



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

2015

Annual financial statements
for the year ended 31 March 2015



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Reconstruction and Development Programme Fund

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EXECUTIVE OVERVIEW

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EXECUTIVE OVERVIEW

The South African government established the National Planning Commission (NPC) which produced the National Development Plan (NDP). The plan's objective is to eradicate poverty, increase job opportunities, promote good health, provide education, fight against crime, and reduce inequality amongst South Africans.

The Reconstruction and Development Programme (RDP) Fund has played a major role in assisting to uplift many South Africans out of poverty to meet the objective of the NDP. Due to global economic crisis, total amount of grants received by the RDP fund decreased by 17 percent in 2014/15 and the funds were utilized to focus on the set priorities.

Herewith brief overview of various sectors:

1. HEALTH SERVICES

The health sector received R521 million during the 2014/15 financial year from the Global fund grant. The overall objective of this grant was to:

- Decentralise the Multi Drug Resistance Tuberculosis (MDR-TB) management and support of patients in key affected populations such as miners and inmates;
- Acceleration of the Fixed Drug Combination (FDC) roll out together with the Antiretroviral (ARV) drug delivery for stable patients; and
- Procurement, storage, delivery of ARV drugs for patients to various health facilities.

THROUGH THESE PROGRAMMES THE FOLLOWING WAS ACHIEVED:

- 2 860 604 adults and children with advanced HIV infection received ARV therapy;
- 190 pharmacovigilance sites reported on ARV adverse effects;
- 448 nurses received training in MDR-TB initiation and treatment;
- 63 per cent of MDR-TB patients were enrolled on second line treatment;
- 82 181 inmates were tested for TB;
- 253 241 mine community members were screened for TB by utilising mobile units and 222 113 were referred for HIV counseling and testing; and
- 31 per cent of controlled mines are inspected annually.

2. GENERAL BUDGET SUPPORT PROGRAMMES

The international community contributed R154 million towards the following sub-programmes:

- The Wolwekloof programme;
- General Advisory and Policy Support;
- The Mass Participation Opportunity, Access Development and Growth (MOD) Programme; and
- ICT Innovation Programme to support development and government service delivery.

EXECUTIVE OVERVIEW

2.1 THE WOLWEKLOOF PROGRAMME

This programme mainly focuses on firefighting skills. A feasibility study on the requirements for the operation of the Site was made and a small scale structural upgrade was effected. The necessary equipment and fixtures were installed and operational staff appointed. Through partnership with various stakeholders the following were achieved:

- Training in specialised firefighting skills;
- Establishment of a satellite firefighting station;
- Training of firefighting Volunteers; and
- Expansion of the Youth Diversion Training Programme aimed at recreation and extension of the scope of the model at the Wolwekloof Centre.

2.2 GENERAL ADVISORY AND POLICY SUPPORT SERVICES

This programme is aimed at institutional transformation and improvement of the public sector processes and to meet the needs of government priority programmes. In this regard focus was placed on the following programmes:

- Cities support;
- Economies of Regions Learning network (ERLN);
- Programme and Project management roll out;
- Expenditure review;
- Revitalisation of distressed Mining Communities;
- Standard chart of accounts (SCOA) for Municipalities;
- Public Finance Data Analysis and Review; and
- Capacity Building through the development of standard policies and practices.

2.3 THE MASS PARTICIPATION OPPORTUNITY, ACCESS DEVELOPMENT AND GROWTH (MOD) PROGRAMME

The main purpose of this programme is to provide structured sport, recreation, arts and cultural development curriculum for learners in the community through MOD centres.

The Programme contributed towards:

- Skills Development and interests of school children on educational activities;
- Supporting the holistic development of children through recreation and sport ;
- Offering learners a safe place to retreat after school; and
- Offering employment opportunities for coaches, coordinators and administrators.

EXECUTIVE OVERVIEW

3. EDUCATION SERVICES

The Education sector received a contribution of R75 million from the international donors for education programmes.

