,555	841,961
Borrowing costs capitalised		
Land - Other	(18,670)	(426,003)
Buildings - Other	24,383	661,095
Plant & equipment - Other	801,684	2,793,847
Vehicles - Other	107,351	129,149
Computer equipment - Other	24,104	142,080
Office furniture & fittings - Other	2,670	13,991
Construction WIP - Other	(26,709)	254,743
Other	(393,739)	(190,844)
Closing net carrying amount 31 March	415,323,390	333,201,963
Gross carrying amount	569,946,671	471,794,570
Accumulated depreciation	(152,293,440)	(137,356,433)
Accumulated impairment deficit	(2,331,841)	(1,236,180)
31 Investment property		
Opening net carrying amount	7,687,298	5,442,569
Gross carrying amount/Opening balance	7,727,182	5,476,377
Accumulated depreciation	(39,667)	(33,808)
Accumulated impairment	(217)	-
Additions	1,123,970	656,175
Disposals	(28,239)	(19,843)
Fair value adjustment during the year	1,455,753	1,468,198
Depreciation charge	(6,806)	(5,859)
Impairment deficit (recognised)/reversed	(288)	(217)
Transfer (to)/from asset held for sale or disposal group classified as held for sale	15,306	(13)
Transfers (to)/from inventories and owner-occupied property	297,355	146,288
Other	23,348	-
Closing net carrying amount 31 March	10,567,697	7,687,298
Gross carrying amount/Closing balance	10,614,675	7,727,182
Accumulated depreciation	(46,473)	(39,667)
Accumulated impairment deficit	(505)	(217)
32 Intangible assets		
Computer software		
Opening net carrying amount	1,402,068	1,029,415
Gross carrying amount	4,776,428	3,806,941
Accumulated amortisation	(3,339,045)	(2,755,104)
Accumulated impairment deficit	(35,315)	(22,422)
Revaluation adjustments	724	3,118
Additions	1,120,325	646,597
Transfer (to)/from asset held for sale or disposal group classified as held for sale	181,690	110,320
Assets acquired through a business/entity combination	(1,830)	-
Disposals	(36,052)	(2,022)
Amortisation	(635,417)	(527,589)
Impairment deficit (recognised)/reversed	(7,510)	(38,771)
Other	193,720	181,001
Closing net carrying amount 31 March	2,217,718	1,402,068
Gross carrying amount	6,143,620	4,776,428
Accumulated amortisation	(3,857,232)	(3,339,045)
Accumulated impairment deficit	(68,669)	(35,315)

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 2009

	31 March 2009	31 March 2008
Licences		
Opening net carrying amount	91,656	82,002
Gross carrying amount	100,386	85,396
Accumulated amortisation	(8,730)	(3,394)
Additions	9,856	14,990
Amortisation	(17,118)	(5,336)
Closing net carrying amount 31 March	84,404	91,656
Gross carrying amount	110,252	100,386
Accumulated amortisation	(25,848)	(8,730)
Patents		
Opening net carrying amount	9,522	13,043
Gross carrying amount	70,710	83,215
Accumulated amortisation	(61,188)	(70,172)
Additions	452	907
Disposals	-	(29)
Amortisation	(3,532)	(3,696)
Impairment deficit (recognised)/reversed	(423)	(703)
Closing net carrying amount 31 March	5,999	9,522
Gross carrying amount	71,191	70,710
Accumulated amortisation	(65,058)	(61,188)
Accumulated impairment deficit	(134)	-
Other		
Opening net carrying amount	320,229	203,309
Gross carrying amount	906,220	782,054
Accumulated amortisation	(585,991)	(578,745)
Additions	17,439	168,349
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(210,054)	-
Assets acquired through a business/entity combination	30,000	5,000
Amortisation	(10,658)	(7,253)
Impairment deficit (recognised)/reversed	(61,563)	(48,000)
Other	25,310	(1,176)
Closing net carrying amount 31 March	110,673	320,229
Gross carrying amount	701,244	906,220
Accumulated amortisation	(590,571)	(585,991)
Other		
Opening net carrying amount	26,802,576	26,539,579
Gross carrying amount	29,319,578	28,284,377
Accumulated amortisation	(2,490,226)	(1,744,799)
Accumulated impairment deficit	(26,777)	-
Additions	2,240,470	1,756,696
Disposals	(3,060)	(499)
Amortisation	(1,613,128)	(1,387,552)
Impairment deficit (recognised)/reversed	(73,915)	(76,305)
Other	113,477	(29,343)
Closing net carrying amount 31 March	27,466,420	26,802,576
Gross carrying amount	31,549,306	29,319,578
Accumulated amortisation	(4,064,141)	(2,490,226)
Accumulated impairment deficit	(18,735)	(26,777)