The primary education sector policy support programme is the largest education programme and the following were achieved:

- 15 of the 23 mind the Gap study guides were completed;
- Audio resource packages for the Incremental Implementation of African languages were distributed to pilot schools;
- Agricultural textbooks for grade 11 and 12 were developed and edited;
- Manual for Sign language teacher training was developed whereby 10 deaf stakeholders, 103 school management teams and 14 provincial officials attended orientation session;
- 313 teachers and subject advisors received training on the utilisation of the multi-grade toolkit;
- 108 textbook titles for Natural Science, Technology and Mathematics were printed and distributed;
- 25 million workbooks for grade 1 to 9 and 950 000 grade R workbooks were delivered to quintile (category) 1-5 schools;
- 62 interns were recruited and appointed on the internship programme;
- 6.9 million learners were registered for Annual National Assessments (ANA);
- 526 toilets were built for Public schools to improve Accelerated Schools Infrastructure Delivery Initiative;
- 3 639 schools currently participates in the Eistedfod Adoption of the new prescribed music to provinces and schools;
- 340 871 girls received the Human Papillomavirus vaccination; and
- 250 012 learners and 5 292 teachers were provided with school furniture.

4. INNOVATION FOR POVERTY ALLEVIATION

This programme received R69 million it aims at supporting interventions and contribute to the department's policy and strategy, using science and technology as a tool for reducing poverty.

This programme aims to:

- Create sustainable jobs through science and technology;
- Support the establishment of small and medium enterprises;
- Economic Growth; and
- Improvement of the quality of life.

The following new projects were launched:

- Commercialisation of the honey bush project;
- Research is done to support traditional health practitioners in South Africa to transform their plant based traditional medicines into a safe, high quality and minimally processed products through scientific research and product development; and
- Industrialising of a new skin tone product for the cosmetic market which is currently dominated by international brands.

EXECUTIVE OVERVIEW

5. SPORT AND RECREATION

A total amount of R28 million was contributed by International donors towards the Disposition funds (Sport for change) during the 2014/15 financial year. This programme is aimed at demonstrating how sport activities can contribute to the social development of the youth in previously disadvantaged communities in South Africa. The focus is mainly on social ills facing youth namely:

- Gender and physical violence;
- Substance abuse;
- Crime;
- HIV and AIDS; and
- Unemployment

THE THREE COMPONENTS OF THIS PROGRAMME ARE

- Construction of Sport facilities;
- Operation and maintenance of activities; and
- Life skills training.

This programme achieved the following:

- 82 Sport facilities were constructed;
- Basic sport equipment was provided;
- Training was provided to with regard to sport facility management;
- Coaches were trained with regard to life skills;
- Teams received football training and life skills education; and
- The handbook for operation and maintenance guidelines was also produced.

6. EMPLOYMENT CREATION FUND (ECF)

The economic sectors & employment clusters, through the ECF, aimed to create jobs, improve a business enabling environment and increase capacity and skills in the productive sectors of the economy.

Herewith some of the achievements:

- Home Grown is a collaborative effort to build locally based, self-reliant food economies in which suitable poor production, processing and consumption is integrated to enhance the economic, environmental and social health of poor areas in South Africa;
- Essential Amathole is an essential oils producing business which propagate, cultivate and distil high quality organic fair trade registered essential oils for the international market.
- Flax Fibre Industrial Cotton Processing is busy with a yarn forming system to create fabrics to be used by local designers; and
- Development of High Maturity Software units that will complete software development projects.

EXECUTIVE OVERVIEW

7. FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMME III

This Programme received R16 million to provide direct support to the South African government's efforts to promote economic growth and alleviating poverty by improving efficiency and transparency of public finances. This Programme focused in all three sphere of government namely national, provincial and local on:

- Develop and maintain an enabling Public Finance Management (PFM) institutional environment with an enhanced organisational PFM capacity;
- and an organisational PFM capacity within three spheres of government; and
- Empowerment and sustainability of a PFM corps of competent and committed employees.

Through these focus areas the following was achieved:

- An internal audit framework was developed;
- Development of Revenue Management framework, guidelines and training material was launched;
- Cash flow management and supply chain management training courses were completed; and
- Personnel forecasting model, PFM Skills assessments and Corporate governance and related policies were completed.

8. CAREER ADVICE SERVICE

The international community donated R21 million towards the career advice service programme. This is mainly for the following components:

- Career development information service comprising of gathering information, research and and synthesis writing and publishing of results;
- A career development and central applications helpline which respond to calls, text messages and e-mails regarding career information; and
- Career walk-in services whereby training materials, branding and support to existing and new career development walk in centres. This is currently piloted at department of higher education and training.

REPORT OF THE AUDITOR-GENERAL

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

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

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Reconstruction and Development Programme Fund set out on pages 18 to 35, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the general notice issued in terms of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004), 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.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

6. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all grants and donations received for the current and prior year. Due to the status of the accounting records, I was unable to confirm grants and donations by alternatives means. Consequently, I was unable to determine whether any adjustment to grants and donations stated at R2 002 164 000(2014: R2 405 574 000) in the financial statements was necessary.

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

QUALIFIED OPINION

7. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Reconstruction and Development Programme Fund as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the general notice issued in terms of the Public Audit Act of South Africa, 2004 (Act No. 25 2004).

EMPHASIS OF MATTER

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

RESTATEMENT OF CORRESPONDING FIGURES

9. As disclosed in note 11 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during 31 March 2015 in the financial statements of the Reconstruction and Development Programme Fund at, and for the year ended, 31 March 2014.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

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

PRE-DETERMINED OBJECTIVES

11. I did not audit performance against pre-determined objectives as the entity is not required to prepare a report on its performance against pre-determined objectives. The entity does not fall within the ambit of the PFMA and the entity's internal frameworks and policies and the Reconstruction and Development Programme Fund Act 1994 (as amended by Act No. 79 of 1998) do not require reporting on performance against pre-determined objectives.

COMPLIANCE WITH LEGISLATION

12. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

INTERNAL CONTROL

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

FINANCIAL AND PERFORMANCE MANAGEMENT

14. There was no system of control over donations received to ensure that complete, relevant and accurate information is accessible and available to support recording of the receipts in the accounting records.

Auditor General

Pretoria

29 October 2015



AUDITOR - GENERAL
SOUTH AFRICA

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ACCOUNTING OFFICER'S REVIEW

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

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national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2015

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

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

The RDP Fund showed decreased activity during the 2014/15 financial year. Grants and donations received, decreased by 17% (compared to 2013/14) to R2 002 million from R2 405 million. These grants and donations do not represent all the Official Development Assistance (ODA) provided to South Africa by the international donor community. Technical assistance represents a significant proportion of foreign aid, and a number of donors do not allow South African Spending Agencies to assume responsibility for the financial management of ODA.

The amounts transferred to the Spending Agencies from the RDP Fund increased by 15%, compared to R2 027 million in 2014/15 from R1 765 million. Total accumulated funds in the RDP Fund increased to R4 580 million from R4 137million in 2013/14. This amount consists of a capital element of R3 771 million and interest accrued on capital invested totaling R809 million. Cabinet approval is still awaited for the re-allocation of the R243 million donated by the SA Post Office. Of the said transfers, 34% (2013/14: 35%) was from grants and donations received during the year. These transfers enabled Spending Agencies to initiate and implement programmes in various sectors.

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

- Donors deposit funds into the RDP Fund prior to the project commencement whilst spending is spread over the life of the project.
- Time lags exist between deposits and transfer payments as most deposits into the RDP Fund account are prior to transfer payments being made to South African Spending Agencies.
- Funds in the RDP Fund account are transferred to Spending Agencies on their request. Until required, such funds are invested with the Public Investment Corporation (PIC) to earn interest.
- Unallocated funds, i.e. deposits for which no project has been specified, are sometimes made into the RDP Fund. Such payments have to be verified prior to decision-making by Cabinet on their utilisation. Unallocated capital funds in the RDP Fund amounts to R255 million and the interest earned on these amounts to R214 million. A new proposal on the utilisation of R40 million of the unallocated capital funds to be re-submitted to the Minister of Finance for consideration.
- Donor-supported development projects are sometimes implemented slower than originally envisaged due to capacity constraints in implementing agencies and/or donor institutions, unrealistic planning and/or complicated implementation modalities in cases where donor rules and procedures have to be followed. All of these factors can contribute to funds remaining in the RDP Fund account longer than planned.

The tables below reflect grants and donations of R10 million and more. The amounts received for the year exclude interest, whilst amounts transferred for the year may include interest accrued and surrenders from Spending Agencies. Accumulated funds as at 31 March 2015 are net of refunds to donors and include interest accrued.