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 2009

	31 March 2009	31 March 2008
Total Intangible Assets		
Opening net carrying amount	28,626,051	27,867,347
Gross carrying amount	35,173,322	33,041,983
Accumulated amortisation	(6,485,179)	(5,152,214)
Accumulated impairment deficit	(82,092)	(22,422)
Revaluation adjustments	724	3,118
Additions	3,388,582	2,587,539
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(28,364)	110,320
Assets acquired through a business/entity combination	26,170	5,000
Disposals	(39,112)	(2,550)
Amortisation	(2,279,853)	(1,931,426)
Impairment deficit (recognised)/reversed	(143,491)	(163,779)
Computer Software - Other	193,720	181,001
Other	138,787	(30,519)
Closing net carrying amount 31 March	29,885,214	28,626,051
Gross carrying amount	39,575,642	35,173,322
Accumulated amortisation	(8,602,849)	(6,485,179)
Accumulated impairment deficit	(87,579)	(82,092)
33 Goodwill		
Arising from acquisition of a controlled entity	14,500	-
Closing balance	14,500	-
34 Investments in controlled entities	20,109,717	16,686,961
35 Investments in associates and joint ventures	26,414,743	25,318,174
36 Financial assets		
Financial assets available-for-sale		
Opening balance as originally stated		
Cost	43,091,571	47,133,208
Revaluation / (impairment)	55,929,693	35,326,882
Opening balance as originally stated	99,021,264	82,460,088
- prior period adjustment	-	-
- change in accounting policy	-	-
As restated	99,021,264	82,460,088
Additions during the year	6,160,281	5,208,116
Disposals during the year	(10,857,536)	(7,940,733)
Revaluation / (impairment)	(21,459,671)	20,898,683
Transfer (to) / from asset held for trading	(1,688)	(19,919)
Other	(210,632)	(1,584,971)
Closing balance	72,652,018	99,021,264
Cost	36,385,366	43,091,571
Revaluation / (impairment)	34,266,652	55,929,693
Non-current financial assets available-for-sale	52,259,900	76,352,627
Current financial assets available-for-sale	20,392,118	22,668,637
Financial assets at fair value through surplus/deficit		
Opening balance as originally stated		
Cost	349,826,841	237,831,071
Revaluation / (impairment)	474,669	854,127
Opening balance as originally stated	350,301,510	238,685,198
- prior period adjustment	(5,011,000)	-
- change in accounting policy	-	(278,967)
As restated	345,290,510	238,406,231
Transfer (to) / from asset available for sale	27,287	17,812
Additions during the year	32,706,479	77,111,796
Disposals during the year	(11,772,074)	(14,058,789)
Revaluation / (impairment)	(7,521,892)	(498,412)
Other	28,808,699	49,322,873
Closing balance	387,539,009	350,301,510
Fair value at acquisition date	387,073,091	349,826,841
Revaluation / (impairment)	465,918	474,669
-	385,940,172	350,301,510
Non-current financial assets at fair value through surplus/deficit	29,507,973	31,325,970
Current financial assets at fair value through surplus/deficit	356,432,199	318,975,534

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 2009

	31 March 2009	31 March 2008
Held to maturity investments		
Opening balance	7,428,128	7,392,878
Transfer (to) / from loans receivable and investments	18,185	317,692
Additions during the year	3,282,101	3,033,408
Disposals during the year	(1,537,902)	(3,534,841)
Other	(387,654)	359,161
Interest income	63,955	(140,170)
Closing balance	8,866,813	7,428,128
	8,866,813	7,428,128
Non-current held to maturity investments	4,348,816	3,301,608
Current held to maturity investments	4,517,997	4,126,520
37 Biological and agricultural assets		
Mature consumable biological assets	908	744
Immature consumable biological assets	6,000	8,000
Total consumable biological assets	6,908	8,744
Mature bearer biological assets	1,364	1,924
Total bearer biological assets	1,364	1,924
Reconciliation of changes in the carrying amount:		
Carrying amount at the beginning of the year	2,472,206	1,942,050
Surplus/(deficit) arising from changes in fair value less estimated point-of-sale costs	1,596,983	529,393
- Attributable to physical changes	(232,871)	(143,730)
- Attributable to price changes	1,829,854	673,123
Increases due to new plantings	-	1,000
Increases due purchases	(839,025)	1,568
Assets acquired through a business/entity combination	-	(2,000)
Other	(2,000)	195
Carrying amount at the end of the year	3,228,164	2,472,206
38 Loans and receivables		
Non-current		
Trade receivables	46,075,514	37,603,880
Less: Impairment of debtors (provision for doubtful debts)	(2,854,890)	(2,550,720)
	43,220,624	35,053,160
Construction contracts	34,342	26,344
- Contract customers	34,342	26,344
Loans granted	4,295	13,623
Operating lease - "smoothing of lease"	58	-
Trust Creditor-DTI	561,686	487,604
Insurance receivable	932,495	809,506
Other	21,243,317	18,441,490
Total non-current	65,996,816	54,831,727
Current		
Trade receivables	43,670,616	38,257,673
Less: Impairment of debtors (provision for doubtful debts)	(9,191,936)	(9,760,621)
	34,478,680	28,497,052
Construction contracts	441,301	100,855
- Contract customers	426,893	89,782
- Retention debtors	14,408	11,073
VAT	606,442	235,301
Loans granted	338,911	335,449
Operating lease - "smoothing of lease"	271,132	232,096
Banks	13,338,380	11,316,855
Repurchase agreements	520,832	441,896
Prepayments	476,456	404,245
Other	6,243,041	5,296,851
Prepayments and Advances	4,971,704	7,092,660
- Staff Advances	38,174	29,969
- Travel and Subsistence	7,611	9,209
- Prepayments	4,670,624	2,581,236
- Advances	255,295	4,472,246
Total current	61,686,889	53,953,270