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2015

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

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2015			
	2014/15		2013/14		2014/15		2013/14	
	R'm	%	R'm	%	R'm	%	R'm	%
Health	1 170	58	882	50	590	14	927	25
Science and Technology	156	8	109	6	149	4	105	3
National Treasury	139	7	97	6	1 382	33	1 046	29
Energy	135	7	-	-	78	2	18	1
Basic Education	79	4	375	21	156	4	99	3
Trade and Industry	65	3	54	3	1 028	24	717	20
Various Departments	37	2	41	2	490	12	562	13
Cultural Affairs and Sports (Western Cape)	36	2	-	-	-	-	-	-
Department of Rural Development and Land Reform	28	1	-	-	13	-	14	-
Office of the Presidency	34	2	-	-	-	-	15	-
Sports and Recreation	28	1	-	-	-	-	12	-
Performance Evaluation and Monitoring	23	1	13	1	-	-	-	-
Higher Education and Training	21	1	-	-	-	-	27	1
Social Development	17	1	-	-	13	-	23	1
Community Safety (Western Cape)	16	1	-	-	-	-	-	-
Sports, Arts, Culture and Recreation (Free State)	12	1	-	-	-	-	-	-
Justice and Constitutional Development	-	-	95	5	19	1	33	1
Parliament	-	-	70	4	41	1	-	-
National School of Government	-	-	18	1	-	-	-	-
Human Settlement (Western Cape)	11	-	11	1	-	-	-	-
Water Affairs and Sanitation	-	-	-	-	28	1	27	1
Environmental Affairs	-	-	-	-	15	-	12	-
Agriculture and Fisheries	-	-	-	-	-	-	13	-
Department of International Relation and Corporation	-	-	-	-	25	1	24	1
Tourism	10	-	-	-	-	-	-	-
Human Settlement	-	-	-	-	12	-	-	-
Transport	-	-	-	-	10	-	11	-
Defence	-	-	-	-	22	1	21	1
Public Works	-	-	-	-	12	-	10	-
Public Service and Administration	10	-	-	-	39	1	16	-

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2015

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2015			
	2014/15		2013/14		2014/15		2013/14	
	R'm	%	R'm	%	R'm	%	R'm	%
PE Municipality	-	-	-	-	15	-	14	-
Provincial Treasury (KwaZulu Natal)	-	-	-	-	42	1	-	-
Provincial Treasury (Eastern Capel)	-	-	-	-	11	-	-	-
Education	-	-	-	-	16	-	-	-
SUBTOTAL	2 027	100	1 765	100	4 206	100	3 746	100
Receivable from Departments	-	-	-	-	374	-	391	-
TOTAL	2 027	100	1 765	100	4 580	100	4 137	100

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2015

Table 2 | Programmes for which Grant and Donations were received:

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2014/15		2013/14		2014/15		2013/14	
	R'm	%	R'm	%	R'm	%	R'm	%
General Budget Sector Support Programme	690	34	761	32	-	-	-	-
SAF-H-NDOH-D02	528	26	-	-	336	17	-	-
Employment Creation Sector Support Policy Programme	330	16	337	14	32	2	-	-
Sector Policy Support Programme	169	8	-	-	79	4	375	21
Various other projects	106	5	187	6	82	4	103	6
Legislative Sector Policy Support Programme	38	2	-	-	-	-	69	4
Public Service Improvement Facility	28	2	-	-	-	-	-	-
COAG I and II	26	2	-	-	38	2	-	-
Settlement and Development of Land Beneficiaries Programme	21	1	13	-	28	1	-	-
Pro Poor Policy Programme Phase I, II and III	19	1	14	1	33	2	-	-
Disposition Fund	19	1	13	-	28	1	-	-
Financial Management Improvement Programme (FMIP) III	15	1	32	1	16	1	32	2
Strengthening Performance Monitoring and Evaluation for the Poor in SA	13	1	-	-	22	1	12	2
SAF-H-NDOH	-	-	518	22	-	-	692	39
SAF-H-NDOH-DD05.0	-	-	-	-	185	9	-	-
Primary Health Care Sector Policy Support	-	-	470	20	376	18	170	9
Opportunities for Practical Practice	-	-	-	-	-	-	40	2
Innovation for Poverty Alleviation Programme	-	-	-	-	70	4	61	3
Child Protection Programme	-	-	18	1	10	1	-	-

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2015

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2014/15		2013/14		2014/15		2013/14	
	R'm	%	R'm	%	R'm	%	R'm	%
General Advisory Budget Support	-	-	15	1	80	4	37	1
Building a Capable State	-	-	14	1	28	1	-	-
Anti - Corruption Capacity Building Programme	-	-	13	1	-	-	-	-
Strengthening National and Provincial Capacity	-	-	-	-	231	11	-	-
Public Sector Training and Development	-	-	-	-	-	-	18	1
N2 Gateway Project	-	-	-	-	11	-	11	1
Access to Justice and Promotion of Human Rights Programme	-	-	-	-	-	-	80	5
E-Justice Programme	-	-	-	-	-	-	11	1
Urban Renewal Programme	-	-	-	-	-	1	-	-
SWEEP II Programme	-	-	-	-	32	2	54	3
Implementation of Smart Metering Programme	-	-	-	-	117	6	-	-
ICT Innovation programme to Support Development and Government Service Delivery	-	-	-	-	43	2	-	-
Opportunities for Practical Policy	-	-	-	-	40	2	-	-
The MOD Programme	-	-	-	-	36	2	-	-
Wolwekloof Programme	-	-	-	-	16	1	-	-
Renewable Energy Development Programme	-	-	-	-	15	-	-	-
Asset Management Programme	-	-	-	-	12	-	-	-
Dinosaur Interpretation Centre	-	-	-	-	10	-	-	-
Career Advice Service Project	-	-	-	-	21	1	-	-
TOTAL	2002	100	2 405	100	2 027	100	1 765	100

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2015

Table 3 | Analysis of Grants and Donations by Donor

	RECEIVED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2015			
	2014/15		2013/14		2014/15		2013/14	
	R'm	%	R'm	%	R'm	%	R'm	%
EU	1 264	64	1 626	68	3 383	80	2 793	76
Global Fund	529	26	518	22	17	-	11	-
Various Donors	102	5	174	7	253	6	316	7
Belgium	50	2	10	-	67	2	41	1
CDC of United States	26	1	-	-	-	-	-	-
KFW (Germany)	19	1	13	1	-	-	10	-
UK	12	1	-	-	39	1	64	2
Canada (CIDA)	-	-	49	1	26	1	38	1
Flemish	-	-	-	-	18	-	30	1
Denmark	-	-	15	1	11	-	30	1
Post and Telecoms	-	-	-	-	242	6	228	6
Finland	-	-	-	-	-	-	40	1
Netherlands	-	-	-	-	41	1	38	1
Sweden	-	-	-	-	28	1	26	1
Switzerland	-	-	-	-	25	1	30	1
USAID	-	-	-	-	21	1	20	1
Road Accident Fund	-	-	-	-	11	-	9	-
IBRD	-	-	-	-	13	-	12	-
Republic of China	-	-	-	-	11	-	10	-
SUBTOTAL	2 002	100	2 405	100	4 206	100	3 746	100
Receivables from Departments/ Province	-	-	-	-	374	-	391	-
TOTAL	2 002	100	2 405	100	4 580	100	4 137	100

ACCOUNTING OFFICER'S APPROVAL

for the year ended 31 March 2015

The annual financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board on the going concern basis. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements of estimates.

The annual financial statements on pages 18 to 35 have been approved by the acting Accounting Officer and Financial Accountant on 27 October 2015.



Jayne Nair
Acting Accounting Officer



Karen Maree
Financial Accountant

STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Current assets		4 580 000	4 138 306
Cash and Cash Equivalents	2.1	4 206 281	3 728 766
Receivable	2.2	373 718	409 540
Total Assets		4 580 000	4 138 307
LIABILITIES			
Current liabilities			
Payables	2.3.1	-	546
Unallocated Funds	2.3.2	37 677	68 760
Total liabilities		37 677	69 306
Net assets		4 542 323	4 069 000
Accumulated surplus/(deficit)	10.1	4 542 323	4 069 000
Total net assets and liabilities		4 580 000	4 138 307

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000
REVENUE		2 219 889	2 528 976
Grants and donations		2 002 164	2 405 574
Interest income		217 725	123 403
Refund to donors		(130 048)	(70 993)
Total revenue after refunds		2 089 842	2 457 984
EXPENSES			
Funding of Reconstruction and Development Programme projects and programmes	6	1 641 589	1 328 271
Management Fees and operating expenses		6 012	1 917
Total expenses		1 647 601	1 330 188
Surplus/(deficit) for the period before allocation of unallocated funds		442 240	1 127 796

CASH FLOW STATEMENT

for the year ended 31 March 2015

	Notes	2015 R'000	2014 R'000
Cash flow from operating activities			
Receipts		2 606 176	2 966 619
Grants and donations received		2 002 164	2 405 573
Interest Income		217 725	123 403
Refunds to/ (from) Spending Agencies	7	386 287	437 643
Expenditure		2 163 936	1 838 824
Transfers to Spending Agencies		2 027 876	1 765 914
Refunds to donors		130 048	70 993
Management fees paid to PIC		6 012	1 917
Net cashflow available from operating activities		442 240	1 127 796
Net movements in working capital		35 276	546 927
(Increase)/decrease in receivables relating to donations		35 822	546 434
Increase/(decrease) in payables relating to management fees		(546)	493
Net increase / (decrease) in cash and cash equivalents for the year		477 515	1 674 723
Cash and cash equivalents at the beginning of the year		3 728 766	2 054 043
Cash and cash equivalents at the end of the year		4 206 281	3 728 766