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 2009

	31 March 2009	31 March 2008
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	82,999	65,586
- Later than 1 year and no later than 5 years	353,759	252,084
- Later than 5 years	1,085,178	766,392
	1,521,936	1,084,062
Unearned future finance income	(969,519)	(657,768)
Net investment in finance leases	552,417	426,294
	552,417	426,294
Current finance lease receivables	14,379	10,772
Non-current finance lease receivables	538,038	415,522
40 Deferred tax		
Deferred tax assets and liabilities are attributable to the following:		
Accelerated wear and tear for tax purposes on Property, plant and equipment	29,139,302	26,033,500
Intangible assets	3,080	116,086
Biological assets	964,719	12,916
Investment property	290,359	268,089
Financial assets at fair value through surplus/deficit	(2,700)	(6,538)
Available-for-sale financial assets	-	240
Derivatives	(1,958,100)	61,609
Inventories	406,000	-
Loans and borrowings	(774,854)	(792,568)
Employee benefit plans	(1,030,987)	(1,008,125)
Provisions	(8,655,219)	(7,045,206)
Tax loss carry-forwards	(5,483,225)	(2,341,649)
Unrealised gains on investments	(295)	19
Other	915,243	7,697,373
Deferred tax (asset)/liability	13,813,323	22,995,746
Set off of tax	3,379,827	3,267,480
Net deferred tax (asset)/liability	17,193,350	26,263,226
	17,193,350	26,263,226
Deferred tax asset	2,301,561	2,011,763
Deferred tax liability	19,494,911	28,274,989
Movement in temporary differences during the year:		
Opening balance	(9,790,643)	(10,165,441)
Recognised in surplus/(deficit)	5,190,456	1,792,195
Recognised in net assets/equity	1,252,570	3,957,029
Other	6,441,844	(5,399,888)
Provisions	3,332	(2,793)
Unrealised gains on investments	101,937	(85,449)
Closing balance	3,199,496	(9,904,347)
41 Inventory		
Raw materials	805,613	2,704,777
Work in progress	3,867,990	4,546,151
- construction work in progress	225,144	347,549
- other	3,642,806	4,198,602
Finished goods	2,257,567	692,300
Consumable	3,802,502	2,714,212
Transfers (to)/from owner-occupied properties and investment property	50	(1,053)
(Write-down)/reversal in inventory balances	(402,681)	(1,369,015)
Strategic inventory	25,603	599,145
Other	4,265,551	2,094,302
Total	14,822,155	11,980,818
Included in the amounts above are the following carried at fair value less cost to sell		
Strategic inventory	587,000	803,187
Other	333	279
	587,333	803,466

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 2009

	31 March 2009	31 March 2008
41.1 Construction contracts in progress consist of:		
- costs incurred to date	225,144	347,549
	225,144	347,549
Liabilities directly associated with non-current assets held for sale		
42 Opening balance	3,098,588	-
Trade and other payables	333,000	284,709
Deferred tax liabilities	-	11,926
Other	1,423,379	2,179,690
Other	895,137	622,263
Closing balance	2,651,516	3,098,588
43 Cash and cash equivalents		
Cash and balances with bank	29,316,842	27,225,736
Short-term deposit/investment	70,971,658	56,212,805
Cash shown as current assets	281,358	264,102
Credit facility utilised	(1,005)	-
Administered funds	687,876	778,055
Other	4,512,482	6,242,306
Other	1,404,927	1,308,920
	107,174,138	92,031,924
For the purposes of the cash flow statement:	106,186,917	91,442,487
Cash & cash equivalents	107,174,138	92,031,924
Bank overdraft	(987,221)	(589,437)
44 Interest-bearing borrowings		
Non-current	147,739,405	106,535,204
Mortgage loan	4,665,823	5,880,555
Unsecured loan	37,000,196	33,166,152
Loans and other liabilities	106,063,386	67,488,497
Transfer to current portion	(18,892,318)	(15,854,152)
Mortgage loan	(5,200)	(5,200)
Unsecured loan	(1,701,829)	(6,388,358)
Other	(17,185,287)	(9,460,594)
Total Non-current	126,847,065	90,681,052
Current		
Bank overdrafts	987,221	589,437
Other interest bearing borrowings	74,879,440	55,561,054
Short-term portion of Mortgage loan	5,200	5,200
Short-term portion of Unsecured loan	1,701,829	6,388,358
Other	73,172,411	49,167,496
Total current	75,866,661	56,150,491