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2015

Balance at 31 March 2012	2 142 096
Surplus /(deficit) for the year	824 008
Nett movement in unallocated funds	(6 467)
Balance at 31 March 2013	2 959 637
Surplus /(deficit) for the year	1 127 796
Nett movement in unallocated funds	(18 433)
Balance at 31 March 2014	4 069 000
Surplus /(deficit) for the year	442 240
Nett movement in unallocated funds	31 083
Balance at 31 March 2015	4 542 323

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

1. BASIS OF PRESENTATION

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

1.1 FIGURES PRESENTED

1.1.2 ROUNDING

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

1.1.3 COMPARATIVE FIGURES

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

1.2 REVENUE FROM NON-EXCHANGE TRANSACTION

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue comprises mainly of domestic and foreign grants and interest on investments.

Reconstruction and Development Funds (RDP) Act, Act 7 of 1994 (as amended by Act 79 of 1998) states that all monies received for the benefit of the fund shall be deposited in the RDP account held at the South African Reserve Bank.

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. An inflow of resources are recognised to the extent that it is probable that the benefits flow to the RDP Fund.

1.2.1 GRANTS AND DONATIONS

Grants and donations are recognised in the statement of financial performance when it is probable that future economic benefits and service potential will flow to the fund and the amount can be measured reliably. Grants and donations are recognised to the extent that the fund complied with the conditions attached to the grants and donations.

A liability is recognised when the conditions attached to the grants and donations have not been met. This liability is reduced to

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

the extent that there is no further obligation arising from the receipt of the grants or donations.

1.2.2 INTEREST INCOME

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

MEASUREMENT

Revenue from non-exchange transaction is measured at fair value.

1.3 EXPENDITURE

1.3.1 FUNDING OF THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME PROJECTS AND PROGRAMMES.

Transfers to spending agencies are recognised as an expense when the spending agencies comply with all conditions stipulated by the Reconstruction and Development Programme (RDP) Fund for the transfer of donor funds.

1.3.2 REFUNDS TO DONORS

Refunds to donors represent an outflow of funds and are recognised as a decrease when requested by the donor.

1.3.3 MANAGEMENT FEES AND OPERATING EXPENSES

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

1.4 FOREIGN CURRENCIES

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

1.5 FINANCIAL INSTRUMENTS

Financial Instruments include financial assets and liabilities. Financial assets consist of cash and cash equivalents, investments and receivables. Financial liabilities consist of funds awaiting distribution and payables.

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

INITIAL RECOGNITION AND MEASUREMENT

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

1.5.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature closely approximate their fair value. Cash and cash equivalents comprise of cash on hand and balances held with the South African Reserve Bank (SARB).

1.5.2 INVESTMENTS

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

1.5.3 RECEIVABLES

Interest is no longer raised as a receivable as all receipts are accrued for in the unit price NAV (Net Asset Value) on a daily basis.

1.5.4 FUNDS AWAITING DISTRIBUTION

Funds awaiting distribution are measured at amortised cost, which, due to their short-term nature closely approximate their fair value. Funds awaiting distribution will be withdrawn from the corresponding investment amount.

1.5.5 PAYABLES

Management fees are no longer raised as a payable as all payments are accrued for in the unit price NAV (Net Asset Value) on a daily basis.

1.6 ACCUMULATED SURPLUS

Accumulated surplus represents the gross inflow of economic benefits which represents an increase in net assets and the amount transferred to the Spending Agency when the conditions are met. The Reconstruction and Development Funds (RDP) Act 7 of 1994 (as amended by Act 79 of 1998) states that the Accountant-General is responsible to control the fund and to keep proper record. The accounting officer of the spending agency is accountable for the money allocated to that spending agency. The surplus/deficit is therefore not available for distribution.

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

NEW STANDARDS AND INTERPRETATIONS

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

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

GRAP 20: Related Party Disclosures

GRAP 32: Service Concession Arrangements (Grantor)

GRAP 108: Statutory Receivables

STANDARDS THAT BECAME EFFECTIVE FROM 1 APRIL 2015

GRAP 18: Segment reporting

GRAP 105: Transfer of functions between entities under common control

GRAP 106: Transfer of functions between entities not under common control

GRAP 107: Mergers

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2015	2014
	R'000	R'000

2. INVESTMENTS

2.1 CASH AND CASH EQUIVALENTS

Investments with PIC	4 206 281	3 656 966
Cash with Standard Bank	309 443	91 338
Money Market accounts with:	3 896 838	3 565 628
Bank balance: SARB	1	71 801
Carrying value at year end	<u>4 206 282</u>	<u>3 728 766</u>

2.2 ACCOUNTS RECEIVABLE

Accrued Interest	-	17 777
Due by Departments	373 718	391 763
Receivables relating to portfolios	<u>373 718</u>	<u>409 540</u>

Interest is no longer raised as a receivable as all receipts are accrued for in the unit price Net Asset Value (NAV) on a daily basis.