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 2009

	31 March 2009	31 March 2008
45 Finance lease obligations		
Reconciliation between the total of the minimum lease payments and the present value:		
Minimum lease payments		
- No later than 1 year	303,845	503,011
- Later than 1 year and no later than 5 years	741,303	844,154
- Later than 5 years	1,493,038	1,612,822
	2,538,186	2,959,987
Future finance charges on finance leases	(1,450,873)	(1,586,572)
Present value of finance lease liabilities	1,087,313	1,373,415
	1,087,313	1,373,415
Non-current portion of finance lease obligation	900,238	1,016,206
Current portion of finance lease obligation	187,075	357,209
46 Retirement benefit obligations		
Grand total net liability / assets		
Defined benefit plan		
Present value of funded and unfunded obligations	32,660,167	35,023,115
Fair value of plan assets	(24,934,784)	(30,930,026)
	7,725,403	4,093,089
Unrecognised past service cost	535,126	473,562
Unrecognised actuarial gains / (losses)	3,435,401	6,177,385
Other	19,192	52,018
Net liability / (asset)	11,715,122	10,796,074
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	25,184,911	28,676,319
Current service costs	85,640	148,188
Benefits paid	(3,110,973)	(4,370,636)
Interest cost	2,183,159	2,118,740
Past service costs	-	33,127
Actuarial (gains) / losses	(1,226,050)	(1,412,648)
Contributions	(37,933)	(8,179)
	23,078,754	25,184,911
Present value of fund obligation at the end of the year		
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	30,454,825	33,042,902
Contributions : employer	29,051	132,992
Contributions : employee	1,633	10,105
Past service costs	(36,671)	4,462
Actuarial (gains) / losses	(875,251)	(1,684,046)
Benefits paid	(3,010,945)	(4,184,045)
Fair value of plan assets at the end of the year	29,294,280	30,454,825
Analysis for financial reporting purposes:		
Non-current liabilities (recoverable after 12 months)	(1,910,678)	(3,121,609)
Current liabilities (recoverable within 12 months)	73,588	79,937
	(1,837,090)	(3,041,672)
Key assumptions used (expressed as weighted averages):		
Discount rate	4%	3%
Medical cost trend rates	1%	1%
Expected return on plan assets	4%	4%
Expected rate of salary increases	2%	3%
Future pension increase	1%	1%
Post-employment medical benefits		
Present value of funded and unfunded obligations	11,458,559	11,702,515
Fair value of plan assets	(379,546)	(2,916,575)
	11,079,013	8,785,940
Unrecognised past service cost	107	94
Unrecognised actuarial gains / (losses)	(131,579)	903,094
Other	10,353	12,806
Net liability / (asset)	10,957,894	9,701,934
Grand total net liability / assets	22,673,016	20,498,008

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 2009

	31 March 2009	31 March 2008
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	12,270,262	12,167,494
Current service costs	410,202	345,734
Benefits paid	(230,156)	(69,230)
Interest cost	1,104,848	937,715
Past service costs	24,578	13,301
Actuarial (gains) / losses	478,615	(468,881)
Contributions	(425,107)	(282,707)
Present value of fund obligation at the end of the year	13,633,272	12,643,426
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	2,844,573	2,686,177
Expected return on plan assets	178,317	245,718
Contributions : employer	109,460	107,391
Contributions : employee	(451,599)	7,500
Actuarial (gains) / losses	(164,909)	(25,897)
Benefits paid	(431,642)	(176,316)
Fair value of plan assets at the end of the year	2,084,200	2,844,573
Analysis for financial reporting purposes:		
Non-current liabilities (recoverable after 12 months)	10,394,237	9,854,192
Current liabilities (recoverable within 12 months)	189,134	257,616
	10,583,371	10,111,808
Key assumptions used (expressed as weighted averages):		
Discount rate	4%	4%
Expected return on plan assets	2%	2%
Expected rate of salary increases	3%	2%
Future pension increase	1%	1%
	23,669,128	21,304,366
Analysis for financial reporting purposes		
Retirement Benefit Obligation	23,895,037	21,523,426
Retirement Benefit Asset	(235,909)	(219,070)
	23,659,128	21,304,356
47 Government grants		
Property, plant and equipment (non-monetary government grants)		
Opening balance	22,571,217	12,727,958
Add: current year receipts	6,964,516	10,660,347
Less: amounts transferred to the statement of financial performance (conditions met)	(1,002,049)	(817,088)
Closing balance	28,533,684	22,571,217
Monetary assets received (monetary government grants)		
Opening balance	7,476,710	6,118,582
Add: current year receipts	5,826,272	3,222,463
Less: amounts transferred to the statement of financial performance (conditions met)	(4,998,589)	(1,772,181)
Other	(58,446)	(92,154)
Closing balance	8,245,947	7,476,710
Total Government Grants	36,779,631	30,047,927
Analysis for financial reporting purposes:		
Non-current portion	32,682,105	26,900,128
Current portion	4,097,526	3,147,799

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 2009

	31 March 2009	31 March 2008
48 Trade and other payables		
Trade creditors	30,968,634	25,841,086
Customers for contract work	398,538	224,259
Accruals	11,756,548	8,701,726
Deferrals on hedging instruments- Current portion	145	-
Liability on sale and leaseback- Current portion	314	116
Deposits	1,037,944	899,379
Special projects	155,100	88,171
Commitments - Current portion	5,727	3,020
Interest-free loan- Current portion	-	1,504
Administered funds	5,163,123	2,495,906
Deferred income	56,757	76,252
SARS & Other Trust liabilities	7,750,003	7,470,213
Prepayments & Other	109,898,075	78,643,368
Total	167,190,909	124,444,999
49 Income Received in Advance		
Prepayments and advances		
Opening Balance	5,930,772	3,170,459
Transfer of income received in advance to the statement of financial performance	(752,912)	(404,803)
Advances	1,160,441	2,176,374
Prepayments	(349,794)	345,254
Contractors & Other	850,492	643,488
Closing balance	6,838,999	5,930,772
50 Provisions		
Restructuring provision		
Opening balance	4,232,552	3,746,048
Utilisation of provisions during the year	(244,862)	(310,728)
Unused amounts reversed during the year	(1,471)	(25,690)
Provisions made during the year	434,076	822,922
Closing balance	4,420,295	4,232,552
Salary and related expense provision		
Opening balance	5,738,119	5,302,171
Utilisation of provisions during the year	(3,932,910)	(3,750,855)
Unused amounts reversed during the year	(148,493)	(279,672)
Provisions made during the year	4,728,782	4,466,475
Closing balance	6,385,498	5,738,119
Deferred Operating Lease & Accruals		
Opening balance	42,989,698	35,122,655
Utilisation of provisions during the year	(13,971,521)	(11,226,222)
Unused amounts reversed during the year	(208,981)	(1,694,330)
Provisions made during the year	30,329,106	20,787,595
Closing balance	59,138,303	42,989,698
Other		
Opening balance	10,229,500	8,264,876
Utilisation of provisions during the year	(1,624,921)	(1,507,091)
Unused amounts reversed during the year	(261,232)	(637,018)
Provisions made during the year	1,907,257	4,108,733
Closing balance	10,250,604	10,229,500
Total Provisions		
Opening balance	63,189,869	52,435,750
Utilisation of provisions during the year	(19,774,213)	(16,794,896)
Unused amounts reversed during the year	(620,177)	(2,636,710)
Provisions made during the year	37,399,221	30,185,726
Closing balance	80,194,700	63,189,869
Analysis for financial reporting purposes:	80,194,700	63,189,869
Non-current provisions	55,827,101	38,892,011
Current provisions	24,367,599	24,297,858

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 2009

	31 March 2009	31 March 2008
51 Change in accounting policy		
<i>Specify the item effected in Statement of Financial Performance</i>	5,935	105,940
Increase in finance costs	1,158	157,874
Other	4,777	(51,934)
<i>Specify the item effected in Statement of Financial Position</i>	(15,154,854)	(1,902,997)
Increase in finance liability	(15,150,101)	(1,686,299)
Other	(4,753)	(216,698)
(Increase)/decrease in tax payable	-	(43,500)
Increase/(decrease) in net assets	14,708,813	3,702,945
Attributable to minority shareholders	-	-
	(440,106)	1,862,388
52 Prior period error		
<i>Specify the item effected in Statement of Financial Performance</i>	(3,374,011)	188,174,811
Finance Costs & Other Operating Exp	(3,569,335)	2,066,660
Other	195,324	186,108,151
<i>Specify the item effected in Statement of Financial Position</i>	(250,862)	(8,189,535)
Accumulated Profit	108,806	(8,804,129)
Other	(359,668)	614,594
(Increase)/decrease in tax payable	(18,000)	(91,838,838)
Increase/(decrease) in net assets	(95,455)	(93,415,680)
Attributable to minority shareholders	-	-
	(3,738,328)	(5,269,242)
53 Cash generated from/(utilised in) operations		
Surplus/(deficit) before tax	9,929,790	24,931,299
(Interest received)	(32,388,472)	(29,621,791)
Interest paid	22,200,373	19,499,274
(Dividend received)	(3,613,214)	(1,575,441)
Non-cash movements/working capital changes	38,859,103	30,030,512
Depreciation	16,775,423	14,787,891
Impairment	1,277,244	(14,316)
Amortisation	2,280,674	1,932,651
Increase/(Decrease) in impairment of debtors (provision for doubtful debts)	(145,219)	(260,578)
Increase/(Decrease) in payables	11,862,706	8,354,857
Increase/(Decrease) in provisions	16,335,947	7,107,111
Increase/(Decrease) in borrowings	6,172,955	3,161,238
Increase in provision relating to employee costs	497,957	(352,285)
(Gains)/Losses on sale of property, plant and equipment	(92,499)	(105,650)
(Gains)/Loss on disposal of discontinued operations	(1,055,932)	(2,491,583)
(Gains)/Losses on sale of investment	(156,597)	(114,587)
(Increase)/Decrease in other current assets	(2,528,884)	(1,563,856)
(Increase)/Decrease in investment due to revaluation	(2,551,524)	(632,298)
(Increase)/Decrease in receivables	(10,859,116)	(9,238,035)
(Increase)/Decrease in inventories	(2,679,564)	(3,321,418)
Foreign exchange (gains)/losses	1,241,124	1,800,942
Movement in Prepayments & Other	1,843,535	2,417,739
Movement in Other Liabilities	(167,033)	(51,574)
Other	807,905	8,614,261
Net cash flows from operating activities	34,967,580	43,263,853
54 Contingent liabilities		
(Nature of Contingent liability, financial effect, uncertainties relating to it timing, and possibility of re-impbursement)		
Legal Claims & Other Disputes	10,268,610	10,461,755
Housing & Other guarantees	4,582,532	4,668,726
Montraco - Contingent Liability	1,153,844	1,175,547
Cross Border Lease Agreements	5,236,679	5,335,177
	2,450,583	2,537,429
Contract Losses, Manufacturing & Supply of Aircraft Components		
South Dunes Loans Facility (Pledged)	2,323,020	2,366,714
The CSIR short term general banking facility	16,407	16,715
Other	729,609	743,332
	26,801,283	27,305,395