2.3 CURRENT LIABILITIES

2.3.1 PAYABLES

Management fees to PIC	-	546
	<u>-</u>	<u>546</u>

Management fees are no longer raised as a payable as all payments are accrued for in the unit price Net Asset Value (NAV) on a daily basis.

2.3.2 UNALLOCATED FUNDS

Opening Balance	68 760	103 734
Allocation during the year	(31 231)	(49 543)
Current Year Unallocated Funds	148	14 570
	<u>37 677</u>	<u>68 760</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2015	2014
	R'000	R'000

3. ACCUMULATED FUNDS

Opening Balance as at 1 April	4 069 000	2 959 637
Net movement of funds for the year	473 323	1 109 363
Closing balance as at 31 March	<u>4 542 323</u>	<u>4 069 000</u>

3.1 NET MOVEMENT OF FUNDS COMPRISE OF:

Grant and donations received	2 002 164	2 405 573
Refunds from Spending Agencies (Note 6)	386 789	437 870
Interest received	217 725	123 403
Funding of Reconstruction and Development Programme projects and programmes	(2 027 876)	(1 765 914)
Refunds to Spending Agencies	(502)	(228)
Refund to donors (Note 4)	(130 048)	(70 993)
Management fees paid to PIC	(6 012)	(1 917)
Nett movement in unallocated funds	31 083	(18 434)
	<u>473 323</u>	<u>1 109 363</u>

4. REFUNDS TO DONORS

Capital		
Refund to EU	10 194	42 910
Refund to CDC of United States	-	14 856
Refund to Denmark	2 778	4 179
Refund to Usaid	177	748
Refund to UNDP	-	626
Refund to GIZ	1 083	337
Refund to Switserland	-	182
Refund to IRD	-	157
Refund to CABRI	-	91
Refund to Flemish	8 093	43
Refund to Greece	445	-
Refund to NRF	315	-
Refund to Norway	178	-

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2015	2014
	R'000	R'000
Refund to UK/DFID	42 140	-
Refund to Finland	6 784	-
Refund to Reserve Bank	35	-
Refund to UN	74	-
Interest		
Refund to Denmark	10 661	3 973
Refund to EU	11 011	1 943
Refund to Flemish	1 282	767
Refund to Belgium	-	155
Refund to Cabri	-	15
Refund to Usaid	12	7
Refund to Canada (CIDA)	-	3
Refund to CDC of United States	1 719	-
Refund to CDC of GIZ	397	-
Refund to Greece	74	-
Refund to NRF	4	-
Refund to Norway	4 180	-
Refund to UN	5	-
Refund to Finland	28 405	-
	<u>130 048</u>	<u>70 993</u>

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

5. MANAGEMENT FEES AND OPERATING EXPENSES

Paid to PIC	6 012	1 917
	<u>6 012</u>	<u>1 917</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2015	2014
	R'000	R'000

6. FUNDING OF RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND PROJECTS AND PROGRAMMES

Amounts to fund projects and programmes

Capital	2 027 876	1 765 910
Interest	-	4
Refund from Spending Agencies	(386 789)	(437 870)
Refund to Spending Agencies	502	227
	<u>1 641 589</u>	<u>1 328 271</u>

7. REFUNDS

Refund from Spending Agencies	(386 789)	(437 870)
Refund to Spending Agencies	502	228
	<u>(386 287)</u>	<u>(437 643)</u>

8. INTEREST AND SUNDRY INCOME RECEIVED

Amounts receivable at the beginning of the year	17 777	7 084
Interest earned as per Statement of Financial Performance	217 725	123 403
Amounts receivable at the end of the year	(373 718)	(17 777)
Cash from investing Activities	<u>(138 216)</u>	<u>112 710</u>

9. CASH AND CASH EQUIVALENTS

Investments	4 206 281	3 656 966
Bank balance: SARB	1	71 801
	<u>4 206 282</u>	<u>3 728 766</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2015	2014
	R'000	R'000

10. RELATED PARTY TRANSACTIONS

10.1 PUBLIC INVESTMENT CORPORATION (PIC)

In terms of section 8(1) of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998) any funds not required for immediate use may be invested with the PIC.