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 2009

	31 March 2009	31 March 2008
55 Operating lease arrangements		
Lessee		
Buildings		
At the reporting date the entity had outstanding commitments		
Up to 1 year	4,092,047	2,919,811
1 to 5 years	14,165,432	5,534,392
More than 5 years	1,166,053	1,093,101
	19,423,532	9,547,304
Other		
At the reporting date the entity had outstanding commitments		
Up to 1 year	441,412	353,858
1 to 5 years	599,228	584,585
More than 5 years	11,940	8,000
	1,052,580	946,443
Total		
At the reporting date the entity had outstanding commitments		
Up to 1 year	4,533,459	3,273,669
1 to 5 years	14,764,660	6,118,977
More than 5 years	1,177,993	1,101,101
	20,476,112	10,493,747
Lessor		
Other		
At the reporting date the group had contracted with tenants for		
Up to 1 year	164,587	144,020
1 to 5 years	438,770	410,621
More than 5 years	609,121	298,203
	1,212,478	852,844
Other		
At the reporting date the group had contracted with tenants for		
Up to 1 year	1,711	1,314
1 to 5 years	3,802	3,108
	5,513	4,422
Total		
At the reporting date the group had contracted with tenants for		
Up to 1 year	166,298	145,334
1 to 5 years	442,572	413,729
More than 5 years	609,121	298,203
	1,217,991	857,266
56 Capital commitments		
Commitments for the acquisition of property, plant and equipment	307,202,434	356,640,293
- Contracted for but not provided in the financial statements	135,603,470	131,609,513
- Authorised but not contracted for	171,598,964	225,030,780
Commitments for the acquisition of intangible assets	106,432	3,286,956
- Contracted for but not provided in the financial statements	106,432	3,286,956
Total future capital commitments	307,308,866	359,927,249
The capital expenditure is to be financed as follows:		
- Internally generated funds	4,723,494	1,664,320
- Existing credit facilities	5,090,389	9,954,374
	9,813,883	11,618,694
57 Events after reporting date		
Tender awarded for the organisation redesign	-	27,003
	-	27,003
58 Skills development grant payable:		
Total: current	630,590	539,635
	630,590	539,635

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 2009

	31 March 2009	31 March 2008
58 Vat Payable		
Vat	498,163	492,514
Other	(158,738)	(141,971)
Total	339,425	350,543
59 Non-current assets held for sale		
Property, plant and equipment	869,826	1,379,262
Inventories	73,772	89,547
Trade and other receivables	431,514	965,515
Other	5,396,756	4,203,061
Total	6,771,868	6,637,385
61 Financial instrument liability		
Opening balance	248,513,750	200,528,588
Additions during the year	22,840,204	64,028,615
Disposals during the year	(2,631,674)	(22,564,143)
Interest	-	(383,296)
Revaluations	(489,461)	1,130,119
Other	(28,783)	5,481,367
Housing Guarantees	1,301	292,500
Closing balance	268,205,337	248,513,750
Analysis for reporting purposes	268,205,337	248,513,750
non-current financial instrument liability	124,646,025	109,278,814
current financial instrument liability	143,559,312	139,234,936

NOTES FOR THE COMPLETION OF THE CASH FLOW STATEMENT ONLY

62 Net cash inflows/ outflows from operating activities		
Cash receipts from customers	257,591,315	211,457,343
Cash payments to suppliers and employees	(222,603,735)	(168,193,489)
Cash generated from/(utilised in) operations	34,987,580	43,263,853
Interest received/(paid)	19,368,134	16,475,756
Dividends received/(paid)	(6,165,022)	(5,790,220)
Taxation paid	(4,616,774)	(4,524,712)
Net cash inflows/ outflows from operating activities	43,573,913	49,424,677

63 For net cash flows from investing activities

Proceeds on disposal of:	3,783,390	2,256,283
Property, plant and equipment	725,460	1,393,040
Investment property	66,851	240,004
Intangible assets	33,434	10,898
Controlled entity	5,000	-
Associates and joint ventures	24,717	50,218
Securities	(217,131)	2,435,392
Discontinued operation	470,000	878,000
Net investments	(8,041,395)	(5,507,327)
Other	10,686,454	2,756,058
Acquisition of:	(108,505,272)	(64,584,322)
Property, plant and equipment	(82,713,209)	(48,132,297)
Investment property	(27,403)	(40,404)
Intangible assets	(1,659,179)	(951,213)
Controlled entity	(2,153,409)	(538,400)
Associates and joint ventures	(376,431)	(680,600)
Securities	(3,742,496)	(1,886,679)
Net investments	(5,127,889)	(2,172,104)
Other	(12,705,256)	(10,182,625)
Replacement of property, plant and equipment	(8,509,651)	(8,732,903)
Loans received / granted:	2,586,151	2,954,493
Related parties	835,643	616,651
Other	1,750,508	2,337,842
Dividends received	134,694	78,600
Interest received	5,999,940	5,226,752
Net cash flows from investing activities	(104,540,748)	(62,801,097)

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 2009

	31 March 2009	31 March 2008
54 For net cash flows from financing activities		
Repayments of :	(48,875,003)	(10,735,122)
Borrowings	(57,178,875)	(21,230,159)
Finance lease obligations	(330,467)	(288,520)
Minority shareholder's loan	-	(11)
Other	8,634,334	10,783,568
New debt raised	107,288,332	32,484,106
Increase/(decrease) in non-current financial instruments	1,458,310	(110,303)
Proceeds from:	20,111,308	10,842,897
Issuance of commercial paper	1,291,705	875,113
Issuance of ordinary shares	-	933,000
Borrowings	13,150,469	2,183,808
Other	5,669,104	6,851,176
Purchase of Treasury shares	-	-
dividends paid (distributions to owners) (distributions to owners)	(512,104)	(135,890)
Interest paid	(3,877,865)	(3,160,293)
Increase in amounts owing to controlled entities	118,285	84,125
Net cash flow financing activities	75,711,261	29,269,520

FOR THE COMPLETION OF THE STATEMENT OF CHANGES IN NET ASSETS ONLY

55 Share capital (Contributions from owners)		
Balance at the beginning of the year	42,691,690	41,148,731
- correction of prior period error	-	-
- change in accounting policy	-	-
As restated	42,691,690	41,148,731
Shares issued	-	933,001
Other	312,709	609,958
Transfers to/ (from) reserves	43,004,399	42,691,690
56 Accumulated surplus/(deficit)		
Balance at the beginning of the year	163,790,988	140,765,721
- correction of prior period error	(3,675,643)	2,248,884
- change in accounting policy	302,139	1,235,036
As restated	160,417,479	144,249,641
Surplus/(Deficit) for the year	9,976,858	24,873,235
Transfers to/ (from) reserves	(3,245,133)	(2,374,179)
Dividends paid (distributions to owners)	(1,060,320)	(2,402,943)
Revaluation increase/(decrease) on investments	(1,933)	(3,150)
Released on disposal of investments	-	1,165
Revaluation increase/(decrease) on property, plant and equipment	2,224	-
Net gains/(losses) not recognised in the statement of financial performance	(22,371)	68,840
Released on disposal of investments	-	9,921
Currency translation differences	(12,000)	42
Share in Associate Surplus	7,152	138,007
Other	(164,423)	(767,591)
Balance at the end of the year	165,897,533	163,790,988
57 Financial Instrument Reserve		
Balance at the beginning of the year	5,272,450	(290,067)
- correction of prior period error	4,770	(5,412)
- change in accounting policy	-	-
As restated	5,277,220	(295,479)
Transfers to/ (from) reserves	(1,164,000)	192,024
Dividends paid (distributions to owners)	-	-
Revaluation increase/(decrease) on investments	12,875	(17,994)
Net gains/(losses) not recognised in the statement of financial performance	(14,093)	(9,362)
Released on disposal of investments	-	(2,863)
Currency translation differences	-	-
Other	(267,713)	5,406,124
Balance at the end of the year	3,844,289	5,272,450

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 2009

	31 March 2009	31 March 2008
68 Revaluation Reserve		
Balance at the beginning of the year	154,946,114	136,215,083
- correction of prior period error	-	(7,798,815)
- change in accounting policy	-	(380)
As restated	154,946,114	128,415,888
Transfers to/ (from) reserves	(1,418,544)	(1,518,203)
Dividends paid (distributions to owners)	-	-
Revaluation increase/(decrease) on investments	(10,654,651)	32,747,011
Released on disposal of investments	(46,274)	(1,039,119)
Revaluation increase/(decrease) on property, plant and equipment	322,635	105,555
Net gains/(losses) not recognised in the statement of financial performance	(175,793)	-
Currency translation differences	81	-
Other	(1,109,797)	(3,765,018)
Balance at the end of the year	141,863,771	154,946,114
69 Foreign currency translation reserve		
Balance at the beginning of the year	358,518	66,043
- correction of prior period error	(2,000)	-
- change in accounting policy	-	-
As restated	356,518	66,043
Transfers to/ (from) reserves	14,000	-
Dividends paid (distributions to owners)	-	-
Revaluation increase/(decrease) on investments	7,613	(3,337)
Currency translation differences	667,196	295,812
Other	265,303	-
Balance at the end of the year	1,310,630	358,518
70 Minority interest		
Balance at the beginning of the year	326,016	304,881
- correction of prior period error	-	-
- change in accounting policy	-	-
As restated	326,016	304,881
Shares issued	27,200	-
Shares redeemed	-	(126,000)
Conversion of other instruments into shares	-	-
Surplus/(Deficit) for the year	(47,068)	43,315
Transfers to/ (from) reserves	-	-
Dividends paid (distributions to owners)	(8,337)	(3,770)
Revaluation increase/(decrease) on investments	-	-
Released on disposal of investments	(7,576)	-
Other	(25,596)	107,590
Balance at the end of the year	264,639	326,016
71 Other reserves		
Balance at the beginning of the year	45,841,699	38,736,891
- correction of prior period error	(65,450)	286,101
- change in accounting policy	(742,245)	627,732
As restated	45,034,004	39,650,724
Conversion of other instruments into shares	801,955	-
Surplus/(Deficit) for the year	9,130	-
Transfers to/ (from) reserves	3,868,729	4,436,221
Dividends paid (distributions to owners)	(195,000)	-
Revaluation increase/(decrease) on investments	570	37,396
Released on disposal of investments	-	-
Revaluation increase/(decrease) on property, plant and equipment	11,294	-
Net gains/(losses) not recognised in the statement of financial performance	(11,633)	(10,442)
Currency translation differences	(626,012)	30,000
Other	10,087,768	1,697,800
Balance at the end of the year	58,980,805	45,841,699

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 2009

	31 March 2009	31 March 2008																																
<p>Reconciliation of opening balances for public entities for</p> <p>72 the financial year ended 31 March 2008</p> <p>72.1 Surplus/ (Deficit) for year - prior year CFI Add: Net surplus/(deficit) after tax from new entities Less entities' net surplus/(deficit) in prior year not included in current year Subtotal: Surplus after tax current Adjusted by restated figures in entities Other - Telkom</p> <p>Restated Surplus/ (Deficit) after tax for current year</p> <p>72.2 Total assets-prior year CFI Add: Total assets from new entities Less entities' total assets in prior year not included in current year Subtotal: Total assets current year Adjusted by restated figures in entities Other - Telkom</p> <p>Restated Total assets for current year</p> <p>72.3 Total Liabilities-prior year CFI Add: Total liabilities from new entities Less entities' total liabilities in prior year not included in current year Subtotal: Total liabilities current year Adjusted by restated figures in entities Other</p> <p>Restated Total liabilities for current year</p> <p>72.4 Total net assets-prior year CFI Add: Total net assets from new entities Less entities' net assets in prior year not included in current year Subtotal: Total net assets current year Adjusted by restated figures in entities Other - Telkom</p> <p>Restated net assets for current year</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Total Entities</td> </tr> <tr> <td style="text-align: center;">R'000</td> </tr> <tr> <td style="text-align: right;">27,737,931</td> </tr> <tr> <td style="text-align: right;">177,332</td> </tr> <tr> <td style="text-align: right;">(97,163)</td> </tr> <tr> <td style="text-align: right;">27,818,100</td> </tr> <tr> <td style="text-align: right;">(2,910,222)</td> </tr> <tr> <td style="text-align: right;">23,421</td> </tr> <tr> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">24,931,299</td> </tr> <tr> <td style="text-align: right;">1,091,173,480</td> </tr> <tr> <td style="text-align: right;">21,613,941</td> </tr> <tr> <td style="text-align: right;">(22,595,837)</td> </tr> <tr> <td style="text-align: right;">1,090,191,584</td> </tr> <tr> <td style="text-align: right;">2,638,852</td> </tr> <tr> <td style="text-align: right;">5,370</td> </tr> <tr> <td style="text-align: right;">1,092,835,806</td> </tr> <tr> <td style="text-align: right;">670,916,424</td> </tr> <tr> <td style="text-align: right;">16,773,610</td> </tr> <tr> <td style="text-align: right;">(19,688,518)</td> </tr> <tr> <td style="text-align: right;">668,001,516</td> </tr> <tr> <td style="text-align: right;">11,569,228</td> </tr> <tr> <td style="text-align: right;">36,060</td> </tr> <tr> <td style="text-align: right;">679,606,804</td> </tr> <tr> <td style="text-align: right;">420,257,056</td> </tr> <tr> <td style="text-align: right;">4,804,271</td> </tr> <tr> <td style="text-align: right;">(2,842,149)</td> </tr> <tr> <td style="text-align: right;">422,219,178</td> </tr> <tr> <td style="text-align: right;">(8,985,852)</td> </tr> <tr> <td style="text-align: right;">5,676</td> </tr> <tr> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">413,229,002</td> </tr> </table>	Total Entities	R'000	27,737,931	177,332	(97,163)	27,818,100	(2,910,222)	23,421	-	24,931,299	1,091,173,480	21,613,941	(22,595,837)	1,090,191,584	2,638,852	5,370	1,092,835,806	670,916,424	16,773,610	(19,688,518)	668,001,516	11,569,228	36,060	679,606,804	420,257,056	4,804,271	(2,842,149)	422,219,178	(8,985,852)	5,676	-	413,229,002	
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