From 1 December 2013 funds are invested in money market accounts at ABSA, Firstrand, Nedbank and Standard Bank. Market related interest is received and market related management fees are also charged.

MANAGEMENT FEES

April	491	-
May	565	-
June	524	-
July	523	-
August	497	-
September	457	-
October	471	-
November	455	-
December	476	363
January	497	506
February	450	495
March	605	546
	<u>6 012</u>	<u>1 910</u>

As from 1 December 2013 Interest Earned is calculated at the market value of the investment made in the Portfolio where cash shall be valued at face value plus accrued interest (If any)

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

	2015 R'000	2014 R'000
INTEREST EARNED		
April	17 620	-
May	19 117	-
June	17 393	-
July	18 476	-
August	17 626	-
September	16 401	-
October	16 941	-
November	16 681	-
December	17 737	10 461
January	19 253	15 472
February	17 582	15 197
March	22 894	17 777
	<u>217 725</u>	<u>58 907</u>
Capital	3 396 777	3 001 154
Accumulated Interest	809 504	673 042
	<u>* 4 206 281</u>	<u>3 674 196</u>

* UNALLOCATED FUNDS

Of the total amount of R4 206 281 for capital and accumulated interest the undermentioned balances has not been allocated.

Opening Balance	68 760	103 733
Allocation during the year	(31 231)	(49 543)
Current Year Unallocated Funds	148	14 570
	<u>37 677</u>	<u>68 760</u>

THE FOLLOWING RECEIVABLES FROM SPENDING AGENCIES AND THE BANK BALANCE AT SARB, HAVE NOT YET BEEN INVESTED IN PIC

Outstanding receivables from spending agencies	373 718	391 763
Outstanding bank balance per SARB	1	71 801
	<u>373 719</u>	<u>463 564</u>
TOTAL	<u>4 580 000</u>	<u>4 137 760</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

10.2 SPENDING AGENCIES

In terms of section 3 of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998) the RDP Fund can receive donations if authorized by Cabinet and if it is in accordance with a Technical Assistance Agreement.

In terms of section 4 of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998) these funds are transferred to a Spending Agency in accordance with the relevant technical assistance agreement. For more detail see Analysis of Grants and Donations transferred to a Spending Agency (Table 2) as stated in the Accounting Officers Review.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

11. PRIOR PERIOD ERROR

Unallocated funds were previously recognised as revenue however, in terms of GRAP 1 paragraph 5, “revenue is a gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners”. Revenue should only be recognised to the extent that the funds have been allocated.

Furthermore GRAP 1 paragraph 5 states that “net assets as the residual interest in the assets of the entity after deducting all its liabilities”.

Therefore unallocated funds has been recognised as a liability in the statement of financial position.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

2014

R'000

PRIOR YEAR FIGURES

LIABILITIES

Current liabilities

Payables	546
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Total liabilities	546
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Net assets	4 137 760
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Accumulated surplus/(deficit)	4 137 760
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Total net assets and liabilities	4 138 307
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RESTATED FIGURES

LIABILITIES

Current liabilities

Payables	546
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Unallocated Funds	68 760
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Total liabilities	69 306
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Net assets	4 069 000
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Accumulated surplus/(deficit)	4 069 000
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Total net assets and liabilities	4 138 307
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

12. FINANCIAL RISK ANALYSIS

12.1 FINANCIAL RISK FACTORS

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Fund.

12.1.1 MARKET RISK

The purpose of the risk management policy of the RDP fund is to limit exposure to market risks such as possible market fluctuations and subsequent losses by investing the RDP funds at a cash instruments only, as opposed to other types of financial instruments

Market risk is the risk that the RDP Fund earnings or capital will be adversely affected by changes in the level or volatility of market rates or prices such as foreign exchange rates and trade market risks. Therefore the risk management policy of the RDP Fund is to limit these exposures by not investing in any market related instruments.

12.1.2 CREDIT RISK

The risk management policy of the RDP Fund is to invest in cash and money instruments only. These transactions are limited to a high-credit-quality financial institution namely the PIC. Funds are invested at variable interest rate.

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

On the overall portfolio an amount of R3,4 million will be earned less or more per month when the interest rate is adjusted with a 100 basis points.

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

2015

Annual financial statements
for the year ended 31 March 2015



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA