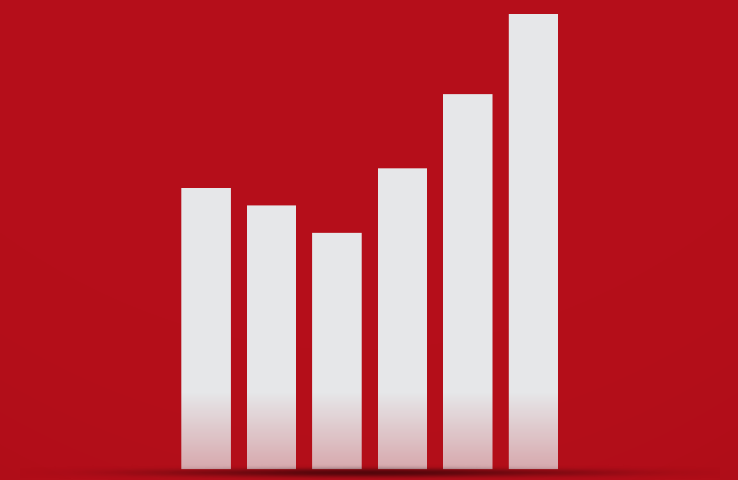

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

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For The Year Ended 31 March 2013
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for the year ended 31 March 2013

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REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

for the year ended 31 March 2013

The Consolidated Financial Statements are prepared on the going concern basis. They are based on accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates. The Consolidated Financial Statements have been approved by the Accounting Officer and Accountant-General on 30 October 2013.

Lungisa Fuzile
Director-General
Accounting Officer

Schalk Human
Accountant-General (Acting)

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

1. MANDATE

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

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

The mandatory CFS for government for the year ended 31 March 2013 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

National departments and public entities have been subjected to either a full audit or agreed upon procedures by the Auditor General of South Africa (AGSA) over the past years. This year the CFS have been prepared for both the national departments and public entities and submitted for audit ensuring compliance with the principles of GRAP 6 on Consolidated and Separate Financial Statements for the 2013 financial year.

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

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

As part of the process of migrating from cash to accrual, disclosure notes, which do not form part of the annual financial statements (AFS), are being prepared and completed by the national departments. These notes are recognised on the accrual basis and annual preparation of them will assist in ensuring a smooth migration process. In moving towards the accrual basis of accounting, the NT introduced additional requirements on a regular basis as part of the accounting reforms. Seven years ago, departments were required to start disclosing their PPE. In the 2009/10 financial year, inventory management was introduced, where departments were given three years to comply with the inventory management framework. The Office of the Accountant General (OAG) conducted training on this inventory framework and further guidance will be provided during the implementation period of this framework. In the current financial year, there have only been improvements to the existing framework, however there are efforts being undertaken in replacing the framework with the Modified Cash Standard along with the Accounting Manual and Accounting Guide. This is in an attempt to align the format of the framework to that of GRAP and other principle-based accounting frameworks.

Government is also in the process of formalising the accounting reporting framework in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. Currently there are 34 standards that are effective as approved by the Minister of Finance, with a further 6 having become effective in the year under review. One standard, GRAP 25 (Employee Benefits) has been developed by the Accounting Standards Board (ASB), but is only to be effective in the 2013/14 financial year. In 2009/10 financial year public entities

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

started to apply fully the standards of GRAP for the first time. The standards applied by the entities are reflected in Directive 5–GRAP Reporting Framework as issued by the ASB.

One of the new standards that came into effect in the current year under review is GRAP 24 (Presentation of Budget Information in Financial Statements), which requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. As there is no publically available budget that is reconcilable with the group of entities for the purposes of the National Government Department Consolidation, and National Public Entity Consolidation, it is deemed inappropriate to present a comparison between actual and budget information at this level of consolidation.

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

These clusters are:
1. Central Government and Administration
2. Financial and Administration Services
3. Social Services
4. Justice and Protection Services
5. Economic Services and Infrastructure Development.

This Accounting Officer's Review includes an Executive Summary and Review of Operating Results. The review of operating results reflects monetary values presented in the CFS in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented. The CFS therefore provides information not only on the financial performance but also on the government's ability to meet current and future obligations.

2. CONSOLIDATION PROCESS

2.1. GOALS FOR CONSOLIDATION AND THIS REPORT

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

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

2.2. SCOPE OF CONSOLIDATION

SCOPE

There is no specific identifiable controlling entity as envisaged in GRAP 6. The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament (or the legislature) for the use of public funds must be the driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases. Consequently, if an entity has a legal or constructive obligation to account to Parliament on its finances, it is deemed to also be under the control of the National Executive, and shall be included in the national government consolidation.

ACCOUNTING POLICIES

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

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

TREATMENT OF GOVERNMENT BUSINESS ENTERPRISES(GBEs)

There is currently no authoritative guidance that has been issued by standard setters either locally or internationally on the issue of whether and how GBEs should be included in a central or whole-of-government consolidation of this nature. In order to enable users to distinguish between the financial performance of government and that of its investments in business enterprises, the Accountant-General deems it appropriate, for the time being, to distinguish the financial position and performance of GBEs from the rest of government's activities, namely on a basis similar to that of equity accounting. Expanded disclosure shall however be provided in the notes to the annual financial statements to provide additional transparency and useful information, in particular about loans made by government to these entities. This policy will be reviewed from time-to-time as more information comes to light about user needs, and as and when international and local standard setters issue pronouncements on the matter.

ELIMINATION

All material balances and transactions between entities included in the CFS are eliminated. For departments, the AFS template makes provision in the Annexures for departments to disclose these inter-entity transactions and balances. For public entities, the OAG developed an inter-entity elimination template that each entity completes, authorises and then submits to the National Treasury.

EXEMPTION

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

2.3. PROCESS

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

The responsibility for the integrity and objectivity of the accompanying CFS for the year ended 31 March 2013, and all information contained in this report rests with the Director-General of the National Treasury through the Office of the Accountant General (OAG), a division within the National Treasury.

The OAG has developed and maintained policies, procedures and internal controls, deemed appropriate, in order to provide assurance that the financial information is a reliable reflection of the consolidated national departments' and consolidated entities' financial position as at 31 March 2013.

Parliament reports were on the modified accrual basis of accounting but this reporting system 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 basis from which public entities were consolidated, however some public entities and trading entities, which are not listed but fall within the scope based on accountability to parliament, were also consolidated. 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 2013 (Annexure C).

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates) and a Departmental Financial Reporting Framework Guide used by departments in preparing their annual financial statements. The AFS template is updated annually to meet the requirements of the policies set by the OAG. The AFS templates are then completed by all national departments and Parliament and forwarded to NT, where these are consolidated using a consolidation model. The latter exercise is performed twice annually based on unaudited

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2013

information by 30 June, and finally based on audited information by 31 August. The process for public entity consolidation is similar. Both sets of statements are forwarded to the AGSA firstly to comply with the legislation (PFMA) and secondly for audit.

To improve the consolidation process, AFS templates are published earlier in the year and training is provided to departments on the AFS template and the framework for the preparation of AFS. Training is also provided to the public entities on the latest GRAP standards as approved by the Minister and on completing the AFS template. Note that a new template was developed for the current year under review to facilitate compliance to the consolidation process as required by GRAP 6 and the Position Paper. Where required the OAG provided additional assistance to national departments and public entities.

The Auditor General (AGSA) report on the CFS also includes the major qualification items from the various departments and public entities. Where qualifications have a material impact on the amounts presented in the CFS they have to be disclosed. The NT has implemented mechanisms to track these audit qualifications. During the 2008/09 financial year, the OAG introduced the financial management capability maturity model (FMCMM) to assess the financial management maturity level of national and provincial departments. This model provides the basis for departments to assess their capability to discharge their duties, with particular reference to financial management, risk management and internal audit. Currently, the FMCMM is used as a comprehensive supporting tool to national and provincial departments and is assisting in identifying underlying problematic areas for accounting, risk management and internal audit. This has allowed NT, in partnership with departments, to initiate a plan of support to improve the overall financial management environment, with an aim to improve audit outcomes. The NT is committed to continue working with departments to improve financial management maturity. It is in this spirit that the model has been under review for further enhancements thereto.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS for 2012/13.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2013

EXECUTIVE SUMMARY

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

EXECUTIVE SUMMARY

for the year ended 31 March 2013

For five years, government has been budgeting and spending in the context of the global financial crisis and its long-term consequences. Although there are signs that growth will begin to accelerate over the medium term, the risks abound and the world economic outlook remains subdued. South Africa's economy has continued to grow over the past year, but more slowly than anticipated, as a result of both cyclical and structural factors. As a result, revenue has underperformed.

Since 2008, economic activity has remained subdued in many advanced economies. The slowdown in trade and investment has also affected emerging economies such as China, India and Brazil. The South African economy has grown since the 2009 recession, but has not achieved the rate of expansion and broadening participation recorded from 2003 to 2008. GDP growth is estimated to have been 2.7 per cent in 2013 and projected to reach 3.8 per cent in 2015. Strong capital investment by the public sector, the addition of electricity generating capacity, relatively stable inflation and low interest rates will be supportive of improved growth rates. The pace of economic recovery depends critically on the rate at which private investment and exports strengthen. As the policy environment becomes more stable, confidence returns and competitiveness improves, the pace of growth will accelerate.

Short term weakness in the economy is estimated to result in a deficit of 5.2 per cent of GDP in 2012/13. To ensure fiscal sustainability, government has curbed the growth in spending. Revenue collection is expected to improve in line with economic growth, narrowing deficit to 3.1 per cent of GDP by 2015/16.

During the 2013 Budget speech, Minister Pravin Gordhan stated that the revised estimated National budget revenue was expected to be R 782 billion and revised estimated National budget expenditure was R 967 billion. The actual revenue collected by the South African Revenue Services (SARS) was R 807 billion and the actual national expenditure for 2012/13 was R 970 billion.

The 2013 Budget was the first to be tabled within the framework of the National Development Plan (NDP). The NDP sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality – recognising that South Africa's urbanising, youthful population is a strength on which to build. It is in this context that strong capital investment by the public sector, the addition of electricity-generating capacity, relatively stable inflation and low interest rates will support improved economic performance. More rapid, inclusive growth requires steps to expand employment, provide greater policy certainty, improve education and training, and accelerate infrastructure investment and strengthen regional linkages.

Continuing its efforts to improve the impact of spending, government will conduct expenditure reviews aimed at reducing waste and improving efficiency. The National Treasury has published a long-term fiscal report that considers 15-25 year budgetary projections based on demographic trends and alternative economic scenarios. While the global outlook is not expected to improve markedly, there are many areas of opportunity. A sound fiscal framework supports the sustainable financing of government spending, while progressive alignment between departmental budgets and the objectives of the NDP will bolster government's contribution to development.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2012/13, refer to review of the operating results.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2013

REVIEW OF OPERATING RESULTS

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

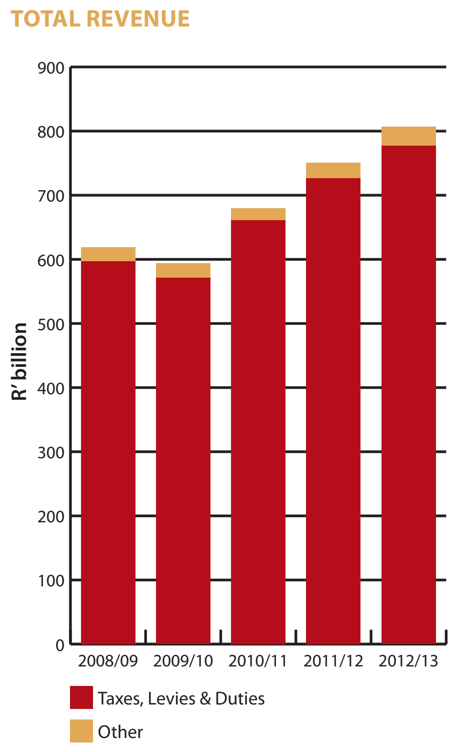
national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

1. OPERATING INCOME

Year Ended 31 March R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Taxes, Levies & Duties	596 797	571 388	660 543	726 634	776 710
Departmental revenue	14 097	8 404	8 483	13 514	11 306
Local & foreign aid assist.	1 332	1 189	-	1 827	2 210
Other	6 278	13 190	10 979	8 601	16 448
Total Revenue	618 504	594 171	680 005	750 576	806 675
	10%	(4%)	14%	10%	7%



Operating income increased by 7 per cent in 2012/13 against a 10 per cent increase in the prior year. This increase is indicative of the improvement in the economy although at a slower rate than was experienced in the prior year.

The bulk of the income is collected by the South African Revenue Services (SARS) in the form of taxes, levies and duties. Other sources of income are departmental revenue and statutory revenue. SARS shows a total balance of R849.9 billion for the current year, which reconciles with the above Taxes, Levies & Duties of R776.7 billion as follows:

Year Ended 31 March R' million	Actual 2012/13	Actual 2011/12
SARS Revenue	849 858	777 157
Less: South African Customs Union Agreement	42 151	21 760
Less: Payment ito sec 12(3) of the PFMA	3	3
Less: Payment to UIF	13 372	12 131
Less: Payment to RAF	17 662	16 371
Less: Amount payable by SARS to RAF	(40)	257
Net Revenue as reflected by NT	776 710	726 634

During the financial year under review, there continues to be growth, however at a slower rate than expected. This is evidenced by the general increases in the revenues collected by SARS, however at lower rates than was previously estimated. Tax revenues increased during 2012/13 as a result of strong collections of customs duties (2012/13: 14 per cent; 2011/12: 28.4 per cent), income tax (2012/13: 7.2 per cent; 2011/12: 12.3 per cent) and value-added tax (2012/13: 4.1 per cent; 2011/12: 12.6 per cent).

Total Revenue is also represented by Departmental Revenue, which consists of the total actual receipts received by departments. Other revenue consists of Surrenders (unspent appropriated funds at the end of the financial year) which declined to R0 in the current year and other NRF income which increased substantially from the prior year constituting 0.21% of Total Revenue compared to 0.05% in the prior year.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Other Receipts are analysed as follows:

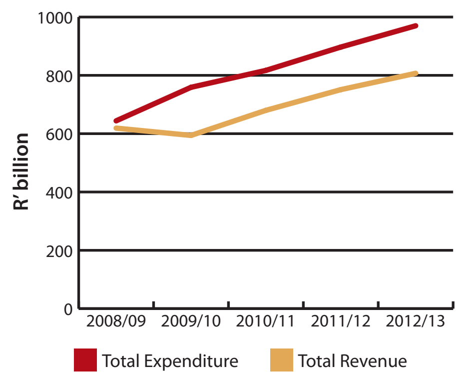
Year Ended 31 March R' million	Actual 2012/13	Actual 2011/12
Other Revenue		
Surrenders	-	484
Other	1 723	354
Total Other Revenue	1 723	837

For the full detailed analysis of what Departmental Revenue consists of, refer to Note 3 of the Notes to the Consolidated Financial Statements. For the detailed analysis of Non-Operating Income, refer to Note 6 of the Notes to the Consolidated Financial Statements.

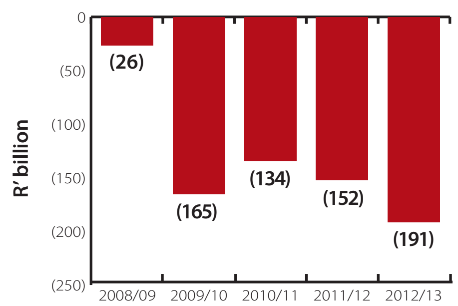
1.1 REVENUE VS EXPENDITURE

Illustrated on the right is revenue versus expenditure for national government. From the trends in the graph, it can be seen that revenue collection in the 2012/13 is at an even higher level than in the prior 5 years however, government has not been collecting enough revenue to fulfil its expenditure requirements. This is depicted by the graph where the recorded surplus receded into the negative from 2008/09 and has continued into the 2012/13 financial year. Expenditure currently exceeds revenue by approximately R163 billion (2011/12: R147 billion), this is prior to revaluation gains and losses.

REVENUE VS EXPENDITURE



DEFICIT NET OF REVALUATION GAINS/ LOSSES



2. TOTAL EXPENDITURE

Year Ended 31 March R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
National Revenue Fund Expenditure	264 835	314 426	350 144	384 853	415 464
National Department Expenditure	379 246	444 275	466 930	512 628	554 114
Total expenditure	644 081	758 701	817 074	897 481	969 579
Movement in expenditure	18%	18%	8%	10%	8%

Total expenditure increased by 8 per cent in 2012/13 (2011/12: 10 per cent), National departments' expenditure has accounted for approximately 57 per cent (average of 58 per cent over the past 5 years) of the total expenditure amount.

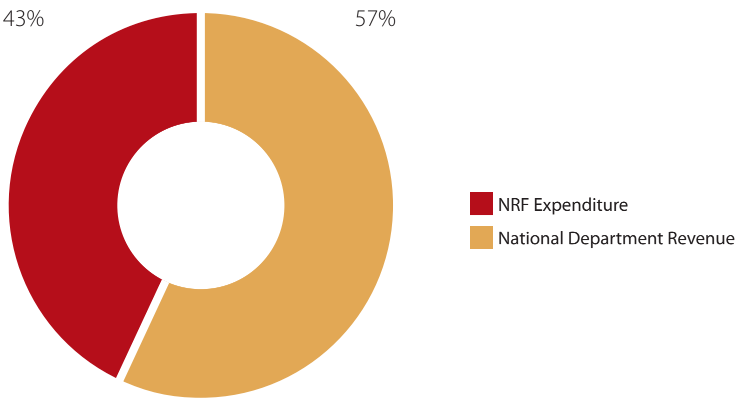
Total expenditure is made up of National department's expenditure plus the National Revenue Fund's (NRF) expenditure. Included in the National departments' expenditure are transfers and subsidies to provinces and municipalities of R143 billion (2011/12: R130 billion), in the form of grants paid to provinces and municipalities. These are further analysed per section 2.2.2. Transfers and Subsidies.

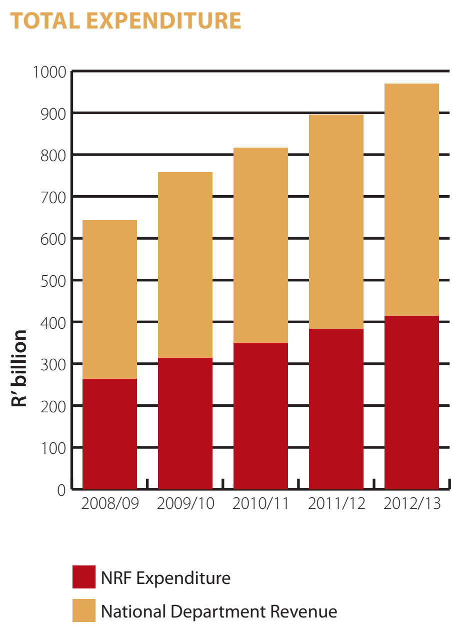
REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

The breakdown is disclosed in the graphs below:

TOTAL EXPENDITURE



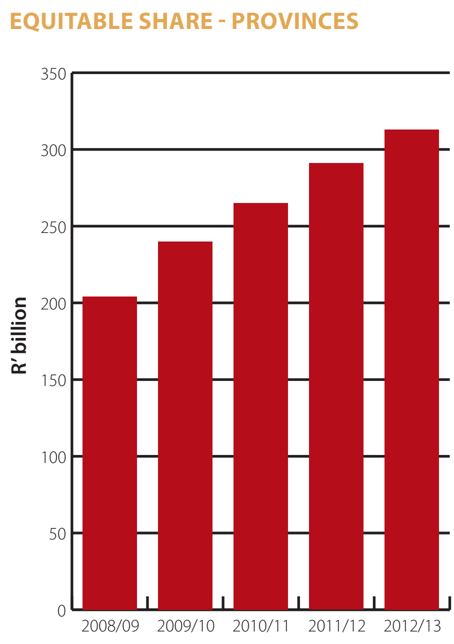


2.1 NATIONAL REVENUE FUND EXPENDITURE

The NRF's expenditure includes items such as debt-service costs and 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 at the provincial sphere of government.

2.1.1. EQUITABLE SHARE TO PROVINCES

Year Ended 31 March R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Equitable Shares - Provinces	204 010	240 046	265 139	291 736	313 016
Movement in Equitable Shares	18%	18%	10%	10%	7%



Provinces received a 7 per cent increase in the equitable share, primarily for education, health, transport, human settlements and municipal infrastructure. The increase contributes to the three-year public-sector wage settlement, the expansion of grade R in public ordinary schools, the extension of no-fee schools and the standardisation of subsidies paid to early childhood development centres.

The equitable share transferred to the provinces increase at a rate of 7 per cent per annum is less than the prior year's increase of 10 per cent. Provinces therefore accounted for R313 billion in expenditure for the 2012/13 financial year (2011/12: R292 billion). The provincial equitable share accounts for 81.5 per cent of transfers to provinces will be increased by 7.8 per cent between 2012/13 and 2013/14, growing at an average annual rate of 6.6 per cent over the MTEF period.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

2.1.2 DEBT-SERVICE COSTS

Debt-service costs, mainly interest paid on government debt, account for a significant portion of NRF expenditure and are influenced by the volume of debt, new borrowing requirements and market variables such as interest rates, inflation and exchange rates. Government's debt management policy focuses on financing the net borrowing requirements at the lowest possible cost within risk benchmarks. The accompanying graph and table show the trends in debt-service costs since 2008/09 until the current year.

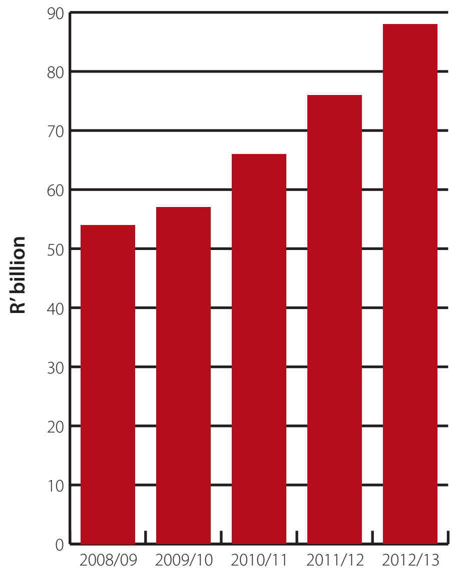
Since 2008/09, debt-service costs increased following a weaker fiscal position which resulted from the global economic downturn. For the 2012/13 financial year, debt-service costs of R88 billion were incurred which is R0.1 billion lower than the 2013 Medium Term Budget Policy Statement (MTBPS) estimate. This saving was mainly as a result of not issuing new foreign loans as originally planned.

Debt-service costs R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Domestic	48 727	52 170	60 820	70 472	81 337
Foreign	5 667	4 959	5 407	5 988	6 784
Total Debt-Service costs	54 394	57 128	66 228	76 460	88 121
Increase in costs	3%	5%	16%	15%	15%

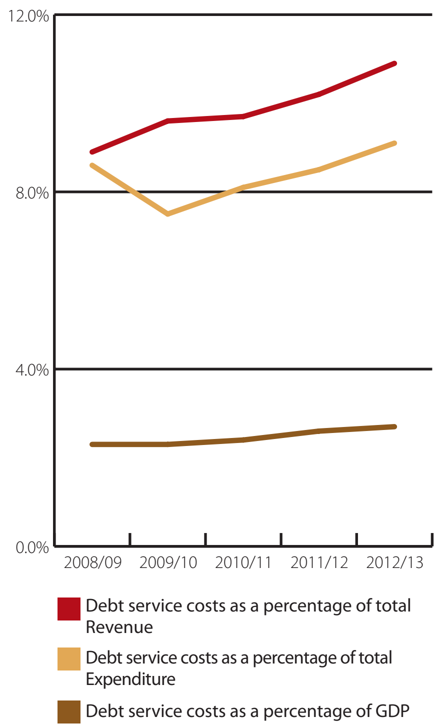
The table below shows debt-service costs as a ratio of revenue, expenditure and GDP. Rising debt service costs mean that lesser amounts are available for other important expenditure priorities such as health and education.

Debt-service costs As a % of	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
GDP	2.3%	2.3%	2.4%	2.6%	2.7%
Expenditure	8.6%	7.5%	8.1%	8.5%	9.1%
Revenue	8.9%	9.6%	9.7%	10.2%	10.9%

DEBT-SERVICE COSTS



DEBT-SERVICE COSTS



REVIEW OF OPERATING RESULTS

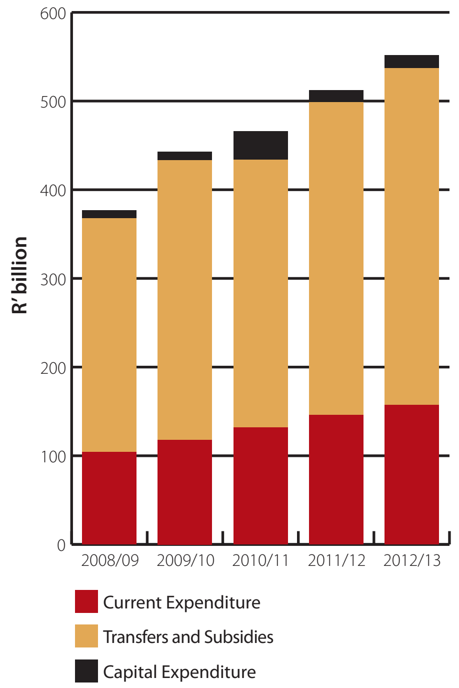
for the year ended 31 March 2013

2.2 NATIONAL DEPARTMENTS' EXPENDITURE

Year Ended 31 March R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Current Expenditure	104 795	118 072	132 077	146 070	157 878
Transfers and Subsidies	264 858	315 332	302 359	353 497	380 372
Capital Expenditure	9 592	10 870	32 494	13 061	15 864
Total	379 246	444 275	466 930	512 628	554 114
Movement in expenditure	20%	17%	5%	10%	8%

National department expenditure has increased by 8 per cent from the prior year. This equates to R41.5 billion. The movement is attributable mainly to an increase of R27 billion in Transfers and Subsidies. Other major movements include an increase of R9.8 billion in Compensation to employees, R2 billion in Goods and services, and R2.7 billion in Tangible capital assets. Total national department expenditure has grown by 46 per cent from 2008/09 to the current period under review.

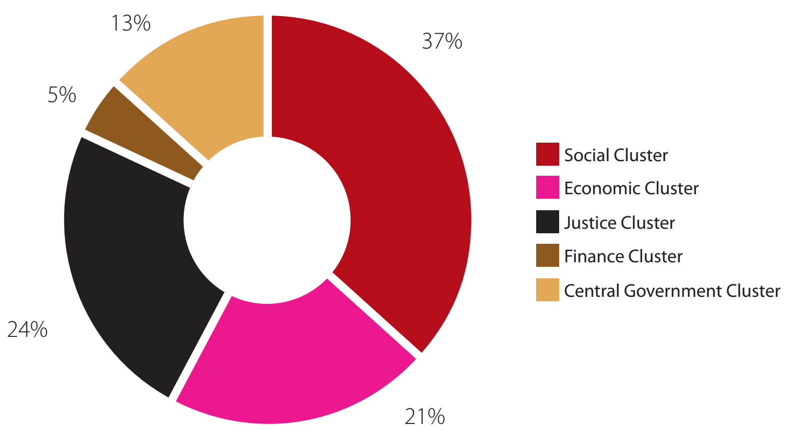
DEPARTMENTAL EXPENDITURE



National Department Cluster Expenditure R' million	Actual 2012/13	Actual 2011/12
Social Cluster	203 653	185 555
Economic Cluster	117 185	111 510
Justice Cluster	133 613	122 346
Finance Cluster	25 609	26 739
Central Government Cluster	74 342	66 748
Total	554 401	512 897

The national departments are divided into clusters and the table above and graph below illustrate the expenditure per cluster.

EXPENDITURE PER CLUSTER



REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

The **Social Cluster** remains the largest spender of all the clusters, with an allocation of R194 billion from the NRF and expenditure of R204 billion. Spending on social development, health, education, housing and local amenities has more than doubled in real terms over the past decade and now accounts for almost 60 per cent of public expenditure. Nearly 16.1 million people were beneficiaries of social grants, up from 2.5 million in 1998. Most of this increase relates to the expansion of the child support grant to 18 years and the equalisation of the old age grant at 60 years. Expenditure from the department of Social Development made transfers of R104 billion to households alone, which increased from the prior period's R96 billion by 8 per cent.

The South African Social Security Agency (SASSA), who manages and administers the payments of social assistance grants to beneficiaries, has improved in its financial position in recent years. It is now able to fast-track projects to improve service delivery and reduce fraud. Of the 1.2 million new applications for grants last year, 89 per cent were finalised within 21 days, with an average processing time of 9 days. In 2012/13, SASSA implemented a new payment system that reduces the unit cost per payment from as high as R32 to a standard rate of R16. Beneficiaries are now able to receive their grants anywhere in the country and have access to the banking system.

The next cluster in order of expenditure spend is the **Justice and Protection Services Cluster**, with the substantial part of their spending being on compensation of employees. The expenditure focus has been within the department of Police on overall capacity in terms of personnel numbers, physical resources, capital infrastructure, skills development, and technological enhancements related to the information and telecommunications environments, to support the reduction of contact and trio crimes by 4 per cent to 7 per cent per year. The bulk of spending over this period is in the Visible Policing programme, which accounts for 46.6 per cent of the department's total budget owing to the labour intensive nature of policing.

The department of Justice and Constitutional Development expenditure was a result of continuation of improvement in services at courts, revamping and renewing state legal services, implementation of new pieces of legislation, construction of the high courts in Polokwane and Nelspruit, and accelerating access to the services of the masters and state attorney offices.

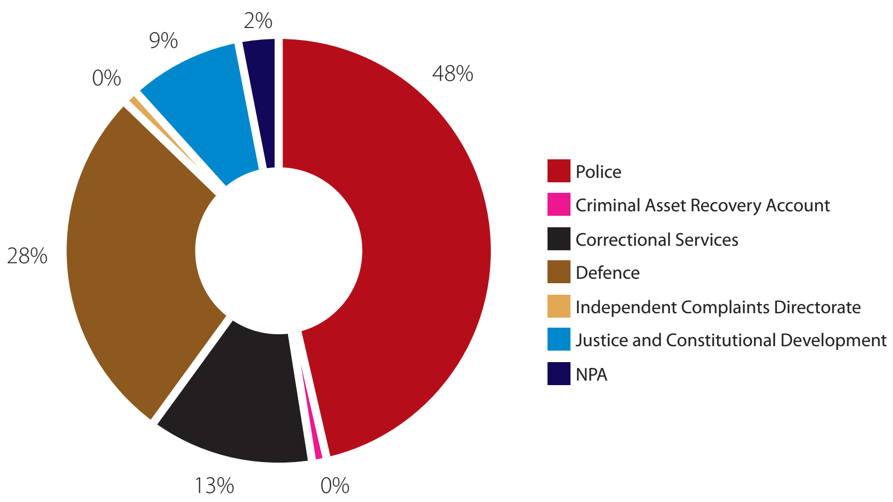
The department of Correctional Services expenditure was primarily attributed to the compensation of employees and goods and services mainly as a result of the labour intensive nature of its two largest programmes, Administration and Incarceration. The increases in expenditure in the Administration, Incarceration and Social Reintegration programmes were mainly due to additional allocations for improved conditions of service and the implementation of the occupation specific dispensation for correctional officials, as required by resolution 1 of 2007 of the Public Service Coordinating Bargaining Council. Over the same period, significant growth was evident in spending on the Rehabilitation and Care programmes due to allocations for improved conditions of service, and price and tariff increases on food and materials for production workshops and agricultural activities.

The department of Defence has a spending focus on border safeguarding and anti-piracy measures, which account for the increased expenditure of the Landward Defence, Maritime Defence and Force Employment programmes. The significant increase in expenditure on compensation of employees over the last three years is mainly due to the implementation of the military salary dispensation for regular and reserve force members, and the additional personnel required to strengthen border safeguarding. The department also received additional 2013 Estimates of National Expenditure 500 allocations over this period for border safeguarding, deployment in foreign countries and the maritime security strategy for the fight against piracy in the Indian Ocean. The noticeable increase in departmental personnel over the past 5 years, from 74 096 in 2008/09 to 80 380 in 2012/13 is attributed to the increased enlistment of military skills development system graduates into the South African National Defence Force. As a result, the related expenditure on goods and services items, such as inventory of food, fuel and other consumables, increased over the same period.

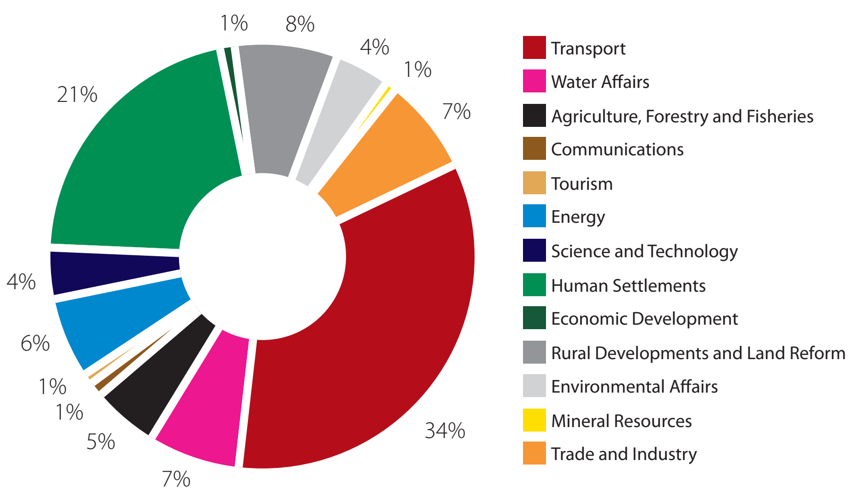
REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

EXPENDITURE PER JUSTICE DEPARTMENTS



EXPENDITURE PER ECONOMIC DEPARTMENTS



The third cluster contributing to the increase in expenditure is the Economic Cluster. The department of Transport was the biggest spender in the 2012/13 financial period despite their expenditure decreasing by 5 per cent from R41 billion in 2011/12 to R39 billion in 2012/13. The spending focus has been on maintaining road infrastructure, upgrading rail infrastructure and services, and constructing and operating public transportation infrastructure. The spending on rail infrastructure

REVIEW OF OPERATING RESULTS

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in particular is expected to increase over the coming years, as the Passenger Rail Agency of South Africa builds depots, starts procuring new trains from 2015/16 onwards and continues to upgrade its signalling infrastructure. Since 2011/12, the department's expenditure increased significantly as a result of increased spending in the Road Transport programme in the form of an additional allocation of R5.8 billion to the South African National Roads Agency. This was due to the delay in implementing the e-tolling on Gauteng's freeways. Spending in the Public Transport programme also increased significantly from 2011/12 due to the public transport infrastructure and systems grant to municipalities. The grant was used to fund public transport networks in cities, including bus rapid transit systems. Since the initiation of the grant in 2005/06, Johannesburg and Cape Town have begun their initial phases; several cities have advanced significantly in planning their public transport networks; and others have begun building their infrastructure. Spending in the Rail Transport programme in 2009/10 was significant due to the Gautrain rapid rail link project, which was completed in 2010/11. Final transfers of R3.3 billion and R438.4 million for the Gautrain were made in 2009/10 and 2010/11.

The department of Human Settlements was allocated more funds for transfers to provinces and municipalities under the human settlements development and urban settlement development conditional grants, to accelerate the delivery of low income housing and basic services to households. These transfers are reflected in the Housing Development Finance programme, which is the main proponent of expenditure growth in the department and constitutes 97 per cent of the department's total budget in 2013/14. Spending on buildings and other fixed structures related to the rural sanitation programme ceased in 2012/13 after the rural household infrastructure grant was converted into a direct grant to rural municipalities in the 2013 Budget. The grant was converted to support the local government turnaround strategy to strengthen municipalities' ability to deliver basic services to households.

The department of Trade and Industry was allocated more funds in line with the introduction of the clothing and textile production incentive programme since 2009/10. Expenditure in the Consumer and Corporate Regulation programme also increased significantly over the period 2009/10 to 2012/13 due to the establishment of new entities such as the National Consumer Commission, the Companies and Intellectual Property Commission, and the Companies Tribunal.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

2.2.1 CURRENT EXPENDITURE

The major items of current expenditure are disclosed in the table below.

Major items of Current Expenditure R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Compensation of employees	64 981	75 390	87 036	95 188	104 961
Goods and Services	38 255	41 660	44 292	49 841	51 943

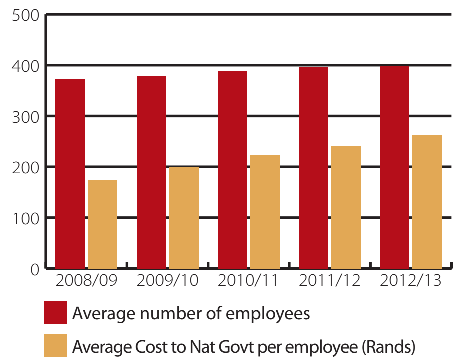
2.2.1.1 COMPENSATION OF EMPLOYEES

Description	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Total Compensations costs (R' million)	64 981	75 390	87 036	95 188	104 961
Average number of employees	373 098	378 641	389 764	396 534	398 123
Average Cost to National Government per employee (Rands)	174 166	199 106	223 306	240 051	263 639

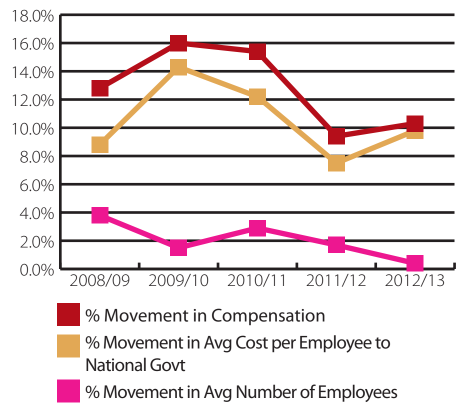
The above information illustrates the costs to national government departments and excludes provincial information. The average number of employees at national departments has marginally increased from 396 534 in 2011/12 to 398 123 in 2012/13 (i.e. 0.4 per cent growth in 2012/13 vs. 1.7 per cent in 2011/12) with Police still employing the largest number of officials, accounting for approximately 50 per cent of the total number nationally. Compensation, in Rand terms, has grown from R65 billion in 2008/09 to R105 billion in 2012/13. Growth in expenditure from the prior year equates to R9.8 billion or 10 per cent (2011/12: R8.2 billion or 9 per cent).

The graphs alongside also indicate the percentage movement in compensation of employees against the inflation rate over the same period. It depicts a negative correlation of the two over the past 5 years.

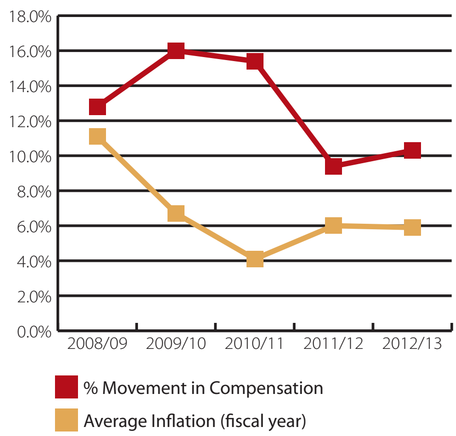
COMPENSATION OF EMPLOYEES



YOY MOVEMENTS - COMPENSATION OF EMPLOYEES



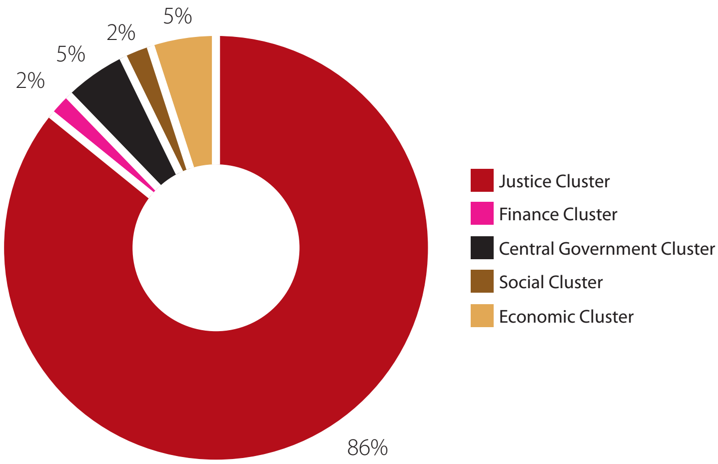
COMPENSATION % INCREASE VS INFLATION



REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

AVG NUMBER OF EMPLOYEES PER CLUSTER



The majority of national department employees are employed in the **Justice and Protection Services cluster** numbering 343 480 (2011/12: 340 387) which equates to approximately 86.3 per cent of the total employees for the year under review (2011/12: 85.8 per cent). The Justice and Protection Services cluster includes, amongst others, the following departments which each employ a large number of civil servants:

Average number of employees Department	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Department of Police	177 951	185 668	190 887	195 584	198 132
Department of Defence	74 096	74 560	77 125	78 824	78 216
Department of Correctional Services	41 390	41 316	40 426	40 043	40 310

Department of Police

The department of Police (SAPS) employs the most number of staff in national government and hence their expenditure on compensation to employees is R46.8 billion accounting for almost half of total compensation costs.

Department of Correctional Services

Spending on compensation of employees increased at an average rate of 9 per cent between 2011/12 and 2012/13, with a marginal increase from 40 043 to 40 310 in the current year.

REVIEW OF OPERATING RESULTS

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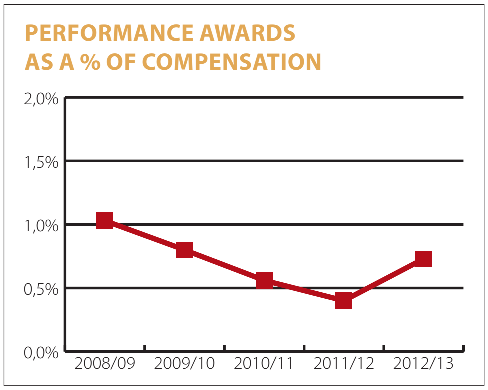
Department of Defence

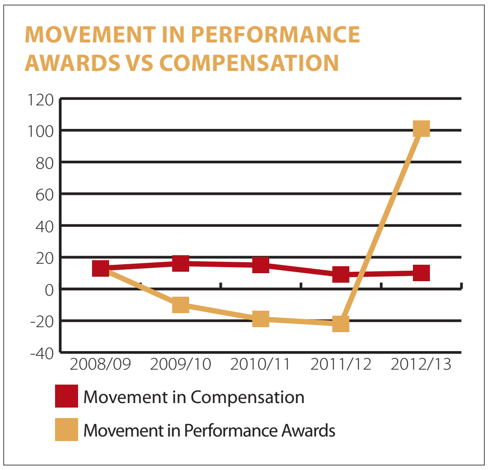
The department's staff compliment has marginally decreased by 1 per cent from 78 824 in the prior year to approximately 78 216 in 2012/13 despite a 12 per cent increase in compensation.

The increase in compensation of employees for the departments above from 2005/06 to 2012/13 forms a substantial part of the increase in general expenditure and is expounded on in section 2.2 above.

Performance Awards

Performance Awards Information	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Performance Awards (R mil)	668	599	485	380	765
Total Compensation of Employees	64 981	75 390	87 036	95 188	104 961
Performance awards as a % of Compensation	1.0%	0.8%	0.6%	0.4%	0.7%
Increase in Performance Awards	13.1%	(10.3%)	(19.1%)	(21.6%)	101.2%
Increase in Compensation	12.8%	16.0%	15.4%	9.4%	10.3%





Performance awards had been on a downward trend since 2009/10 up until 2011/12, however a significant increase was experienced in 2012/13 resulting in performance awards making up 0.7 per cent of compensation (up from 0.4% in 2011/12). This is due to performance awards awarded to Defence staff. Refer to the graphs alongside.

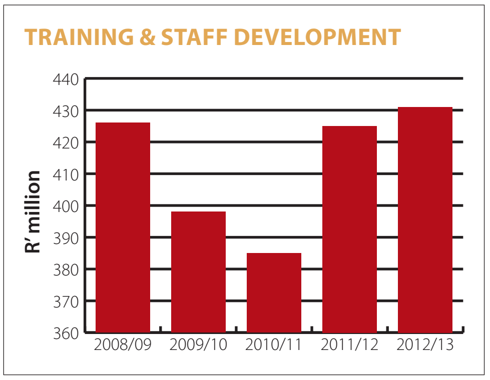
REVIEW OF OPERATING RESULTS

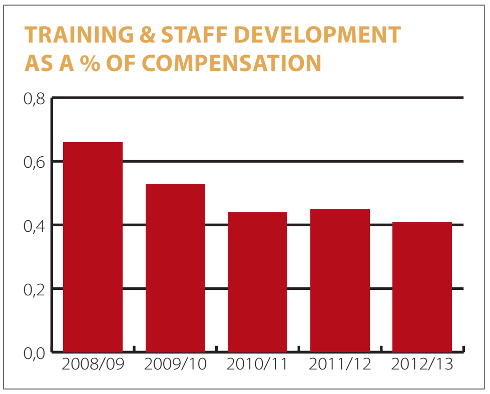
for the year ended 31 March 2013

Training and staff development costs

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

Training and staff development costs	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Training & staff development (R mil)	426	398	385	425	431
Total compensation of employees (R' mil)	64 981	75 390	87 036	95 188	104 961
Training as a % of Compensation	0.66%	0.53%	0.44%	0.45%	0.41%

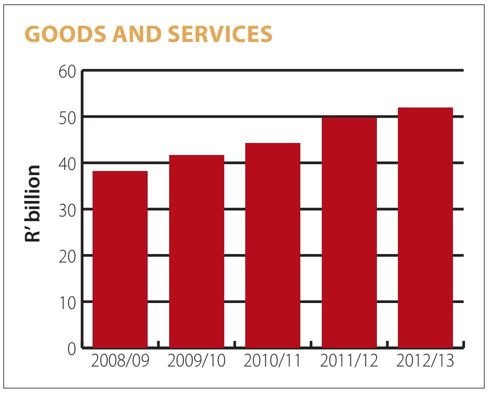




As can be noted per the graphs below, training and staff development costs have been gradually increasing over the past 2 years. As a component of compensation, the ratio has remained relatively the same as in the prior year, reverting to the 2004/05 and 2005/06 levels of 0.4 per cent. This is attributed to cost cutting measures where training has been offered only when necessary.

2.2.1.2 GOODS AND SERVICES

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Goods and Services	38 255	41 660	44 292	49 841	51 943
Movement in expenditure	19%	9%	6%	13%	4%



Goods and services increased by 4 per cent from R49.8 billion in 2011/12 to R51.9 billion in 2012/13. A substantial part of the increase is due to increased expenditure in Owned and leasehold property expenditure, Inventory and Operating leases, offset by the 10 per cent decline in Consultants, contractors and special services.

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

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Major items of Goods and Services R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Consultants, contractors and special services	9 930	10 825	11 078	12 635	11 428
Inventory	6 153	6 289	6 511	7 613	8 523
Operating leases	4 445	5 376	6 059	6 264	6 950
Travel and subsistence	4 862	4 663	4 961	5 510	5 676
Computer Services	3 988	5 068	5 141	5 218	5 157
Owned and leasehold property expenditure	2 495	3 174	3 859	4 275	5 982
Communication	1 532	1 640	1 625	1 698	1 691
Other	4 850	4 625	5 060	6 628	6 536
Total	38 255	41 660	44 292	49 841	51 943

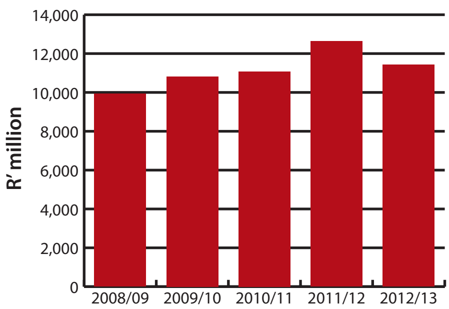
These major items of goods and services have consistently accounted for around 87 per cent to 89 per cent of the total goods and services expenditure for the past 5 years.

Consultants, Contractors and Special Services

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Consultants, contractors and special services	9 930	10 825	11 078	12 635	11 428
Movement in expenditure	23%	9%	2%	14%	(10%)

Payment of consultants, contractors and special services (CCSS) has decreased by 10 per cent. The decline in spending primarily related to contractors and agencies, reverting closer to 2010/11 levels. This could be attributed to an increased effort in filling in of vacancies, with the total staff complement having grown by 28% over the past 10 years.

CONSULTANTS, CONTRACTORS AND SPECIAL SERVICES

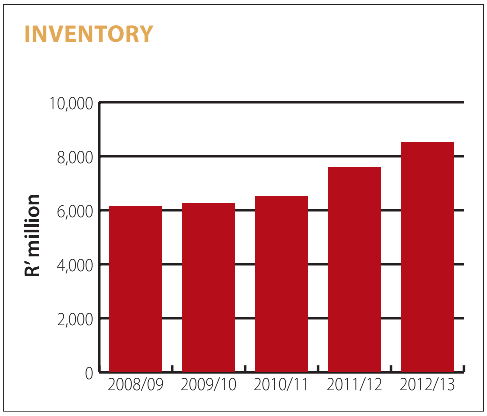


REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Inventory

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Inventory	6 153	6 289	6 511	7 613	8 523
Movement in expenditure	23%	2%	4%	17%	12%



Inventory purchases increased by 12 per cent in the 2012/13 year and 39 per cent over the past five years.

For the year under review, the **Justice and Protection Services cluster** remains the biggest spender in inventories, with a 13 per cent increase from the prior year. The major purchases of inventory were made by Police (SAPS) of R3.4 billion which was mainly for the increased spending on fuel, oil and gas in line with the expansion in personnel. Defence spent approximately R2.2 billion.

Operating Leases

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Operating leases	4 445	5 376	6 059	6 264	6 950
Movement in expenditure	11%	21%	13%	3%	11%

Operating leases increased by 11 per cent in the current year compared to 2 per cent in the prior year. The biggest spenders were the departments of Police and Correctional Services who spent R2 billion (2011/12: R1.8 billion) and R1.6 billion (2011/12: R1.4 billion) respectively for the year.

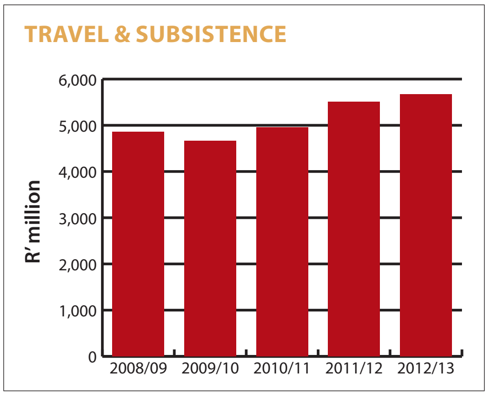
In total the **Justice and Protection Services cluster** accounts for R4.6 billion, the **Economic Services and Infrastructure Development cluster** accounts for R0.96 billion (2011/12: R0.84 billion) and the **Central Government cluster** accounts for R0.95 billion (2011/12: R0.98 billion) of spending on operating leases.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Travel and Subsistence

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Travel and subsistence	4 862	4 663	4 961	5 510	5 676
Movement in expenditure	18%	(4%)	6%	11%	3%



Travel and subsistence shows an 3 per cent increase over the past financial year, as compared to 11 per cent in the previous year. The **Justice cluster** accounts for R2.5 billion while the **Economic Services and Infrastructure Development cluster** spent R1.3 billion.

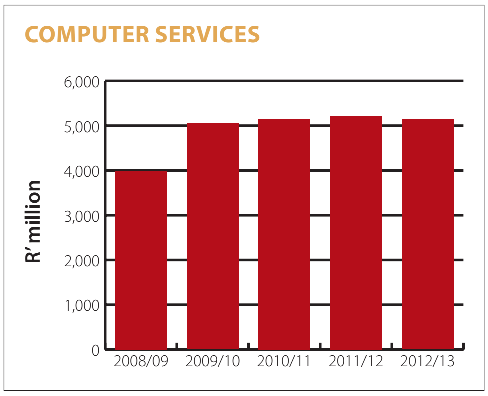
The major spenders within the Justice cluster were again Police and Defence who spent R0.71 billion and R0.78 billion respectively followed by the department of Justice with R0.54 billion.

The **Central Government Administration cluster** spent R1 billion.

Local travel accounts for the majority (around 84 per cent) of the expenditure on travel across all the clusters, with the exception of the department of International Relations and Cooperation where 73 per cent of travel constitutes foreign travel (compared to 66 per cent in the prior year).

Computer Services

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Computer Services	3 988	5 068	5 141	5 218	5 157
Movement in expenditure	22%	27%	1%	2%	(1%)



Computer services' spending has decreased by 1 per cent from the prior year. This equates to a R58 million decrease.

The big spender was Police with R2 billion mainly in continuing to enhance its information systems and ICT.

REVIEW OF OPERATING RESULTS

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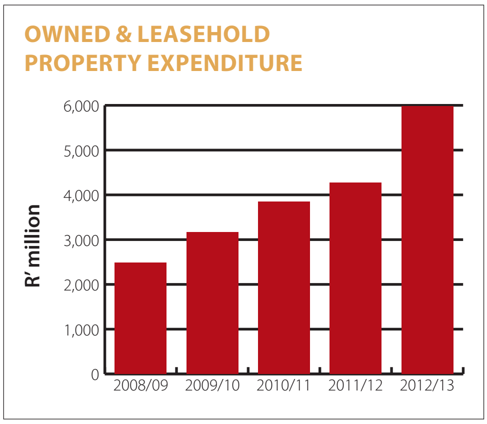
Owned and Leasehold Property Expenditure

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Owned and leasehold property expenditure	2 495	3 174	3 859	4 275	5 982
Movement in expenditure	**98%**	**27%**	**22%**	**11%**	**40%**



This expenditure line item has increased in the current year by 40 per cent compared to an 11 per cent increase in 2010/11.

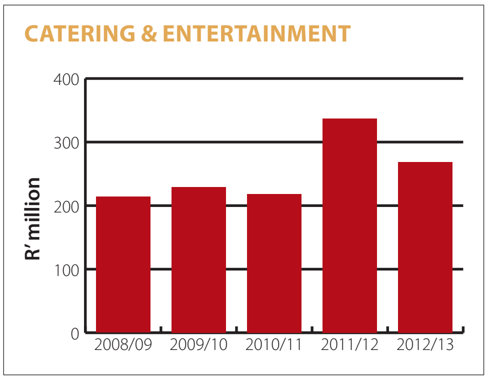
The major spenders in this area are again Defence at R2 billion (2011/12: R0.76 billion), Police with R0.93 billion (2011/12: R 1 billion) and Correctional Services R0.75 billion (2011/12: R0.73 billion) while Justice spent approximately R0.84 billion (previously R0.58 billion).

The significant increase in property payments in Defence was mainly due to the SCoA reclassification. Budget for repairs and maintenance of the DoD facilities was sitting under Contractors and has now been moved to Property payments.

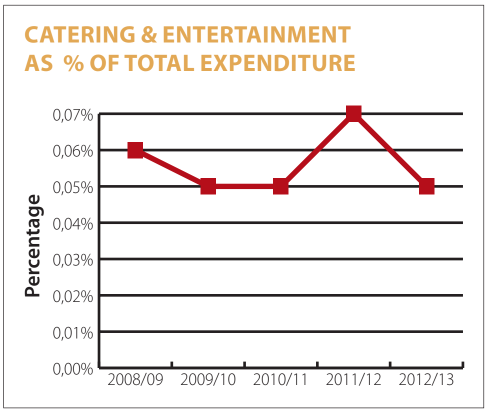
The following items are **not** considered major expenditure items but are included due to their nature.

Catering and Entertainment

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2011/13
Catering and entertainment	214	229	218	337	269
Movement in expenditure	44%	7%	(5%)	55%	(20%)



Catering and entertainment has declined by 20 per cent in 2012/13 reverting to 2009/10 levels. This equates to a R68 million decrease, with the department of Statistics South Africa making up a significant part of the decrease offset by a sharp increase in spending in this category by Parliament (increased from R0.7 million to R17 million in the current year). Catering and entertainment now sit at 0.05 per cent of total departmental expenditure, reverting back to the mean average of 0.05 per cent over the last five years. The catering and entertainment expenditure is however still insignificant in comparison to total expenditure costs.



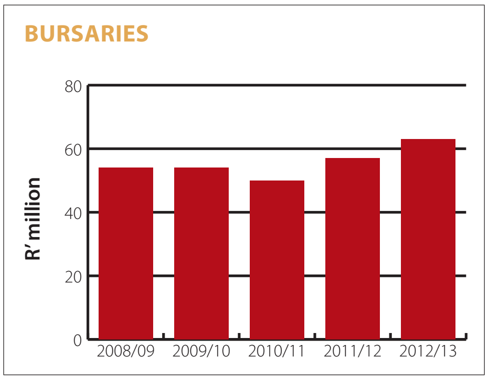
REVIEW OF OPERATING RESULTS

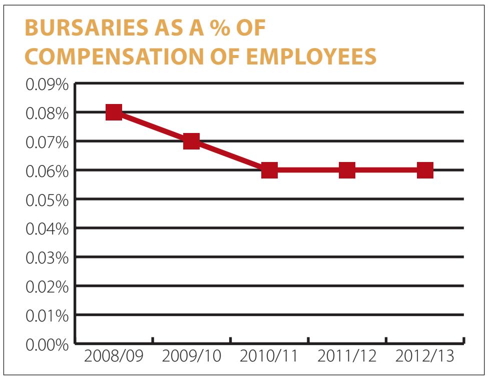
for the year ended 31 March 2013

Bursaries

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Bursaries	54	54	50	57	63
Movement in expenditure	14%	1%	(8%)	14%	11%

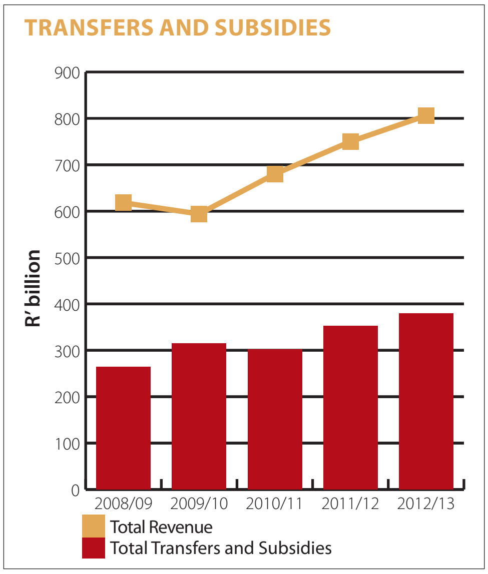
Bursary expenditure increased by 11 per cent in the current year to R63 million compared to R57 million in the prior year. The bursary expenditure as a percentage of compensation is still low remaining at 0.06 per cent of total compensation of employees.





2.2.2 TRANSFERS AND SUBSIDIES

Transfers and Subsidies R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Provinces and municipalities	86 030	98 839	111 074	130 490	142 651
Households	79 206	89 687	95 581	105 061	114 231
Departmental agencies and accounts	52 224	57 170	55 357	72 906	73 704
Public corporations and private enterprises	31 002	51 374	20 118	22 426	25 277
Universities and technikons	13 898	15 452	17 727	19 552	21 160
Other	2 179	2 638	2 296	2 663	3 118
Total	264 539	315 159	302 152	353 097	380 141
Increase from prior year	22%	19%	(4%)	17%	8%
As a % of Total revenue	43%	53%	44%	47%	47%
As a % of Total expenditure	41%	42%	37%	39%	39%



REVIEW OF OPERATING RESULTS

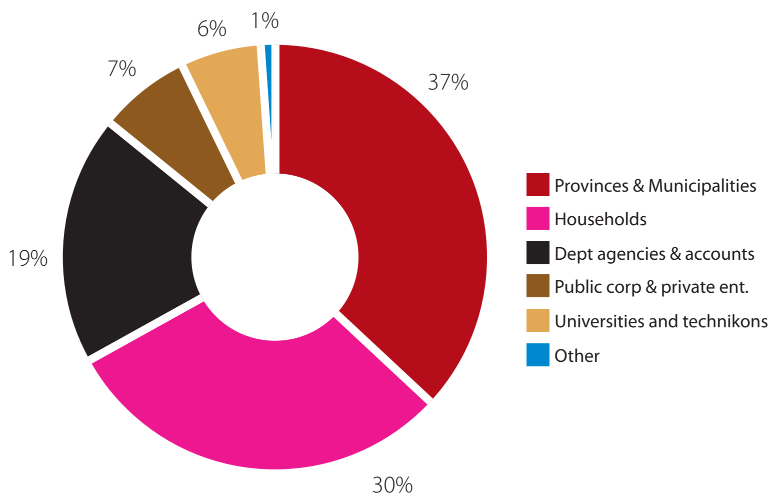
for the year ended 31 March 2013

Transfers and subsidies have increased by 8 per cent from the previous year, equating to R27 billion year-on-year increase. The significant increases of R12 million and R9 million in transfers were attributable to Provinces and municipalities and Households respectively.

The **Social Services cluster** is the biggest spender in this area with expenditure of R195 billion, representing a 9 per cent increase from the prior year. The next spenders are the Economic Services and Central Government Administration clusters at R98 billion (a 4 per cent increase from the prior year) and R58 billion respectively.

Government offers a range of subsidies to promote industrial development. Progressive extension of the social security net will continue over the period ahead. During the year under review, a total of R103 billion was paid out by the department of Social Development to households, representing an 8 per cent increase from the prior year. 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, war veterans' grant and the grant in aid and social relief.

BREAKDOWN OF TRANSFERS & SUBSIDIES

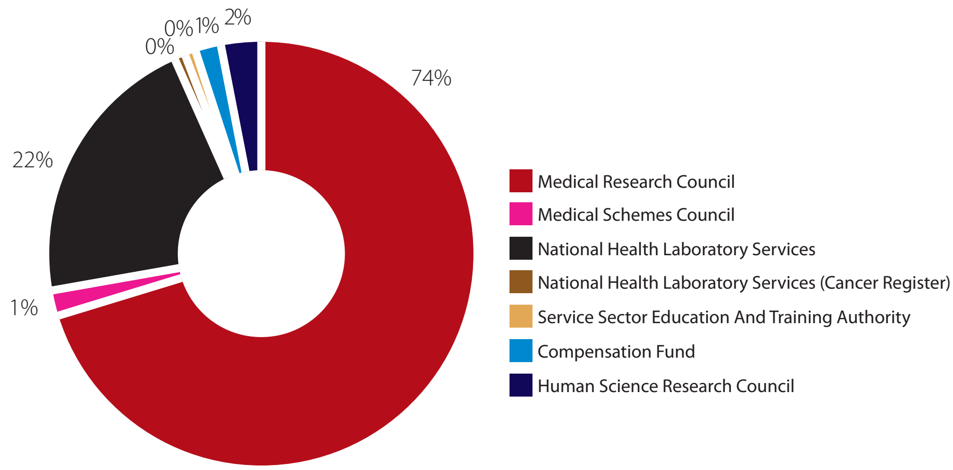


Transfers and subsidies of the department of Health totalled R26 billion for 2012/13 and the programmes in the accompanying graph received allocations:

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

BREAKDOWN OF HEALTH TRANSFERS & SUBSIDIES



As can be seen in the pie chart above, the Medical Research Council received a large portion of the transfers and subsidies from the department of Health. The reason for this large transfer is the focus being placed on development of the HIV vaccine and prevention against the virus. Large payments are required for research collaborators to speed up the process of researching and developing this vaccine. Spending has also been allocated to Tuberculosis programmes.

The department of Higher Education and Training has increased its transfers to the various tertiary institutions throughout South Africa by 8 per cent from the prior year.

In the **Finance Cluster**, the National Treasury accounted for R19 billion of total transfers and subsidies, representing a 0.3 per cent decline from the previous year. This remains at around 97 per cent of the transfers and subsidies in that cluster.

In the **Economic Services and Infrastructure cluster,** the departments of Transport and Human Settlements accounted for R37.8 billion and R23.7 billion respectively of total transfers and subsidies, thus constituting 63 per cent of expenditure within the cluster.

Since 2011/12, the department's expenditure increased significantly as expounded within section 2.2 Expenditure on consultants increased significantly in 2011/12 and 2012/13 as a result of spending on the electronic national traffic information system and the Mthatha airport upgrade. The amounts spent on consultants for the electronic national traffic information system varied each year. Expenditure on consultants in 2012/13 constituted 231 per cent of total spending on compensation of employees.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Allocations were made to several entities by the departments of Transport as depicted below.

Department of Transport Transfers (R' million)	Actual 2012/13	Actual 2011/12
National Sea Rescue Institute	1	1
SANTACO	16	21
International Civil Aviation Organisation	5	6
Passenger Rail Authority of South Africa	10 228	9 474
South African National Roads Agency	9 728	14 402
Total	**19 979**	**23 904**

The department of Human Settlements has also continued to increase grant payments to the provinces and municipalities by 7 per cent from the prior year (2011/12: 41 per cent increase). Expenditure increased from R21 billion in 2011/12, to R23 billion in 2012/13. This is mainly due to the spending focus being on making transfers to provinces and municipalities under the human settlements development and urban settlement development conditional grants to accelerate the delivery of low income housing and basic services to households. These transfers are reflected in the Housing Development Finance programme, which is the main proponent of expenditure growth in the department constituting 97.4 per cent of the department's total budget. Refer to the table below for transfers to provinces.

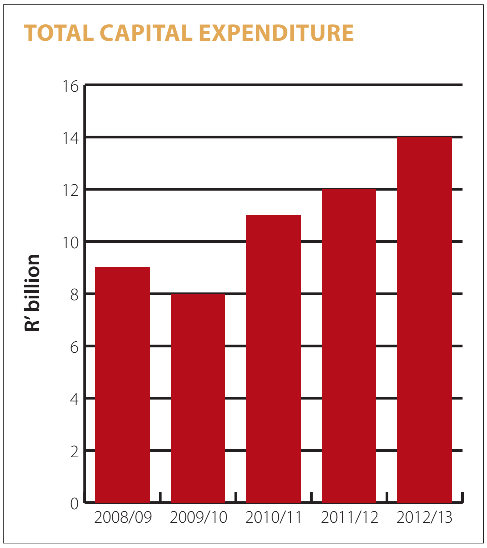
Housing Transfers to Province *(R' million)*	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Eastern Cape	981	1 313	1 638	2 234	2 008
Free State	859	963	1 038	958	962
Gauteng	2 807	3 187	3 887	3 805	4 004
Kwazulu-Natal	1 622	2 331	2 634	2 801	2 915
Limpopo	825	997	1 365	1 420	1 426
Mpumalanga	697	795	976	917	965
Northern Cape	219	325	447	333	340
North West	862	1 100	1 189	1 014	1 051
Western Cape	1 306	1 581	1 869	1 639	1 725
Total	**10 178**	**12 592**	**15 042**	**15 122**	**15 395**

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

2.2.3 EXPENDITURE FOR CAPITAL ASSETS

Capital Expenditure R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Total capital expenditure	9 592	8 705	11 289	11 894	14 173
Movement in expenditure	**19%**	**(9%)**	**30%**	**5%**	**19%**



Capital expenditure has significantly increased by 19 per cent during the current year, from R11.9 billion to R14.2 billion. The majority of capital expenditure was on buildings and other fixed structures which accounted for R8.9 billion or 63 per cent of the total. R5 billion went to the purchase of machinery and equipment.

Expenditure by cluster shows that the **Justice and Protection Services cluster** accounts for 50 per cent of total capital expenditure, followed by the **Economic Services cluster** and then the **Central Government cluster**.

Police was the largest spender in this area, spending R3.3 billion, followed by Defence at R1.9 billion each.

Police continued focusing its spend on the investment in capital infrastructure and technological enhancements, especially in the forensic science and investigative functions, additional capacity for the Directorate for Priority Crime Investigation and the upgrading of the IT network having completed the laboratory complex in Parow in the current year under review.

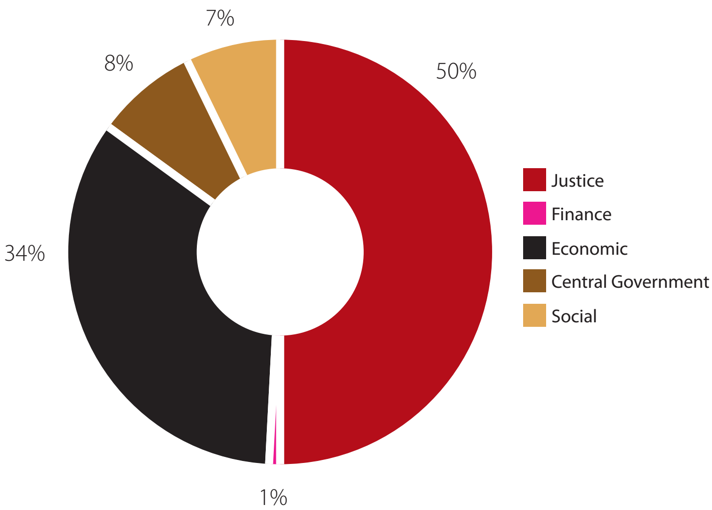
The department of Water Affairs spent R3.4 billion on buildings and other fixed structures. Between 2009/10 and 2012/13, spending in the Regional Implementation and Support programme on payments for capital assets increased significantly due to the implementation of the regional bulk water and wastewater infrastructure projects. Over the same period, spending in the International Water Cooperation programme on goods and services increased significantly due to initiatives to strengthen relations with neighbouring countries. Over the medium term, spending in the Regional Implementation and Support programme is projected to increase significantly due to the projected increase in transfers and subsidies to the Pilanesberg and Ilembe bulk water schemes, the refurbishment of the regional raw water treatment works in the Amatole district municipality and allocations to local government. The projected increase in payments for capital assets over this period is for the implementation of a rapid intervention programme that focuses on community infrastructure, water conservation and demand management and the wastewater infrastructure refurbishment programme.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Note that this capital expenditure is only for national departments and excludes the capital expenditure of provinces. Therefore, the capital expenditure by government as a whole exceeds the R14 billion disclosed above.

CAPITAL EXPENDITURE BY CLUSTER



3. ASSETS

3.1 CASH & CASH EQUIVALENTS

Cash & cash equivalents R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Cash and equivalents	105 030	136 074	177 727	199 548	174 671
Movement in cash and cash equivalents	6%	30%	31%	12%	(12%)

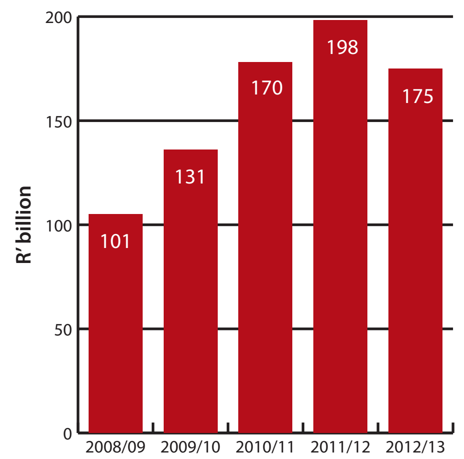
Cash and cash equivalents stands at R175 billion, with the National Revenue Fund holding the bulk of the cash with R175 billion. Government's total cash includes deposits held at the SARB and commercial banks.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

National Revenue Fund Holding R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Commercial Banks					
Tax and Loan account	31 284	38 418	44 256	63 293	27 332
South African Reserve Bank					
Corporation for public deposits	3 973	975	-	-	-
Sterilisation deposits	66 091	67 157	67 157	67 157	67 157
Foreign currency deposits	-	24 749	58 597	67 558	80 256
Escrow investment account	-	-	146	51	52
Other	-	357	205	232	169
US $ equivalent of foreign cash balances	-	$3.4bn	$8.6bn	$8.8bn	$8.7bn
Total	101 348	131 657	170 361	198 291	174 966

CASH & CASH EQUIVALENTS

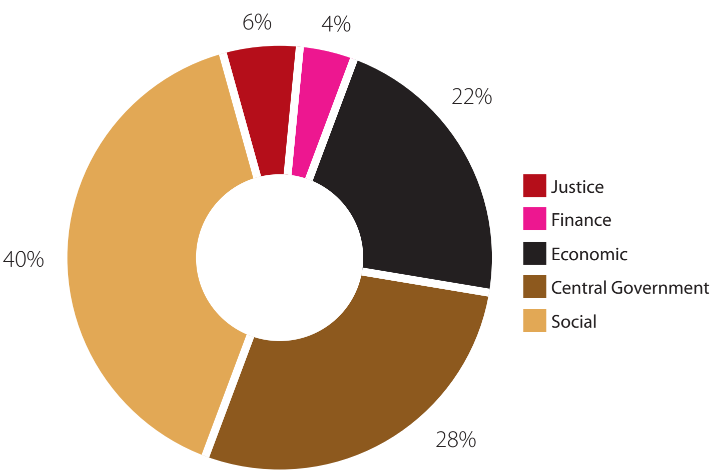


Cash deposits with the Reserve Bank comprise the following:

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

Operational cash available to finance the borrowing requirement is held in the National Treasury tax and loan accounts with the four commercial banks and in foreign currency accounts with the SARB. The level of operational cash is determined by future cash requirements. Sterilisation deposits are not readily available to finance government expenditure in view of their role in managing money market liquidity.

CASH & CASH EQUIVALENTS BY CLUSTER

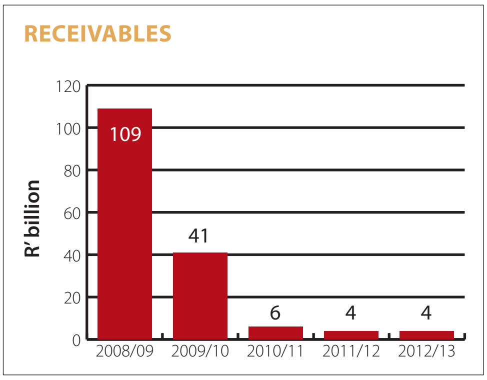


REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

3.2 RECEIVABLES

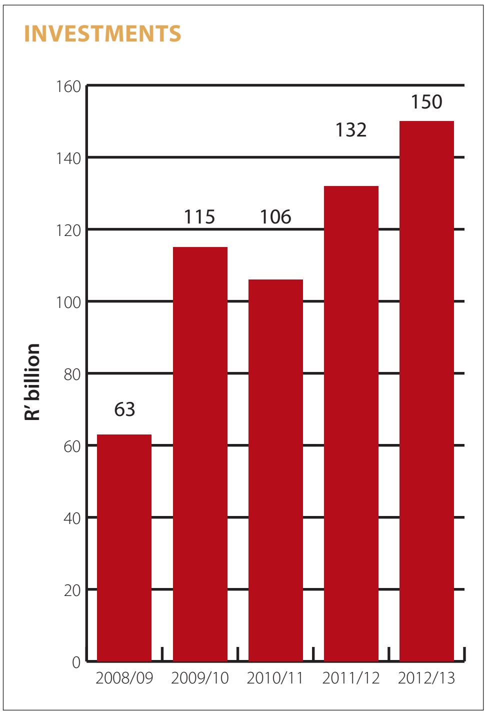
Receivables R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Receivables	108 535	41 433	5 549	3 938	4 420
Movement in receivables	41%	(62%)	(87%)	(29%)	12%



Included in Receivables are amounts owed to the government in relation to goods and services and interest receivables. In the 2011/12 year, the Gold and Foreign Exchange Contingency Account was disclosed as a contingent asset in line with accounting policies. This resulted in the restatement comparative amount in 2010/11.

3.3 INVESTMENTS

Investments R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Investments	62 759	114 876	106 468	131 745	149 786
Movement in Investments	15%	83%	(7%)	24%	14%



Total investments increased to R149.7 billion for the current year. This represents a 14 per cent increase from the prior year approximating R18 billion.

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. Most investments have remained similar in the current year with little or no movement, except for exchange rate movements and a 14 per cent increase in shareholding of the International Bank for Reconstruction and Development.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Major Investments R' million	Actual 2012/13	Actual 2011/12
Alexkor Limited	50	50
Aventura Limited	60	60
Denel (Pty) Ltd	6 176	5 476
Safcol Limited	318	318
South African Airways (Pty) Ltd	3 598	3 598
Transnet Limited	12 661	12 661
South African Express (Pty) Ltd	585	585
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
Vodacom Group Limited	12 174	12 174
DBSA	200	200
Land Bank	201	201
Armscor	75	75
International Bank for Reconstruction and Development	16 956	12 461
African Development Bank	35 134	29 310
Total	97 428	86 409

3.4 LOANS

Loans R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Loans	10 549	45 082	65 404	66 825	67 272
Movement in Loans		327%	45%	2.2%	0.7%

In 2008, government approved a 30-year subordinated loan of R60 billion in support of Eskom's capital expansion programme. During 2010/11, the outstanding R20 billion was drawn against this loan facility. Eskom will be required to repay the loan with interest when its credit matrix improves to an investment grade rating. In 2012/13 there were negligible movements year-on-year.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

4. LIABILITIES

4.1 PAYABLES

Payables R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Payables	6 318	8 459	5 324	2 961	3 288
Movement in Payables	33%	34%	(37%)	(44%)	11%

Payables has increased in the current year at R0.3 billion. The NRF accounts for the majority of the payables, at approximately R2.1 billion, prior to inter-departmental eliminations. These payables are further made up of R0.6 billion for clearing accounts, R0.7 billion for amounts owed to other entities and other payables of R2 billion, offset by amongst other eliminations unauthorised expenditure funded by Revenue Fund of R2.2 billion.

4.2 MULTILATERAL INSTITUTIONS

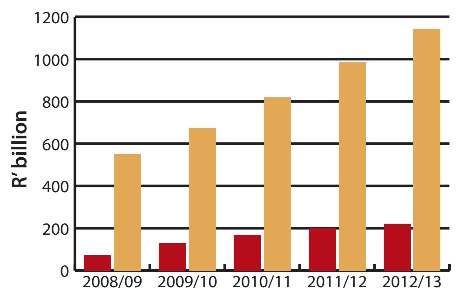
Multilateral Institutions R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Multilateral Institutions	57 638	76 250	58 078	82 527	99 114
Movement in Multilateral Institutions	30%	32%	(24%)	42%	20%

The balance represents the callable portion of South Africa's subscription in the various multilateral institutions. The balance is comprised of The African Development Bank R33 billion, IMF-Securities Account R26 billion, IMF- SDR Allocations R25 billion plus the International Bank for Reconstruction and Development R16 billion.

4.3 CURRENT AND NON-CURRENT BORROWINGS

Borrowings R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Current borrowings	73 258	127 892	170 484	201 910	222 337
Non-current borrowings	552 390	675 813	819 590	985 458	1 143 017
Total	625 649	803 705	990 074	1 187 369	1 365 354
Movement in Borrowings	13%	28%	23%	20%	15%

BORROWINGS



Government's gross borrowing requirements are financed through the issuance of domestic short-term, long-term and foreign loans. Domestic loans consist mainly of Treasury bills, fixed-rate and inflation-linked bonds. The rise in debt stock since

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

2007/08 is the result of higher budget deficits because of the global economic downturn. Growth in total debt has diminished slightly at 15 per cent for the current year compared to 20 per cent in the prior year. The total gross debt figure now stands at R1 365 billion. Government's debt levels are affected by the gross borrowing requirement, discount on loans, increases/decreases due to revaluation of foreign loans and the revaluation of inflation-linked bonds and repayment on domestic and foreign loans. Total government debt is shown in the following table:

Total National Government Debt

R' million	2008/09	2009/10	2010/11	2011/12	2012/13
Domestic debt [1]	528 381	704 266	892 223	1 070 517	1 240 799
Foreign debt	97 268	99 454	97 851	116 851	124 555
Gross loan debt	**625 649**	**803 720**	**990 074**	**1 187 369**	**1 365 354**
Less: National Revenue Fund bank balances	(101 349)	(131 656)	(170 361)	(198 291)	(174 966)
Net loan debt	**524 300**	**672 063**	**819 713**	**989 077**	**1 190 388**
As percentage of GDP:					
Net loan debt	23	27	30	33	37
Foreign debt	4	4	4	4	4

1. Excludes unamortized interest on zero coupon bonds.

Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Over the period 2008/09 to 2012/13, net loan debt as a percentage of GDP increased from 23 per cent to 37 per cent.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

5. NET SURPLUS/(DEFICIT) RECONCILIATION

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

RECONCILIATION TO NET SURPLUS/(DEFICIT) AS REFLECTED IN THE Budget Review	Revised Estimate	Actual Outcome	As Published In
R' millions	2012/13	2011/12	2011/12
Surplus/(Deficit) per Income Statement (NRF)	(200 740)	(164 816)	(164 917)
Revaluation gains/(losses)	27 857	5 201	5 208
Increase/(Decrease) in revenue	(7 015)	(6 269)	(17 740)
Movement in Annual Appropriation: Net Financing	7 417	10 264	9 516
Other receipts:			
Exchange rate profit : ECA Loans	(3 183)	(7)	(7)
Recovery of criminal assets	(35)	(17)	(17)
Local Government Surrenders	(34)	(13)	(13)
Extra-ordinary receipts:			
Premium on issuance bonds for financing	(4 589)	(6 204)	(6 204)
Premium on debt portfolio restructuring	(5 953)	-	-
Penalties on Retail Bonds	(3)	(2)	(2)
Surplus cash from ICASA	(0)	(12)	(12)
Liquidation of SASRIA investments	(50)	(228)	(228)
Saambou Bank Liability	-	(30)	(30)
Escrow Investment Account	(1)	(33)	(34)
GEFRECA Account	-	(794)	(794)
Profit on Foreign currency investment	(938)	(607)	(607)
Proceeds on old coins	-	(1)	(1)
SASSA Indemnity	8	(22)	(22)
Other payments:			
Recovery of criminal assets	158	-	-
Premium Paid	2 172	5 556	5 556
Exchange Rate Loss: Escrow Account	1	-	-
Losses on GEFRECA	152	940	940
Loss on conversion of Foreign currency transactions	262	448	448
Appropriation for unauthorised expenditure approved		12 313	12 313
Expenditure in terms of an Act of Parliament	21	-	-
Surplus/Deficit per Budget Review	(184 493)	(144 335)	(156 648)

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

RECONCILIATION TO NET SURPLUS/(DEFICIT) AS REFLECTED IN THE Budget Review R' millions	Revised Estimate 2012/13	Actual Outcome 2011/12	As Published In 2011/12
Surplus per budget review	(184 493)	(144 335)	(156 648)
Items as specified above	(16 247)	(20 526)	(8 269)
Surplus per the NRF Statement of Financial Performance	(200 740)	(164 861)	(164 917)
Aggregated surplus/(deficit) of the National Departments	(266 666)	12 756	12 793
Add back unauthorised, fruitless & wasteful expenditure	467 406	-	-
Surplus/Deficit per CAFS	-	(152 105)	(152 124)
Analysis of the aggregated surplus of the National Departments			
Statutory and Voted Funds to be surrendered to NRF	-	(153 080)	(153 129)
Departmental revenue to be surrendered to the revenue fund	-	32	62
Aid assistance	-	943	943
	-	(152 105)	(152 124)

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

6. ACTUAL EXPENDITURE VS. ADJUSTED APPROPRIATION 2012/13

Name of Department	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF R'000	Adjusted Appropriation R'000	Variance R'000	% Variance
Central Government Administration	**73 888 144**	**76 029 092**	**2 140 948**	**2.8%**
Presidency	982 066	1 061 940	79 874	7.5%
Parliament	1 338 305	1 338 305	-	-
Cooperative Governance and Traditional Affairs	53 434 365	54 855 178	1 420 813	2.6%
Home Affairs	5 404 282	5 243 888	(160 394)	(3.1%)
International Relations and Cooperation	5 185 076	5 271 525	86 449	1.6%
Performance Monitoring and Evaluation	160 236	174 159	13 923	8.0%
Public Works	7 203 925	7 891 248	687 323	8.7%
Women Children and People with Disabilities	179 889	192 849	12 960	6.7%
Financial and Administrative Services	**25 248 656**	**25 503 847**	**255 191**	**1.0%**
Government Communications and Information Systems	397 224	460 981	63 757	13.8%
National Treasury	21 019 019	21 177 604	158 585	0.7%
Public Enterprise	1 367 049	1 376 758	9 709	0.7%
Public Service and Administration	703 712	726 852	23 140	3.2%
Statistics S A	1 761 652	1 761 652	-	-
Social Services	**191 227 868**	**193 866 035**	**2 638 167**	**1.4%**
Arts and Culture	2 656 471	2 672 470	15 999	0.6%
Basic Education	14 885 883	16 203 994	1 318 111	8.1%
Health	27 898 882	28 057 203	158 321	0.6%
Higher Education and Training	31 582 400	31 586 151	3 751	0.0%
Labour	2 034 572	2 139 566	104 994	4.9%
Social Development	111 115 576	112 143 552	1 027 976	0.9%
Sport and Recreation S A	1 054 084	1 063 099	9 015	0.8%

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Name of Department	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF R'000	Adjusted Appropriation R'000	Variance R'000	% Variance
Justice, Crime Prevention and Security	**131 364 224**	**132 196 828**	**832 604**	**0.6%**
Correctional Services	17 313 554	17 700 283	386 729	2.2%
Defence	37 702 218	37 888 542	186 324	0.5%
Independent Police Investigative Directorate	171 449	197 898	26 449	13.4%
Justice and Constitutional Development	13 020 410	13 021 416	1 006	0.0%
Justice	10 180 586	10 181 592	1 006	0.0%
NPA	2 839 824	2 839 824	-	-
Police	63 156 593	63 388 689	232 096	0.4%
Economic Services and Infrastructure	**116 897 467**	**118 782 920**	**1 885 453**	**1.6%**
Agriculture, Forestry and Fisheries	5 813 233	5 868 927	55 694	0.9%
Communications	1 651 211	1 655 024	3 813	0.2%
Economic Development	673 473	696 518	23 045	3.3%
Energy	6 658 984	6 734 478	75 494	1.1%
Enviromental Affairs	4 942 661	5 175 321	232 660	4.5%
Human Settlements	24 463 271	25 137 805	674 534	2.7%
Minerals Resources	1 173 642	1 175 533	1 891	0.2%
Rural Development and Land Reform	8 919 567	8 974 085	54 518	0.6%
Science and Technology	4 973 315	4 999 610	26 295	0.5%
Tourism	1 371 959	1 374 143	2 184	0.2%
Trade and Industry	8 286 428	8 351 086	64 658	0.8%
Transport	39 328 215	39 647 228	319 013	0.8%
Water Affairs	8 641 508	8 993 162	351 654	3.9%
	538 626 359	546 378 722	7 752 363	1.4%

CONSOLIDATED FINANCIAL INFORMATION
for the year ended 31 March 2013

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

FOR THE YEAR ENDED 31 MARCH 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the consolidated financial statements of National Departments of the National Treasury set out on pages 44 to 106, which comprise the consolidated statement of financial position as at 31 March 2013, the consolidated statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these consolidated financial statements in accordance with the *Departmental Financial Reporting Framework* prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and 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 consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated 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

COMMITMENTS

6. I was not able to obtain sufficient appropriate audit evidence in respect of commitments of R21,1 billion (2011-12: R23,2 billion) included in disclosure note 33 to the consolidated financial statements. Alternative procedures could not be performed to determine whether any further adjustments to this note were necessary.

IRREGULAR EXPENDITURE

7. I was not able to obtain sufficient appropriate audit evidence in respect of irregular expenditure of R2 billion (2011-12: R1,3 billion). Some departments incurred this expenditure in contravention of section 38(1)(a)(iii) of the PFMA. Alternative procedures could not be performed to determine whether any further adjustments to disclosure note 38 to the consolidated financial statements were necessary.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

AGGREGATION OF IMMATERIAL UNCORRECTED MISSTATEMENTS

8. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous immaterial uncorrected misstatements emanating from the audited financial statements of national departments. These misstatements impact the statement of financial position with R2,2 billion, the statement of financial performance with R0,9 billion and the disclosure notes with R3,4 billion.

QUALIFIED OPINION

9. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of National Departments of the National Treasury as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with the *Departmental financial reporting framework* prescribed by the National Treasury and the requirements of the PFMA and DoRA.

EMPHASIS OF MATTERS

I draw attention to the matters below:

MINISTERIAL EXEMPTION IN TERMS OF SECTION 92 OF THE PFMA TO NOT PREPARE A SINGLE SET OF CONSOLIDATED FINANCIAL STATEMENTS

10. As disclosed in disclosure note 51 to the financial statements, the Minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of sections 8(1) of the same. The exemption applies to the financial periods 2012-2013 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

RESTATEMENT OF CORRESPONDING FIGURES

11. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of adjustments made during 2012-13 in the financial statements of national departments at, and for the year ended, 31 March 2012.

UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

12. As disclosed in disclosure note 38 to the financial statements, national departments incurred irregular expenditure of R2,4 billion, as reported in the individual departments' audit reports.

13. As disclosed in disclosure note 39 to the financial statements, national departments incurred fruitless and wasteful expenditure of R97,6 million, as reported in the individual departments' audit reports.

14. As disclosed in note 13 to the financial statements, national departments incurred unauthorised expenditure of R124,6 million, as reported in the individual departments' audit reports.

ADDITIONAL MATTER

I draw attention to the matter below:

FINANCIAL REPORTING FRAMEWORK

15. The financial reporting framework prescribed by the National Treasury and applied in the consolidation of national departments is a compliance framework, augmented by the basis of accounting applied in the preparation of the financial statements of the National Revenue Fund. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

COMPLIANCE WITH LAWS AND REGULATIONS

17. The procedures I performed regarding compliance with laws and regulations were limited to the consolidation requirements of the PFMA. I did not identify any instances of material non-compliance with these requirements.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion and the findings on compliance with laws and regulations included in this report:

FINANCIAL AND PERFORMANCE MANAGEMENT

18. The National Treasury's consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA.

Auditor-General

Pretoria

28 October 2013

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
OPERATING INCOME		**789 771 007**	**741 022 796**
Revenue from Taxes, Levies & Duties	2	776 710 189	726 634 268
Departmental revenue	3	11 306 246	13 514 135
Other Revenue	4	1 723 037	837 367
Receipts by National Departments from NRF	5	31 535	37 026
NON-OPERATING INCOME		**16 903 980**	**9 553 455**
Direct Exchequer Receipts	6	14 693 552	7 726 504
Aid assistance	7	2 210 428	1 826 951
TOTAL REVENUE		806 674 987	750 576 251
REVENUE FUND EXPENDITURE		**415 464 232**	**384 853 414**
Appropriated Funds	8	413 476 556	377 920 150
Expenditure in terms of an Act of Parliament		20 625	-
CARA Payments	7	157 827	-
Direct Exchequer Payments		1 809 224	6 933 264

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
DEPARTMENTAL EXPENDITURE			
Current expenditure			
Compensation of employees	9	104 960 878	95 188 291
Goods & Services	10	51 943 191	49 841 003
Interest & Rent on Land	11	92 675	92 827
Aid assistance	7	881 097	463 898
Unauthorised expenditure approved without funding	13	-	483 821
Total current expenditure		157 877 841	146 069 840

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Transfers and subsidies			
Transfers and subsidies	14	380 141 232	353 096 508
Aid assistance	7	231 066	400 468
Total transfers and subsidies		380 372 298	353 496 976
Expenditure for capital assets			
Tangible capital assets	12.1	14 110 153	11 419 773
Software and other intangible assets	12.2	63 092	474 699
Total expenditure for capital assets		14 173 245	11 894 472
Payments for financial assets	15	1 691 014	1 166 504
TOTAL EXPENDITURE		969 578 630	897 481 206
DEFICIT		**(162 903 643)**	**(146 904 955)**
Add back Revaluation losses		(27 856 992)	(5 200 823)
DEFICIT FOR THE YEAR		**(190 760 636)**	**(152 105 778)**
Reconciliation of Net Deficit for the year			
Voted Funds to be surrendered to the revenue fund		(192 713 731)	(153 080 284)
Departmental revenue to be surrendered to the revenue fund		157 800	20 000
Direct Exchequer receipts/payments		777 973	11 520
Aid assistance		1 017 322	942 986
DEFICIT FOR THE YEAR		**(190 760 636)**	**(152 105 778)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
ASSETS			
Current Assets		200 578 295	218 776 294
Unauthorised expenditure	13	660 756	556 781
Fruitless and wasteful expenditure	16	1 139	1 215
Cash and cash equivalents	17	185 699 240	207 411 587
Other financial assets		14 168	16 448
Prepayments and advances	18	8 593 419	6 828 723
Receivables	19	4 419 928	3 937 583
Loans	20	1 180 101	22 422
Aid assistance receivable	7	9 544	1 535
Non-current assets		215 931 300	198 593 706
Investments	21	149 785 507	131 745 496
Loans	20	66 091 985	66 803 030
Other financial assets		53 808	45 180
TOTAL ASSETS		416 509 595	417 370 000
LIABILITIES			
Current liabilities		237 691 642	213 472 075
Voted funds to be surrendered to the Revenue Fund	22	357 991	272 880
Departmental revenue to be surrendered to the Revenue Fund	23	102 112	118 657
Direct Exchequer Receipts to be surrendered to the Revenue Fund	24	338 291	3 243
Bank overdraft	25	11 028 059	7 863 149
Payables	26	2 313 998	2 207 466
Borrowings	27	222 337 420	201 910 195
Aid assistance repayable	7	980 535	869 232
Aid assistance unutilised	7	233 236	227 253
Non-current liabilities		1 243 104 589	1 068 738 404
Payables	26	973 714	753 437
Borrowings	27	1 143 016 806	985 458 414
Multilateral Institutions	28	99 114 069	82 526 553
TOTAL LIABILITIES		1 480 796 231	1 282 210 479

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
NET ASSETS		**(1 064 286 636)**	**(864 840 479)**
Represented by:			
Capitalisation reserve		48 155 799	47 474 254
Recoverable revenue		66 588 598	66 069 666
Retained funds		(1 179 031 033)	(978 384 397)
Revaluation reserves		-	(2)
TOTAL		**(1 064 286 636)**	**(864 840 479)**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Capitalisation Reserves			
Opening balance		47 474 254	47 771 088
Transfers:		681 545	(296 834)
Movement in Equity		700 000	-
Other movements		(18 455)	(296 834)
Closing balance		**48 155 799**	**47 474 254**
Recoverable revenue			
Opening balance		66 068 315	65 594 983
Transfers		518 932	473 332
Irrecoverable amounts written off		(109 230)	(59 972)
Debts revised		(61 762)	(46 396)
Debts recovered (included in departmental receipts)		(288 646)	(288 975)
Debts raised		978 570	868 675
Closing balance		**66 587 247**	**66 068 315**
Retained funds			
Opening balance		(978 384 397)	(815 784 126)
Utilised during the year		(5 646)	-
Other		(200 640 990)	(162 600 271)
Closing balance		**(1 179 031 033)**	**(978 384 397)**
Revaluation Reserves			
Opening balance		1 349	675
Other		2	674
Closing balance		**1 351**	**1 349**
TOTAL		**(1 064 286 636)**	**(864 840 479)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND		812 776 365	755 777 618
Revenue collected by SARS		776 676 313	726 754 938
Departmental Revenue collected		10 299 627	13 767 388
Direct Exchequer Receipts		14 743 552	7 954 491
CARA Receipts		35 341	17 333
Surrenders from departments		9 298 495	6 916 173
Other revenue received by the revenue fund		1 723 037	367 295
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS		12 227 443	13 447 688
Annual appropriated funds received		(94 202)	(29 413)
Statutory appropriated funds received		173	-
Departmental revenue received		9 336 877	11 618 630
Direct Exchequer receipts		777 973	11 520
NRF Receipts		31 535	37 333
Aid assistance received		2 175 087	1 809 618
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND		424 591 816	396 512 016
Statutory Appropriation		421 737 608	389 567 232
CARA Payments		157 827	-
Appropriation for unauthorised expenditure		60 917	-
Direct Exchequer Payments		2 587 197	6 944 784
Other		48 267	-
Net increase in working capital		(2 238 407)	(2 394 317)
Surrendered to Revenue Fund		(20 080 332)	(20 558 767)
Surrendered to RDP Fund/Donor		(885 245)	(583 222)
Current payments		(157 452 205)	(145 937 684)
Payments for financial assets		(1 691 014)	(1 167 773)
Transfers and subsidies paid		(380 372 298)	(353 485 329)
Net cash flow available from operating activities	29	(162 307 509)	(151 413 802)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(14 173 245)	(11 987 266)
Proceeds from sale of capital assets		94 226	115 052
Increase in loans		(446 634)	(359 157)
Increase in investments		(738 360)	20 667
Increase in other financial assets		(6 348)	(368)
Net cash flows from investing activities		(15 270 361)	(12 211 072)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		1 873 621	1 594 932
Increase in net assets		1 196 001	392 172
Increase in non-current payables		220 277	474 296
Increase in borrowings		149 414 494	189 893 543
Net cash flows from financing activities		152 704 393	192 354 943
Net decrease in cash and cash equivalents		(24 873 477)	28 730 069
Cash and cash equivalents at beginning of period		199 544 658	170 818 369
Cash and cash equivalents at end of period		**174 671 181**	**199 548 438**

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. PRESENTATION OF THE FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

All departments are controlled by Government. These consolidated financial statements include the financial results of the departments and Parliament.

Government Departments apply uniform accounting policies as prescribed by the National Treasury except to the extent that a department has requested a deviation from the 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.

1.1 BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year). Under this basis, the revaluation of foreign and domestic investments and loans will also be recognised. 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 and balances between the departments and the National Revenue Fund (NRF) are eliminated. PAYE is not eliminated as it is not considered as an interdepartmental transaction. VAT is not eliminated as government does not pay VAT directly to the NRF and government is not a VAT vendor. National Revenue Fund only recognised material provisions that will result in the potential cash outflow to government.

1.2 PRESENTATION CURRENCY

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

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

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

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

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

1.5.1 REVENUE FROM TAXES, LEVIES AND DUTIES

Taxpayer-assessed revenues are recognised when funds are received by South African Revenue Services (SARS). Cash in transit or over remitted as at 31 March by the SARS is included in the Statement of Financial Position as other receivables/payables.

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

1.5.2 DEPARTMENTAL REVENUE

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

1.5.2.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

This comprises the proceeds from the sale of goods and/or services produced by the departments. Revenue is recognised in the Statement of Financial Performance on receipt of the funds by departments.

1.5.2.2 FINES, PENALTIES & FORFEITS

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

1.5.2.3 INTEREST, DIVIDENDS AND RENT ON LAND

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received from the departments.

1.5.2.4 SALE OF CAPITAL ASSETS

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received from departments.

1.5.2.5 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds from departments.

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

Forex gains and losses are recognised on settlement of loans.

1.5.2.6 TRANSFERS RECEIVED

Transfers received include transfers from Universities and Technikons, Foreign governments, International organisations, Public corporations and private enterprises, Households and non-profit institutions and Other governmental units. Revenue is recognised in the Statement of Financial Performance on receipt of the funds from the departments.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

1.5.3 GIFTS, DONATIONS AND SPONSORSHIPS (TRANSFERS RECEIVED)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance on receipts of the funds from the departments. Amounts in transit are recognised as a receivable at the reporting date.

1.5.4 CARA RECEIPTS

Funds received derived from the execution of confiscation and forfeiture orders contemplated, in accordance with section 64 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts are recognised by the revenue fund in the Statement of Financial Performance when the cash is received.

1.5.5 AID ASSISTANCE

Aid assistance is recognised as revenue when received. All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

1.5.6 DIRECT EXCHEQUER RECEIPTS

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

1.6 EXPENDITURE

1.6.1 APPROPRIATED FUNDS

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

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

1.6.2 COMPENSATION OF EMPLOYEES

1.6.2.1 SALARIES AND WAGES

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the Statement of Financial Performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

1.6.2.2 SOCIAL CONTRIBUTIONS

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

1.6.3 GOODS AND SERVICES

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

1.6.4 INTEREST AND RENT ON LAND

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

1.6.5 PAYMENTS FOR FINANCIAL ASSETS

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

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

1.6.6 CARA PAYMENTS

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

1.6.7 TRANSFERS AND SUBSIDIES

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

1.6.8 EXPENDITURE FOR CAPITAL ASSETS

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

1.6.9 REVALUATION GAINS/(LOSSES)

Foreign liabilities, foreign investments and Multilateral Institutions liabilities are re-valued at the closing exchange rate of 31 March. Associated gains and losses are recognised in the Statement of Financial Performance. Gains and losses due to the revaluation of inflation-linked bonds are also included in the Statement of Financial Performance.

1.6.10 UNAUTHORISED EXPENDITURE

When confirmed unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

1.6.11 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until its is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.6.12 IRREGULAR EXPENDITURE

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

1.6.13 DIRECT EXCHEQUER PAYMENTS

This includes revenue fund payments. Expenditure is recognised when funds are transferred to the departments. Expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the departments and therefore are not expected to occur frequently. Amounts transferred by revenue funds are recognised in the Statement of Financial Performance when transferred to the departments.

1.6.14 OTHER EXPENDITURE AND RDP FUNDS DUE PRIOR TO AMENDMENT ACT NO. 79 OF 1998

Expenditure is recognised when payment becomes payable.

1.7 ASSETS

1.7.1 CASH AND CASH EQUIVALENTS

Domestic cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

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

Foreign cash and cash equivalents are carried in the Statement of Financial Position at the closing rate of 31 March. Gains and losses on revaluation are recognised in the Statement of Financial Performance.

1.7.2 OTHER FINANCIAL ASSETS

Other financial assets are carried in the Statement of Financial Position at cost.

1.7.3 PREPAYMENTS AND ADVANCES

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

1.7.4 RECEIVABLES

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

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

1.7.5 OTHER RECEIVABLES

The net of profits and losses arising from exchange forward cover provided by the South African Reserve Bank; including the periodic revaluation of the Reserve Bank's foreign exchange reserves, foreign loans and gold reserves are included in other receivables.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

1.7.6 LOANS

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

1.7.7 SETTLEMENT PERIOD OF ASSETS AND LIABILITIES

1.7.7.1 CURRENT AND NON-CURRENT ASSETS

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

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

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

1.7.7.2 CURRENT AND NON-CURRENT LIABILITIES

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

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

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

1.7.8 INVESTMENTS

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

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

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in Special Drawing Rights (SDR) and is recognised in the Statement of Financial Position in Rand, converted at the closing SDR exchange rate published by the IMF at the year end. Any gains and or losses on the revaluation of investments and financial liabilities are recognised in the Statement of Financial Performance.

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.

1.7.9 INVENTORY

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using either the weighted average cost or FIFO cost formula.

CAPITAL ASSETS

1.7.10 DISCLOSURE

Additions to Capital Assets are disclosed as expenditure in the Statement of Financial Performance and in the disclosure notes on Capital Assets.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

MOVABLE ASSETS

1.7.10.1 INITIAL RECOGNITION

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

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

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

IMMOVABLE ASSETS

1.7.10.2 INITIAL RECOGNITION

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

INTANGIBLE ASSETS

1.7.10.3 INITIAL RECOGNITION

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

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

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset" and is capitalised in the asset register of the department.

Maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

1.8 LIABILITIES

1.8.1 PAYABLES

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

1.8.2 LEASE COMMITMENTS

FINANCE LEASE

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

OPERATING LEASE

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

1.8.3 ACCRUALS

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

1.8.4 CONTINGENT LIABILITIES

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or the National Revenue Fund, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

1.8.5 CONTINGENT ASSETS

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the National Revenue Fund. Contingent assets include the Gold and Foreign Exchange Contingency Reserve Account that is initially measured at cost as it does not have a fixed maturity date, and is subsequently revalued with the profits and losses incurred on gold and foreign exchange transactions.

1.8.6 COMMITMENTS

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

1.8.7 EMPLOYEE BENEFITS

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

1.8.8 PROVISIONS

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.8.9 MULTILATERAL INSTITUTIONS

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

1.9 BORROWINGS

1.9.1 DOMESTIC BORROWINGS

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

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

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

1.9.2 FOREIGN LOANS AND BONDS

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

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

1.10 FOREIGN LOANS

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

1.11 NET ASSETS

1.11.1 CAPITALISATION RESERVE

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

1.11.2 RECOVERABLE REVENUE

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

1.12 RELATED PARTY TRANSACTIONS

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

1.13 KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

1.14 PUBLIC PRIVATE PARTNERSHIPS

A Public Private Partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
  - consideration to be paid by the department which derives from a Revenue Fund;
  - charges fees to be collected by the private party from users or customers of a service provided to them; or
  - a combination of such consideration and such charges or fees.

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

1.15 RESTATEMENTS AND ADJUSTMENTS

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.

1.16 EVENTS AFTER THE REPORTING DATE

Subsequent events that are both favourable and unfavourable which occurred between the reporting date and the date when the financial statements are authorised for issue, are included as a disclosure note to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

2. REVENUE FROM TAXES, LEVIES AND DUTIES

	2012/13 R'000	2011/12 R'000
TAXATION		
Income tax	457 313 238	426 583 400
Value-added tax / Sales tax	215 023 035	191 020 199
Fuel levy	58 031 812	53 230 281
Excise duties	30 609 652	27 239 495
Customs duties	38 997 934	34 197 901
Other taxes	8 645 705	7 814 606
Unemployment Insurance Fund (UIF)	13 381 984	12 183 955
Skills Development Levy	11 378 478	10 173 133
Enviromental levy	9 838 931	8 244 690
Air Passenger tax	873 060	762 416
Universal Service Fund	155 084	75 089
Diamond export levy	55 375	64 229
Small business tax amnesty	597	330
Turnover Tax	11 319	5 703
Total Taxation	844 316 204	771 595 427
Non-taxation revenue		
Departmental receipts	495 813	(141 146)
Customs miscellaneous revenue	2 652	3 290
Provincial administration receipts	5 015 037	5 611 539
Mining leases and ownership	11 107	80 047
Non-tax revenue	17 206	7 403
Total Non-taxation	5 541 815	5 561 133
Total Gross Revenue	849 858 019	777 156 560
Less		
South African Customs Union Agreement	42 151 276	21 759 965
Payment ito sec 12(3) of the PFMA	2 657	3 484
Payment to UIF	13 372 473	12 130 825
Payment to RAF	17 661 919	16 371 406
Amount payable by SARS to RAF	(40 495)	256 612
Total	73 147 830	50 522 292
Total Net Revenue for the Year	776 710 189	726 634 268

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

3. DEPARTMENTAL REVENUE

	2012/13 R'000	2011/12 R'000
Allocated to extra-ordinary receipts	-	(1 065 320)
Sales of goods and services other than capital assets	2 615 369	2 703 044
Fines, penalties and forfeits	1 118 784	913 865
Interest, dividends and rent on land	5 195 071	4 648 885
Sales of capital assets	94 084	114 857
Financial transactions in assets and liabilities	1 657 829	4 541 921
Transfer received	625 109	1 656 883
Total	11 306 246	13 514 135

4. OTHER REVENUE

	2012/13 R'000	2011/12 R'000
Surrenders	-	483 821
Other	1 723 037	353 546
Total	1 723 037	837 367

5. RECEIPTS BY NATIONAL DEPARTMENTS FROM NRF

	2012/13 R'000	2011/12 R'000
NRF Receipts	31 535	37 026
Total	31 535	37 026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

6. DIRECT EXCHEQUER RECEIPTS

6.1 DIRECT EXCHEQUER RECEIPTS

	2012/13 R'000	2011/12 R'000
ICASA	150	12 452
Exchange Rate Profit	3 183 164	6 809
SAMBOU	-	30 000
Proceeds on old coins	2 637	2 497
Penalties on Retail Bonds	5 952 690	-
Premium Received	4 589 277	6 203 876
Premium on Bonds issued	(7 675)	21 617
SASSA Indemnity	34 303	13 415
Local Government Surrender	-	794 283
Profit on Conversion of Foreign Loan	937 971	607 494
Total	14 692 517	7 693 041

6.2 NON-OPERATING INCOME ITEMS

	2012/13 R'000	2011/12 R'000
Exchange rate profit : ECA Loans	-	2
Exchange rate profit : Escrow Investment Account	1 035	33 461
Total	1 035	33 463
Total Non-Operating Income	14 693 552	7 726 504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

7. AID ASSISTANCE

7.1 ASSISTANCE RECEIVED IN CASH FROM RDP

	2012/13 R'000	2011/12 R'000
Local		
Opening Balance	10 258	13 836
Revenue	29 600	42 000
Expenditure	(29 600)	(42 000)
Current	(3 000)	(3 600)
Transfers	(26 600)	(38 400)
Surrendered to the RDP	-	(3 578)
Closing Balance	10 258	10 258
Foreign		
Opening Balance	930 281	549 844
Revenue	1 979 897	1 719 513
Expenditure	(1 067 296)	(769 693)
Current	(830 879)	(448 918)
Capital	(45 602)	(2 107)
Transfers	(190 815)	(318 668)
Surrendered to the RDP	(869 215)	(569 383)
Closing Balance	973 667	930 281

7.2 ASSISTANCE RECEIVED IN CASH FROM OTHER SOURCES

	2012/13 R'000	2011/12 R'000
Local		
Opening Balance	135 719	151 962
Revenue	55 965	17 652
Expenditure	(16 609)	(25 503)
Current	(16 609)	(10 103)
Transfers	-	(15 400)
Surrendered to the donor	(16 007)	(8 392)
Closing Balance	159 068	135 719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Foreign		
Opening Balance	6 914	7 523
Revenue	31 825	30 453
Expenditure	(24 325)	(29 193)
Current	(10 674)	(1 193)
Transfers	(13 651)	(28 000)
Surrendered to the donor	(23)	(1 869)
Closing Balance	14 391	6 914

7.3 ASSISTANCE RECEIVED IN CASH FROM CARA FUND

	2012/13 R'000	2011/12 R'000
Opening Balance	11 778	12 021
Revenue	113 141	17 333
Expenditure	137 892	(243)
Current	137 892	(84)
Capital	-	(159)
Transferred to retained funds	(22 800)	-
Closing Balance	240 011	29 111

	2012/13 R'000	2011/12 R'000
Total		
Opening Balance	1 094 950	735 186
Revenue	2 210 428	1 826 951
Expenditure	(999 938)	(866 632)
Current	(723 270)	(463 898)
Capital	(45 602)	(2 266)
Transfers	(231 066)	(400 468)
Surrendered / Transferred to retained funds	(908 045)	(583 222)
Closing Balance	1 397 395	1 112 283

	2012/13 R'000	2011/12 R'000
Analysis of Balance		
Aid assistance receivable	(9 544)	(1 535)
Aid assistance unutilised	233 236	227 253
Aid assistance repayable	980 535	869 232
CARA funds transferred to Retained Funds	193 168	17 333
Closing Balance	1 397 395	1 112 283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

8. APPROPRIATED FUNDS

Annual Appropriation	(7 918 734)	(11 565 156)
Statutory Appropriation	421 395 290	389 485 306
Total Annual Appropriation	413 476 556	377 920 150

9. COMPENSATION OF EMPLOYEES

Salaries and Wages

Basic Salary	68 107 716	62 003 284
Performance Award	764 764	380 177
Service Based	259 017	232 350
Compensative/circumstantial[1]	3 371 389	2 973 972
Periodic Payments	151 679	151 283
Other non-pensionable allowances	14 634 870	13 324 420
Total	87 289 435	79 065 486

1. Included in the amount is Overtime and Internships

Social Contributions

Employer contributions

Pension	10 108 620	9 122 838
Medical	7 544 081	6 979 433
UIF	2 259	1 949
Bargaining Council	6 804	7 031
Official unions and associations	5 747	5 561
Insurance	3 932	5 993
Total	17 671 443	16 122 805

Total Compensation of employees	104 960 878	95 188 291

Average number of employees	398 123	396 534

(Average of opening and closing number of employees)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
10. GOODS AND SERVICES			
Administrative fees		440 929	326 946
Advertising		564 367	671 961
Assets less than R5,000	10.1	718 376	665 679
Bursaries (employees)		62 714	56 621
Catering		235 672	304 188
Communication		1 690 968	1 698 085
Computer services	10.2	5 156 928	5 217 871
Consultants, contractors and agency/outsourced services	10.3	11 428 034	12 635 336
Entertainment		33 664	33 093
Audit cost – external	10.4	507 408	441 553
Fleet services		291 434	202 923
Inventory	10.5	8 524 013	7 612 534
Operating leases		6 949 547	6 264 001
Property payments	10.6	5 981 673	4 275 422
Rental and hiring		24 395	20 320
Transport provided as part of the departmental activities		117 335	90 264
Travel and subsistence	10.7	5 675 667	5 509 951
Venues and facilities		523 560	617 922
Training and staff development		431 252	425 102
Other operating expenditure	10.8	2 585 255	2 771 231
Total		51 943 191	49 841 003

10.1 ASSETS LESS THAN R5 000

		2012/13 R'000	2011/12 R'000
Tangible assets		551 907	544 071
Buildings and other fixed structures		115	109
Biological assets		2 695	4 300
Heritage assets		129	-
Machinery and equipment		543 471	532 913
Transport assets		282	141
Specialised military assets		5 215	6 608
Intangible assets		166 469	121 608
Total		718 376	665 679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

10.2 COMPUTER SERVICES

SITA computer services	3 401 404	3 197 585
External computer service providers	1 755 524	2 020 286
Total	5 156 928	5 217 871

10.3 CONSULTANTS, CONTRACTORS AND AGENCY/OUTSOURCED SERVICES

Business and advisory services	3 160 702	2 869 658
Infrastructure and planning	204 827	288 237
Laboratory services	38 720	39 544
Legal costs	588 411	551 415
Contractors	4 436 567	5 791 332
Agency and support/outsourced services	2 998 807	3 095 150
Total	11 428 034	12 635 336

10.4 AUDIT COST – EXTERNAL

Regularity audits	486 439	413 910
Performance audits	13 275	6 395
Investigations	2 553	8 645
Environmental audits	-	23
Other audits	5 141	12 580
Total	507 408	441 553

10.5 INVENTORY

Learning and teaching support material	5 385	4 433
Food and food supplies	1 092 113	1 049 739
Fuel, oil and gas	2 900 102	2 516 711
Other consumable materials	944 431	847 663
Maintenance material	809 593	837 391
Stationery and printing	1 947 829	1 744 167
Medical supplies	193 732	210 689
Medicine	302 414	229 807
Military stores	328 414	171 934
Total	8 524 013	7 612 534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

		2012/13 R'000	2011/12 R'000
10.6	**PROPERTY PAYMENTS**		
	Municipal services	3 187 779	2 815 319
	Property management fees	306 184	272 773
	Property maintenance and repairs	1 535 879	163 045
	Other	951 831	1 024 285
	Total	5 981 673	4 275 422
10.7	**TRAVEL AND SUBSISTENCE**		
	Local	4 580 381	4 572 906
	Foreign	1 095 286	937 045
	Total	5 675 667	5 509 951
10.8	**OTHER OPERATING EXPENDITURE**		
	Learnerships	589 005	384 120
	Professional bodies, membership and subscription fees	98 070	90 443
	Resettlement costs	140 323	153 671
	Gifts	4 871	1 492
	Other	1 752 986	2 141 505
	Total	2 585 255	2 771 231
11.	**INTEREST AND RENT ON LAND**		
	Interest expense	91 813	92 760
	Rent on land	862	67
	Total interest and rent on land	92 675	92 827
12.	**EXPENDITURE ON CAPITAL ASSETS**		
12.1	**TANGIBLE ASSETS**	14 110 153	11 419 773
	Buildings and other fixed structures	8 850 386	6 292 798
	Heritage assets	45	2 707
	Machinery and equipment	5 139 348	4 988 853
	Specialised military assets	22 642	-
	Land and subsoil assets	91 760	132 032
	Biological assets	5 972	3 383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
12.2 SOFTWARE AND OTHER INTANGIBLE ASSETS	63 092	474 699
Computer software	62 527	474 493
Patents, licences, copyright, brand names, trademarks	565	206
Total	14 173 245	11 894 472
Compensation for capital expenditure		
Compensation of employees	13 913	14 287
Goods and services	20 064	33 306
Total	33 977	47 593
Analysis of funds utilised to acquire capital assets		
Tangible assets		
Voted Funds	14 064 862	11 414 106
Buildings and other fixed structures	8 850 384	6 292 798
Heritage assets	45	2 680
Machinery and equipment	5 094 059	4 983 213
Specialised military assets	22,642	-
Land and subsoil assets	91 760	132 032
Biological assets	5 972	3 383
Aid assistance	45 602	1 518
Machinery and equipment	45 602	1 518
TOTAL	14 110 464	11 415 624
Software and other intangible assets		
Voted Funds	62 781	478 100
Computer software	62 412	477 894
Patents, licences, copyright, brand names, trademarks	369	206
Aid assistance	-	748
Computer software	-	748
TOTAL	62 781	478 848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

13. UNAUTHORISED EXPENDITURE

Reconciliation of unauthorised expenditure

	2012/13 R'000	2011/12 R'000
Opening balance	556 781	571 524
Unauthorised expenditure - discovered in the current year	124 601	27 026
Less: Amounts approved by Parliament/Legislature with funding	(20 626)	442 052
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance-current	-	(483 821)
Unauthorised expenditure awaiting authorisation / written off	660 756	556 781

Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2012/13 R'000	2011/12 R'000
Current	469 664	532 060
Capital	166 453	82
Transfers and subsidies	24 639	24 639
Total	660 756	556 781

14. TRANSFERS AND SUBSIDIES

	2012/13 R'000	2011/12 R'000
Provinces and Municipalities	142 651 352	130 490 346
Departmental agencies and accounts	73 704 490	72 905 757
Universities and technikons	21 159 964	19 551 500
Foreign governments and international organisations	1 743 366	1 557 552
Public coporations and private enterprises	25 276 962	22 425 601
Non-profit institutions	1 370 454	1 102 001
Households	114 230 915	105 060 605
Gifts, donations and sponsorships made	3 729	3 146
Total	380 141 232	353 096 508

15. PAYMENTS FOR FINANCIAL ASSETS

	2012/13 R'000	2011/12 R'000
Material losses through criminal conduct	2 253	1 925
Theft	232	1 759
Other material losses	2 021	166
Purchase of equity	1 050 000	-
Extension of loans for policy purposes	200 000	750 000
Other material losses written off	204 319	298 724
Debts written off	234 349	72 664
Forex losses	93	43 191
Total	1 691 014	1 166 504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

16. FRUITLESS AND WASTEFUL EXPENDITURE

	2012/13 R'000	2011/12 R'000
Reconcilation of fruitless and wasteful expenditure		
Opening Balance	1 215	1 530
Less: Amounts condoned	(546)	(299)
Current	470	-
Less: Amounts transferred to receivables for recovery	-	(16)
Fruitless and wasteful expenditure awaiting condonement	1139	1 215

	2012/13 R'000	2011/12 R'000
Analysis of awaiting condonement per economic classifications		
Current	1 139	1 215
Total	1 139	1 215

17. CASH AND CASH EQUIVALENTS

	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account	9 883 174	7 851 922
Cash receipts	(141 330)	61
Disbursements	(56 001)	(38 340)
Cash on hand	226 136	79 559
Cash with commercial banks	28 153 244	64 520 342
Cash with SARB	67 157 404	67 157 404
Foreign Currency Investment	80 255 760	67 557 749
Escrow Investment Account	52 047	50 836
Other	168 806	232 054
Total Cash and cash equivalents	185 699 240	207 411 587

18. PREPAYMENTS AND ADVANCES

	2012/13 R'000	2011/12 R'000
Staff advances	47 333	45 048
Travel and subsistence	160 521	147 340
Prepayments	101 190	(32 863)
Advances paid to other entities	937 176	681 995
SOCPEN advances	7 347 199	5 987 203
Total	8 593 419	6 828 723

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

19. RECEIVABLES

Claims recoverable	1 976 385	1 739 909
Trade receivables	198	766
Recoverable expenditure	168 642	207 727
Staff debt	595 526	538 188
Other debtors	1 536 773	1 304 667
Voted funds to be surrendered to the Revenue Fund	425	-
Departmental Revenue to be surrendered to the Revenue Fund	(32 168)	18 924
Unauthorised expenditure to be surrendered	173 374	31 590
Other	773	95 812
Total	4 419 928	3 937 583

20. LOANS

Public corporations	67 245 710	66 797 021
Universities and technikons	26 376	28 431
Total	67 272 086	66 825 452
Less: Current	1 180 101	22 422
Total Non-Current	66 091 985	66 803 030

Analysis of Balance

Opening balance	66 825 452	66 754 670
New Issues	455 136	109 657
Repayments	(8 502)	(13 466)
Write-offs	-	(25 409)
Closing balance	67 272 086	66 825 452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

21. INVESTMENTS

	2012/13	2011/12
Non-current		
Foreign	102 798 882	85 497 231
Shares and other equity	46 986 625	46 248 265
Total non-current	149 785 507	131 745 496

Investments are revalued at closing exchange rate as at 31 March. Total revaluation amounted to R17,3 bn (2011/12: R26.6 bn).

	2012/13	2011/12
Major investments per National Department		
Department of Transport		
Passenger Rail Authority of South Africa Ltd.	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	200 000	200 000
Public Investment Corporation Limited	1	1
Land Bank	200 955	200 955
	400 956	400 956
Department of Defence		
Armscor	75 000	75 000
Department of Agriculture, Forestry and Fisheries		
Ncera Farms (Pty) Ltd	1	1
Onderstepoort Biological Products (Pty) Ltd	1	1
Abattoir industry fund	16 430	16 855
National Forestry Recreation & Access Trust	5 345	5 078
Forestry Lease Rental Trust Fund	213 946	159 028
	235 723	180 963
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
Vodacom Group Limited	12 173 839	12 173 839
	14 445 160	14 445 160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Department of Human Settlements		
NHFC	880 000	880 000
Servcon	604	604
	880 604	880 604
Department of Rural Development and Land Reform		
Inala Farms (Pty) Ltd	16 112	32 512
	16 112	32 512
Department of Economic Development		
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	6 176 376	5 476 376
SAFCOL	318 013	318 013
South African Airways (Pty) Ltd	3 598 080	3 598 080
Transet Limited	12 660 986	12 660 986
South African Express (Pty) Ltd	585 000	585 000
	23 448 455	22 748 455
Department of Minerals and Energy		
South African Nuclear Energy Corporation	2 205	2 205
	2 205	2 205
Total	46 986 625	46 248 265
National Treasury-Asset and Liability Management Division		
International Finance Corporation	160 209	122 374
International Bank for Reconstruction and Development	16 955 624	12 461 350
Multilateral Investment Guarantee Agency	165 404	137 988
African Development Bank	35 134 126	29 310 461
International Monetary Fund Quota Subscription	25 745 314	22 210 124
International Monetary Fund SDR Holding	24 638 206	21 254 934
	102 798 883	85 497 231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Number of Shares		
Foreign:		
International Finance Corporation	17 418	15 948
International Bank for Reconstruction and Development	15 281	13 462
Multilateral Investment Guarentee Agency	1 662	1 662
African Development Bank	316 641	316 641
Issue Price per Share		
Foreign:		
Issued in American Dollars		
International Finance Corporation	9 198	7 673
International Bank for Reconstruction and Development	1 109 589	925 669
Multilateral Investment Guarentee Agency	99 521	83 025
African Development Bank	110 959	92 567
Exchange rates as at year end used to convert issue price		
American dollar (USD)	9.198	7.673
Special Drawings Rights (SDR)	13.779	11.887

22. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	2012/13 R'000	2011/12 R'000
Opening Balance	272 880	287 650
Transfer from Statement of Financial Performance	(212 785)	2 514 257
Add: Unauthorised expenditure for current year	425 636	49 722
Voted Funds not requested/ not received	(77 989)	(2 342 540)
Transferred to retained revenue to defray excess expenditure (Parliament/ Legislatures ONLY)	173	(173)
Paid during the year	(49 924)	(236 036)
Closing Balance	357 991	272 880

23. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

	2012/13 R'000	2011/12 R'000
Opening balance	45 998	(122 192)
Transfer from Statement of Financial Performance	77 722	9 653
Paid during the year	(21 608)	231 196
Closing balance	102 112	118 657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

24. DIRECT EXCHEQUER RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	2012/13 R'000	2011/12 R'000
Opening balance	3 243	4 176
Transfer from Statement of Financial Performance	777 973	11 520
Paid during the year	(442 925)	(12 453)
Closing balance	338 291	3 243

25. BANK OVERDRAFT

	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account	11 028 057	7 862 710
Overdraft with commercial banks (Local)	2	439
Total	11 028 059	7 863 149

26. PAYABLES

26.1 PAYABLES CURRENT

	2012/13 R'000	2011/12 R'000
Amounts owing to other entities	578 866	293 076
Advances received	449 219	473 291
Clearing accounts	615 902	555 020
Other payables	656 374	605 556
Voted funds to be transferred	6 857	96 969
Other	6 780	183 554
Total	2 313 998	2 207 466

26.2 PAYABLES-NON-CURRENT

	2012/13 R'000	2011/12 R'000
Amounts owing to other entities	144 903	155 972
Advances received	8 155	4 231
Other payables	820 656	593 234
Total	973 714	753 437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

27. BORROWINGS

27.1 CURRENT

Domestic	207 617 333	194 211 245
Foreign	14 720 087	7 698 950
Total Current Borrowings	222 337 420	201 910 195

There is no outstanding inflation-linked bonds under domestic current borrowings. In the previous year domestic current borrowings includes inflation-linked bonds with the revalued amount (settlement value) of R25.8bn and a face value of R19.1bn at the date of issue.

Foreign loans are revalued at the closing exchange rate at 31 March. The face value of these bonds at the date of issue was R10.6bn (2011/12: R11.0bn).

Domestic short-term bonds, Treasury bills and other loans

Debt as at 1 April	19 132 388	20 745 929
Created	(9 915 131)	(14 293 979)
Reduced	(24 534 257)	(13 725 075)
Transfer from long term	31 957 487	26 405 513
Revaluation premium on inflation linked bonds	-	6 656 585
Treasury bills	172 032 209	155 206 359
Other Loans	18 944 637	13 215 913
	207 617 333	194 211 245

Foreign short-term bonds and other loans

Bonds and debentures		
Debt as at 1 April	10 998 080	41 359
Reduced	(10 998 080)	(20 279)
Transfer from long term	10 637 500	10 977 000
Revaluation of foreign loans	4 082 587	(3 299 130)
	14 720 087	7 698 950

27.2 NON-CURRENT

Domestic	1033 181 486	876 305 967
Foreign	109 835 320	109 152 447
Total Long Term Borrowings	1 143 016 806	985 458 414

Included in domestic non-current borrowings are inflation-linked bonds with the revalued amount (settlement value) of R244.5 bn (2011/12: R195.2bn). The face value of these bonds at the date of issue are R170bn (2011/12: R135.4bn). Foreign bonds are revalued at the closing exchange rate at 31 March. The face value of these bonds at the date of issue was R85.6bn (2011/12: R99.2bn).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Domestic long-term bonds, debentures and other loans		
Bonds and debentures		
Debt as at 1 April	868 840 599	712 699 284
Created	184 649 785	184 942 816
Reduced	(4 687 893)	(2 395 988)
Transfer to short-term	(31 957 487)	(26 405 513)
Revaluation premium on inflation-linked bonds	16 297 459	7 426 322
Former Regional Authorities	39 023	39 047
	1 033 181 486	876 305 967
Redemption Analysis		
Financial year(s)		
2013-2016	78 274 353	44 179 863
2016-2019	216 042 470	206 622 586
2019-2022	207 580 848	165 332 469
2022-2025	92 935 145	166 150 393
2025-2028	162 205 221	65 072 469
2028-2051	276 143 449	228 948 187
	1 033 181 486	876 305 967
Foreign long term bonds and other loans		
Bonds and debentures		
Debt as at 1 April	99 146 360	100 488 619
Created	60 570	12 594 610
Reduced	(3 053 653)	(2 959 869)
Transfer from long term	(10 637 500)	(10 977 000)
Revaluation of foreign loans	24 319 543	10 006 087
	109 835 320	109 152 447
Redemption Analysis		
Financial year(s)		
2013-2016	9 657 826	20 474 288
2016-2019	27 555 250	27 350 405
2019-2022	42 650 975	33 499 561
2022-2025	9 275 994	16 318 243
2025-2051	20 695 275	11 509 950
	109 835 320	109 152 447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Currency Analysis		
British Pound	1 151 216	1 226 177
Euro	6 409 507	28 006 413
Japanese Yen	5 937 469	5 696 329
Swedish Krone	6 854 172	6 400 112
United States Dollar	89 482 957	67 823 416

28. MULTILATERAL INSTITUTIONS

	2012/13 R'000	2011/12 R'000
International Monetary Fund - Securities Account	25 719 744	22 188 700
International Monetary Fund - SDR Allocations	24 600 521	21 222 527
International Bank for Reconstruction and Development	15 935 033	11 703 068
Multilateral Investment Guarentee Agency	134 005	111 793
African Development Bank	32 724 766	27 300 465
Total	99 114 069	82 526 553

These liabilities in Multi-Lateral Institutions are revalued at closing exchange rate as at 31 March.

28.1 INTERNATIONAL MONETARY FUND - SECURITIES ACCOUNT

25 719 744 | 22 188 700

This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.

28.2 INTERNATIONAL MONETARY FUND - SDR ALLOCATIONS

24 600 521 | 21 222 527

The special drawing rigths deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund, in terms of the Finance and Financial Adjustments Acts, consolidation Act 11 of 1977.

28.3 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

15 935 033 | 11 703 068

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.

28.4 MULTILATERAL INVESTMENT GUARENTEE AGENCY

134 005 | 111 793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

This commitment represent the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet it's obligations on foreign investment guarantees to investors that are planning investments in developing countries.

	2012/13	2011/12
28.5 AFRICAN DEVELOPMENT BANK	32 724 766	27 300 465

This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet it's obligation on borrowing of funds or guarantees chargeable.

29. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	2012/13 R'000	2011/12 R'000
Net surplus/(deficit) as per Statement of Financial Performance	(190 760 636)	(152 072 948)
Add back non cash/cash movements not deemed operating activities	28 453 127	659 146
Decrease in receivables – current	8 812 228	6 860 187
Increase in prepayments and advances	(1 785 924)	(3 186 679)
Decrease in other current assets	60 994	484 605
Increase/(decrease) in payables – current	(653 949)	389 558
Proceeds from sale of capital assets	(93 986)	(114 740)
Proceeds from sale of investments	(1 666 721)	(1 430 747)
Expenditure on capital assets	14 173 245	11 987 266
Surrenders to Revenue Fund	(20 080 332)	(20 546 314)
Surrenders to RDP Fund/Donor	(878 944)	(583 222)
Voted funds not requested/not received	(7 919 478)	(11 488 529)
Approved Statutory Overdrawn	(342 318)	(81 753)
Other non-cash items	38 828 312	18 369 514
Net cash flow generated by operating activities	(162 307 509)	(151 413 802)

Reconciliation of cash and cash equivalents for cash flow purposes

	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account	(2 595 239)	(43 468)
Cash receipts	1 309 056	32 771
Disbursements	(56 001)	(38 340)
Cash on hand	226 106	69 493
Cash with commercial banks (Local)	590 051	1 085 973
Cash with commercial banks (Foreign)	175 197 208	198 442 009
Total Cash	174 671 181	199 548 438
Cash and cash equivalents for cash flow purposes	174 671 181	199 548 438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000

30. RECONCILIATION OF PRIOR YEAR NET SURPLUS TO CURRENT COMPARATIVES

Net surplus as reported in prior year		(140 244 934)
Restatement of prior year journals		2 174
Less: Restatement of Opening balances from departments		(32 689)
Less: Funds to be surrendered to the revenue fund		(11 830 329)
Restated Net Surplus for the Year		(152 105 778)

Reconcilation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year

Cash and cash equivalents as reported in prior year		207 538 531
Less: Restatement of Justice Cluster		147 339
CARA adjustments		(274 283)
Restated cash and cash equivalents		207 411 587

Reconciliation of statement of position reported in prior year and Restated amounts in current year

ASSETS

Current assets as reported in prior year:		219 549 341
Restatement of prior year journals		429 379
Restatement by Central, Social and Economic Services Clusters		(42 702)
Less: NRF Receivables Restated		(1 159 724)
Restated current assets for the financial year		218 776 294

Non-Current Assets

Non current assets as reported prior year		194 137 491
Restatement by NRF		4 390 444
Restatement by Central Cluster		65 771
Restated non current assets for the financial year		198 593 706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000
LIABILITIES		
Current liabilities as reported in prior year:		216 815 614
Restatement of prior year journals		429 214
Restated current liabilities by Economic Justice and Central Clusters		(229 940)
Less: Restatement by NRF		78 983 740
Restated current liabilities for the 2008/2009 financial year		295 998 628
Non-Current Liabilities		
Non-current liabilities as reported prior year		986 211 851
Restated non current assets for the 2008/2009 financial year		986 211 851
NET ASSETS/(LIABILITIES)		
Net Liabilities as reported in prior year (Capital Reserves)		47 474 254
Restated net liabilities for the year		47 474 254
Net Liabilities as reported in prior year (Recoverable Revenue)		66 046 849
Restatement by Economic Services cluster		22 817
Restated net liabilities for the year		66 069 666
Net Liabilities as reported in prior year (Retained Earnings)		(980 735 263)
Restatement by Central - Parliament		2 388 526
Restatement by Justice- CARA		(37 660)
Restated net liabilities for the year		(978 384 397)
Net Liabilities as reported in prior year (Total)		(867 214 162)
Restatement by Central - Parliament		28 463
Adjustment and restatement of NRF		2 388 526
Restatement by Justice - CARA		(43 306)
Restated net liabilities for the year		(864 840 479)

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

31.1 CONTINGENT LIABILITIES

	Notes	2012/13 R'000	2011/12 R'000
Motor vehicle guarantees		394	1 809
Housing loan guarantees		46 888	65 544
Other guarantees		180 764 374	153 886 837
Claims against the department		43 655 512	42 915 144
Other departments (interdepartmental unconfirmed balances)		526 923	564 882
Environmental rehabilitation liability		2 504 239	4 067 026
Other		1 439 835	1 078 305
		228 938 166	**202 579 547**
Other			
Road Accident Fund		60 296 000	53 918 703
Export Credit Insurance Corporation of SA Ltd		12 481 655	10 024 513
Unemployment Insurance Fund		3 240 803	3 380 573
South African Reserve Bank		112 270	112 270
		76 130 728	**67 436 059**
Underwritten by Government			
Guaranteed liabilities			
Transnet		3 757 096	3 974 970
Development Bank of SA		25 621 327	25 691 693
Trans Caledon Tunnel Authority		20 460 120	19 908 968
Telkom SA		90 078	85 106
South African National Roads Agency Ltd		19 482 407	19 426 320
KOBWA		1 189 671	1 246 736
Industrial Development Corporation of SA		575 448	646 518
Denel		1 850 000	1 850 000
Lesotho Highlands Development Authority		131 445	170 941
Land Bank and Agriculture Development of South Africa		892 728	1 092 728
Kalahari East Water Board & Irrigation Boards		51 721	63 247
SA Express		539 000	-
SAA		2 238 000	1 300 000
NECSA		20 000	20 000

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Tertiary Institutions		9 362	19 822
SABC		166 667	888 889
Passenger Rail Agency of South Africa		133 252	264 343
ESKOM		103 554 286	77 234 201
SA Institute of Architecture		1 766	2 355
Total		180 764 374	153 886 837

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 who's 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.

Road Accident Fund	60 296 000	53 918 703

This represents the underfunding of the Fund's future commitment in respect of claims against the Fund accorfing to the actuarial valuation. Acturual valuations are conducted every year.

Export Credit Insurance Corporation of South Africa Ltd	12 481 655	10 024 513

The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarentee 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 acys as a 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.

South African Reserve Bank (SARB)	112 270	112 270

This contingent liability in respect of old coinage still in circulation is limited to 73,67% of the net cost of disposal of the old coins when they are returned to the SARB. A portion of the coinage will probably never be returned. The Government's related costs are set-off against surpluses of the SARB paid to Government. The SARB raises the full liabilities foe old coinage in their books.

31.2 CONTINGENT ASSETS

Other	177 075	(90 234)
Gold and Foreign Exchange Contingency Reserve Account (GFECRA)	125 551 618	67 654 647
Total	125 728 693	67 564 413

This receivable represents the net of profits and losses arising from exchange forward cover provided by the South African Reserve Bank, as well as from the periodic revaluations of the Reserve Bank's foreign exchange reserves, foreign loans and gold reserves.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

32. POST RETIREMENT BENEFITS

Post-employment Health Care Fund		65 347 919	65 347 919

32.1 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 all active employees and Continuation and Widower members). It is important to note that Polmed members have been excluded from the actuarial valuation.

32.2 PENSION FUNDS

Government Employees Pension Fund

This commitment represents the underfunding of the pension fund according to the most recent acturial valuations. Acturial valuations are conducted atleast every three years.

Funding Levels	2012/13	2011/12
Government Employees Pension Fund	100%	100%
Temporary Employees Pension Fund	79%	79%
Associated Institutions Pension Fund	126.4%	126.4%

Valuation Dates	2012/13	2011/12
Government Employees Pension Fund	Mar 10	Mar 10
Temporary Employees Pension Fund	Mar 09	Mar 09
Associated Institutions Pension Fund	Mar 09	Mar 09

Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) with R64 282 million, (R94.7 million) and R2 513.9 million respectively.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

33. COMMITMENTS

	Notes	2012/13 R'000	2011/12 R'000
Current Expenditure			
Approved and contracted		13 175 639	10 551 920
Approved but not yet contracted		3 811 436	3 092 066
Total		16 987 075	13 643 986
Capital Expenditure (including transfers)			
Approved and contracted		24 311 560	26 244 111
Approved but not yet contracted		8 343 209	6 355 687
Total		32 654 769	32 599 798
Total Commitments		49 641 844	46 243 784

34. ACCRUALS

	Notes	2012/13 R'000	2011/12 R'000
By economic classification			
Goods and services		2 857 106	3 296 890
Interest and rent on land		10 869	224
Transfers and subsidies		115 978	118 309
Captial assets		460 961	483 145
Other		33 765	20 508
Total		3 478 679	3 919 076

35. EMPLOYEE BENEFITS

	Notes	2012/13 R'000	2011/12 R'000
Leave entitlement		4 326 345	3 446 566
Service bonus (Thirteenth cheque)		1 529 157	1 419 347
Performance awards		346 025	458 745
Capped leave commitments		8 053 870	7 824 161
Other		168 767	173 955
Total		14 424 165	13 322 775

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Notes	2012/13 R'000	2011/12 R'000

36. LEASE COMMITMENTS

36.1 OPERATING LEASE EXPENDITURE

		2012/13 R'000	2011/12 R'000
Land			
Not later than 1 year		11 050	11 896
Later than 1 year and not later than 5 years		9 594	20 140
Later than 5 years		53 308	144 445
Total		73 952	176 481
Buildings and other fixed structures			
Not later than 1 year		4 277 941	4 111 914
Later than 1 year and not later than 5 years		7 914 415	7 712 701
Later than 5 years		5 582 606	6 917 394
Total		17 774 962	18 742 009
Machinery and equipment			
Not later than 1 year		171 655	138 590
Later than 1 year and not later than 5 years		257 070	99 596
Later than 5 years		55	144
Total present value		428 780	238 329
Total present value			
Not later than 1 year		4 460 646	4 262 400
Later than 1 year and not later than 5 years		8 181 079	7 832 437
Later than 5 years		5 635 969	7 061 983
Total present value		18 277 694	19 156 820

36.2 FINANCE LEASE EXPENDITURE

		2012/13 R'000	2011/12 R'000
Land			
Not later than 1 year		15 353	28 749
Later than 1 year and not later than 5 years		7 723	9 583
LESS: finance costs		-	2 191
Total present value		23 076	36 141

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Buildings and other fixed structures			
Not later than 1 year		66 864	73 160
Later than 1 year and not later than 5 years		246 898	346 775
Later than 5 years		910 135	1 031 264
LESS: finance costs		-	(890 216)
Total present value		1 223 897	560 983
Machinery and equipment			
Not later than 1 year		220 287	195 367
Later than 1 year and not later than 5 years		126 473	147 445
Later than 5 years		18	-
LESS: finance costs		(4 879)	(27 330)
Total present value		341 898	315 482
Total Finance Leases			
Not later than 1 year		302 504	297 276
Later than 1 year and not later than 5 years		381 094	503 803
Later than 5 years		910 153	1 031 264
LESS: finance costs		(4 879)	(919 737)
Total present value		1 588 871	912 606

36.3 OPERATING LEASE REVENUE

	Notes	2012/13 R'000	2011/12 R'000
Buildings and other fixed structures			
Not later than 1 year		16 849	25 135
Later than 1 year and not later than 5 years		35 662	42 193
Later than 5 years		23 125	31 875
Total		75 636	99 202
Total present value			
Not later than 1 year		16 849	25 135
Later than 1 year and not later than 5 years		35 662	42 193
Later than 5 years		23 125	31 875
Total operating lease revenue receivable		75 636	99 202

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Notes	2012/13 R'000	2011/12 R'000

37. RECEIVABLES FOR DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets		354 699	172 466
Fines, penalties and forfeits		735 247	659 693
Interest, dividends and rent on land		801 528	945 400
Sale of capital assets		24 955	62 425
Transactions in financial assets and liabilities		139 367	109 527
Transfers received (incl conditional grants to be repaid by prov depts)		271 540	208 492
Other		21 755	5 884
Total		2 349 091	2 163 887

Analysis of receivables for departmental revenue

Opening balance		2 243 129	1 837 592
Less: Amounts received		(1 815 075)	(1 352 216)
Add: Amounts recognised		1 922 162	1 678 656
Less: Amounts written-off/reversed as irrecoverable		(1 125)	(145)
Closing balance		2 349 091	2 163 887

38. IRREGULAR EXPENDITURE

38.1 RECONCILIATION OF IRREGULAR EXPENDITURE

Opening balance		4 980 334	3 064 400
Add: Irregular expenditure - relating to prior year		626 113	1 421 682
Add: Irregular expenditure - relating to current year		2 385 716	1 795 490
Less: Amounts condoned		(751 963)	(1 296 854)
Less: Amounts recoverable (not condoned)		(19 602)	(10)
Less: Amounts not recoverable (not condoned)		(835 991)	(4 374)
Irregular expenditure awaiting condonation		6 384 607	4 980 334

Analysis of awaiting condonation per age classification

Current Year		2 017 925	1 758 578
Prior Years		4 366 682	3 221 756
Total		6 384 607	4 980 334

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

39. FRUITLESS AND WASTEFUL EXPENDITURE

39.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	Notes	2012/13 R'000	2011/12 R'000
Opening balance		652 893	460 336
Fruitless and wasteful expenditure – relating to prior year		49 164	108 483
Fruitless and wasteful expenditure – relating to current year		97 631	98 873
Less: Amounts condoned		(10 141)	(12 411)
Less: Amounts transferred to receivables for recovery		(3 212)	(2 388)
Fruitless and wasteful expenditure awaiting condonement		**786 335**	**652 893**

Analysis of awaiting condonement per economic classification

	Notes	2012/13 R'000	2011/12 R'000
Current Year		643 513	554 534
Prior Year		142 699	95 571
Transfers and subsidies		123	2 788
Total		786 335	652 893

40. RELATED PARTY TRANSACTIONS

Revenue received (paid)

	Notes	2012/13 R'000	2011/12 R'000
Tax revenue/user charges		39 651 265	41 521 694
Sales of goods and services other than capital assets		1 011	505
Fines, penalties and forfeits		617 344	538 285
Interest, dividends and rent on land		75 462	74 205
Transactions in financial assets and liabilities		29 827	10 000
Total		40 374 909	42 144 689

Payments made

	Notes	2012/13 R'000	2011/12 R'000
Goods and services		601 923	654 892
Interest and rent of land		2	1
Purchases of capital assets		109 047	126 879
Transactions in financial assets and liabilities		1 594 001	541 887
Transfers		1 241 199	1 080 668
Total		3 546 172	2 404 327

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Year end balances arising from revenue/payments			
Receivables from related parties		360 188	150 797
Payables to related parties		(315 026)	(79 264)
Total		45 162	71 533
Loans to/from related parties			
Non-interest bearing loans to		12 362	12 362
Total		12 362	12 362
Other			
Guarantees issued		29 169 388	11 988 950
Commitments		19 895 993	20 463 085
Lease commitmments		155 278	287 099
Transfer of assets without renumeration		(7 288)	3 601
Total		49 213 371	32 742 735

41. KEY MANAGEMENT PERSONEL

Description		
Political office bearers	125 413	110 348
Officials:	16 628	14 739
Level 15 to 16	522 387	479 536
Level 14 (incl CFO if at a lower level)	984 622	868 361
Family members of key management personnel	15 557	12 534
Total	1 664 607	1 485 518

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Key management personel (Parliament/the Legislature)			
Description			
Speaker to Parliament/the Legislature		8 025	7 604
Secretary to Parliament/ the Legislature		2 711	1 906
Deputy Secretary		2 129	1 245
Chief Financial Officer		2 340	1 076
Legal Advisor		2 257	1 019
Total		17 462	12 850

42. PUBLIC PRIVATE PARTNERSHIP

	2012/13 R'000	2011/12 R'000
Contract fee received	(104 684)	(152 873)
Unemployment Insurance Fund	(51 065)	(76 343)
Compensation Fund	(53 619)	(76 530)
Contract fee paid	**1 867 388**	**1 621 150**
Fixed component	850 133	694 194
Indexed component	1 017 255	926 956
Analysis of indexed component	**1 029 514**	**908 588**
Goods and Services(excluding lease payments)	984 986	869 625
Operating leases	17 539	22 650
Interest	26 989	16 313
Capital/ (Liabilities)	**1 658 303**	**1 663 014**
Tangible rights	6 102	10 279
Property	1 594 731	1 595 265
Plant and equipment	57 470	57 470
Other	**25 266**	**9 405**
Other Obligations	25 266	9 405

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

43. IMPAIRMENT

	Notes	2012/13 R'000	2011/12 R'000
Impairment			
Investments		3 159 264	2 474 398
Loans		48 834	12 362
Debtors		1 025 075	268 745
Other		113 977	136 032
		4 347 150	2 891 537
Provisions			
Members' Gratuities		304 310	136 393
Injury on Duty		4 563 059	6 525 431
Military Pension		710 735	539 983
Medical Benefits		645 702	239 464
Admin Expense Claim		38 293	36 032
Special Pension		105 921	6 845
Post Retirement Medical Benefits		5 301	5 631
Government Employee Pension Fund (GEPF)		5 912 383	5 289 205
Claims against departments		281	1 535
Legal claims		8 116	222 544
Employee benefits		4 339	-
		12 298 440	13 003 063
Total		16 645 590	26 006 126

44. NON-ADJUSTING EVENTS AFTER REPORTING DATE

	Notes	2012/13 R'000	2011/12 R'000
Extension of Marikana Commission		51 479	
Cancellation fees for venue for a Senior Officials Dialogue Forum on SOC		56	
Total		51 535	

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

45. MOVABLE TANGIBLE CAPITAL ASSETS

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

	2012/13	2011/12
Opening Balance		
HERITAGE ASSETS	**98 446**	**95 568**
Heritage assets	98 446	95 568
MACHINERY AND EQUIPMENT	**22 291 842**	**19 777 276**
Transport assets	12 822 415	11 554 491
Computer equipment	4 372 155	3 841 962
Furniture and office equipment	1 415 803	1 264 781
Other machinery and equipment	3 681 469	3 116 040
SPECIALISED MILITARY ASSETS	**18 070 520**	**18 068 479**
Specialised military assets	18 070 520	18 068 479
BIOLOGICAL ASSETS	**474 402**	**399 851**
Biological assets	474 402	399 851
TOTAL	**40 935 210**	**38 341 173**

	2012/13
Current Year Adjustment to prior year Balances	
HERITAGE ASSETS	**37 410**
Heritage assets	37 410
MACHINERY AND EQUIPMENT	**1 789 283**
Transport assets	55 518
Computer equipment	508 782
Furniture and office equipment	233 439
Other machinery and equipment	991 544
SPECIALISED MILITARY ASSETS	**1 618 840**
Specialised military assets	1 618 840

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
BIOLOGICAL ASSETS		**19 108**	
Biological assets		19 108	
TOTAL		3 464 641	
Additions			
HERITAGE ASSETS		**5 066**	**2 935**
Heritage assets		5 066	2 935
MACHINERY AND EQUIPMENT		**5 775 978**	**3 446 219**
Transport assets		3 600 314	1 925 048
Computer equipment		1 172 527	699 771
Furniture and office equipment		176 553	189 224
Other machinery and equipment		826 584	632 176
SPECIALISED MILITARY ASSETS		**23 117 130**	**2 041**
Specialised military assets		23 117 130	2 041
BIOLOGICAL ASSETS		**129 926**	**78 871**
Biological assets		129 926	78 871
TOTAL		**29 028 100**	**3 530 066**
Disposals			
HERITAGE ASSETS		**1 579**	**57**
Heritage assets		1 579	57
MACHINERY AND EQUIPMENT		**1 342 807**	**931 653**
Transport assets		927 625	657 124
Computer equipment		225 304	169 579
Furniture and office equipment		40 417	38 202
Other machinery and equipment		149 461	66 748

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
BIOLOGICAL ASSETS		**5 391**	**4 320**
Biological assets		5 391	4 320
TOTAL TANGIBLE ASSETS		1 349 777	936 030
Closing balance			
HERITAGE ASSETS		**139 343**	**98 446**
Heritage assets		139 343	98 446
MACHINERY AND EQUIPMENT		**28 514 296**	**22 291 842**
Transport assets		15 550 622	12 822 415
Computer equipment		5 828 160	4 372 155
Furniture and office equipment		1 785 378	1 415 803
Other machinery and equipment		5 350 136	3 681 469
SPECIALISED MILITARY ASSETS		**42 806 490**	**18 070 520**
Specialised military assets		42 806 490	18 070 520
BIOLOGICAL ASSETS		**618 045**	**474 402**
Biological assets		618 045	474 402
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS		**72 078 174**	**40 935 210**

46. MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER

	2012/13 R'000	2011/12 R'000
Opening Balance		
Specialised military assets	10	10
Intangible assets	14 374	12 952
Heritage assets	1 335	1 351
Machinery and equipment	4 193 537	4 018 475
Biological assets	9 912	10 188
TOTAL	4 219 168	4 042 976

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Current Year Adjustment to prior year Balances*			
Intangible assets		(220)	
Heritage assets		3 356	
Machinery and equipment		(239 856)	
Biological assets		(177)	
TOTAL		(236 897)	
Additions			
Intangible assets		1 371	1 562
Heritage assets		264	-
Machinery and equipment		245 148	328 878
Biological assets		3 194	3 835
TOTAL		249 977	334 275
Disposals			
Intangible assets		(940)	(140)
Heritage assets		(153)	(16)
Machinery and equipment		(143 773)	(153 816)
Biological assets		(3 118)	(4 111)
TOTAL		147 984	158 083
Closing balance			
Specialised military assets		10	10
Intangible assets		14 585	14 374
Heritage assets		4 802	1 335
Machinery and equipment		4 055 056	4 193 537
Biological assets		9 811	9 912
TOTAL MINOR ASSETS		4 084 264	4 219 168

* Comparatives are not provided as these are only showing adjusting figures in the current year.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

47. INTANGIBLE CAPITAL ASSETS

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

	Notes	2012/13 R'000	2011/12 R'000
Opening balance			
Computer Software		1 497 268	1 439 031
Patents, Licences, Copyright, Brand Names, Trademark		(4 414)	2 644
Services And Operating Rights		877	2 754
TOTAL INTANGIBLE ASSETS		1 493 731	1 444 429
Current Year Adjustment to prior year Balances			
Computer Software		135 262	
Patents, Licences, Copyright, Brand Names, Trademark		101 612	
Recipes, Formulae, Prototypes, Designs, Models		1	
TOTAL INTANGIBLE ASSETS		236 875	
Additions			
Computer Software		76 263	75 766
Patents, Licences, Copyright, Brand Names, Trademark		108 935	144
Recipes, Formulae, Prototypes, Designs, Models		(5 796)	-
TOTAL INTANGIBLE ASSETS		179 402	75 922
Disposals			
Computer Software		(2 984)	(17 529)
Services And Operating Rights		(23)	-
TOTAL INTANGIBLE ASSETS		(3 007)	(17 529)
Closing balance			
Computer Software		1 705 809	1 497 268
Patents, Licences, Copyrights, Brand Names, Trademarks		206 133	2 788
Recipes, Formulae, Prototypes, Designs, Models		(5 795)	-
Services And Operating Rights		854	2 766
TOTAL INTANGIBLE ASSETS		1 907 001	1 502 822

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

48. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER

	2012/13	2011/12
Opening Balance		
BUILDINGS AND OTHER FIXED STRUCTURES	**26 166 856**	**25 066 322**
Dwellings	3 257 590	3 147 943
Non-residential buildings	22 554 490	21 839 873
Other fixed structures	354 776	78 506
HERITAGE ASSETS	**8 147**	**8 147**
Heritage assets	8 147	8 147
LAND AND SUBSOIL ASSETS	**15 577 295**	**15 686 666**
Land	15 577 295	15 686 666
TOTAL Opening Balance	**41 752 298**	**40 761 135**
Current Year Adjustment to prior year Balances*		
BUILDINGS AND OTHER FIXED STRUCTURES	**(4 751 927)**	
Dwellings	(160 048)	
Non-residential buildings	(7 361 234)	
Other fixed structures	2 769 355	
HERITAGE ASSETS	**2 997 756**	
Heritage assets	2 997 756	
LAND AND SUBSOIL ASSETS	**(32 233)**	
Land	(32 233)	
Mineral and similar non-regenerative resources	-	
TOTAL Current Year Adjustment to prior year Balances	**(1 786 404)**	
Additions		
BUILDINGS AND OTHER FIXED STRUCTURES	**1 904 514**	**1 210 092**
Dwellings	1 176	110 920
Non-residential buildings	822 498	719 318
Other fixed structures	1 080 840	379 854

* Comparatives are not provided as these are only showing adjusting figures in the current year.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
LAND AND SUBSOIL ASSETS		**108 788**	**141 372**
Land		108 788	141 372
TOTAL Additions		2 013 302	1 351 464
Disposals			
BUILDINGS AND OTHER FIXED STRUCTURES		**(912 863)**	**(109 558)**
Dwellings		(1 328)	(1 273)
Non-residential buildings		(633 025)	(4 701)
Other fixed structures		(278 510)	(103 584)
LAND AND SUBSOIL ASSETS		**(117 262)**	**(250 743)**
Land		(117 262)	(250 743)
TOTAL Additions		**(1 030 125)**	**(360 301)**
Closing balance			
BUILDINGS AND OTHER FIXED STRUCTURES		**22 406 580**	**26 166 856**
Dwellings		3 097 390	3 257 590
Non-residential buildings		15 382 729	22 554 490
Other fixed structures		3 926 461	354 776
HERITAGE ASSETS		**3 005 903**	**8 147**
Heritage assets		3 005 903	8 147
LAND AND SUBSOIL ASSETS		**15 536 588**	**15 577 295**
Land		15 536 588	15 577 295
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS		**40 949 072**	**41 752 298**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

50. RECONCILIATION OF NOTES 47 & 48 TO EXPENDITURE ON CAPITAL ASSETS PER STATEMENT OF FINANCIAL PERFORMANCE

	2012/13 R'000	2011/12 R'000
Total additions per disclosure notes	**31 220 804**	**4 918 546**
Capital expenditure additions per note 45	29 028 100	3 530 066
Capital expenditure additions per note 47	179 402	37 016
Capital expenditure additions per note 48	2 013 302	1 351 464
Total reconciling items	**(17 047 559)**	**6 975 926**
Non Cash Movement	(24 121 294)	(1 075 437)
Capital Work in Progress-current costs	7 685 554	7 289 592
Received but not paid/ (Paid current year but received prior year)	(702 246)	74 597
Other	90 427	687 174
Capital expenditure per statement of financial performance	**14 173 245**	**11 894 472**

51. SUBSEQUENT EVENT:

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

51.2 The national government's gross loan debt amounts to R1 366 billion comprising of domestic debt of R1 241 billion and foreign debt of R125 billion. The domestic debt includes inflation-linked bonds of R244 billion.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2013 to 30 September 2013, the rand weakened against the US dollar and the Euro by 9.8 and 15.7 per cent respectively. Consequently, the rand equivalent of foreign debt would have increased by R13.9 billion or 11.1 per cent. In addition, government also held cash deposits of US$8.7 billion or R80 billion. The weaker currency would have increased the value of these deposits by R8 billion or 9.8 per cent to R88 billion. Therefore, government's net exposure to currency fluctuations would have been R6 billion.

Furthermore, revaluing the inflation-linked bonds using the consumer price index (CPI) of 30 September 2013 would have resulted in an increase of R7.1 billion (2.9 per cent) to R252 billion.

Fluctuations in exchange and inflation rates between financial year end and 30 September 2013 would have resulted in an increase in gross government debt of R13.1 billion or 1 per cent.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000

52 FINANCIAL RISK MANAGEMENT

The National Treasury developed a risk management framework which set strategic benchmarks for key risks.

INTEREST RATE RISK

Interest rate risk is the risk that adverse changes in interest rates might result in higher borrowing costs. This risk is managed by setting a benchmark for the composition of domestic non-fixed rate debt versus fixed-rate debt of 30/70. Non-fixed rate debt includes Treasury bills and inflation-linked bonds. Fixed-rate debt includes fixed-rate bonds (including retail bonds) and zero-coupon bonds. Although National Treasury does not target duration it forms part of debt portfolio analysis.

Composition of non-fixed rate debt versus fixed-rate debt

Indicator	2012/13	2011/12
Non-fixed rate	35%	36%
Fixed-rate	65%	64%
Duration[1]	8.144 years	7.081 years

1. Duration is the weighted average term-to-maturity of a security's cash flows

The global financial crisis and the ensuing economic recession necessitated the National Treasury to deviate from the set benchmark following changes in investor's demand for the different debt instruments. The National Treasury will adjust its financing programme to gradually return to the set benchmarks as the economy stabilises and investor demand for fixed-rate debt increase.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

CURRENCY RISK

Currency risk arises from the change in price of one currency against another and impacts on the rand value of interest and redemptions on foreign loans. This risk is managed by setting a benchmark for foreign debt of between 20 and 25 per cent of total gross government debt. The change in the price of the currency also impacts on the Rand value of government's foreign currency deposits with the Reserve Bank. Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio. Foreign currency deposits are held in US dollar.

Composition of foreign government debt

Indicator	2012/13	2011/12
As % of total debt		
Gross foreign debt	9.1%	9.8%
Net foreign debt	3.7%	5.0%
Currency composition		
US Dollar	64.8%	64.6%
Euro	24.1%	24.0%
Yen	4.8%	4.9%
GBP	0.9%	1.0%
Swedish krona	5.5%	5.5%

REFINANCING RISK

Refinancing risk is the possibility that money cannot be borrowed to refinance maturing debt or that these borrowings take place at unfavourable rates. This risk is manifested in the concentration of large volumes of debt that needs to be repaid. Government's debt management strategy is to maintain a smooth debt maturity profile. Refinancing risk is reduced through an active switch programme whereby short dated bonds are exchanged for longer term bonds. The average term-to-maturity of outstanding debt is also extended by the annual funding strategy. This is achieved through equitably spreading new bond issues into longer maturity debt and through the switch programme.

Switch transactions and average term-to-maturity of bonds

Indicator	2012/13	2011/12
Switches	R37 bn	R18 bn
Term-to-maturity	12.6 years	11.1 years

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

CREDIT RISK

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Government's credit risk arises from the investment of surplus cash with commercial banks and the issue of guarantees to state-owned companies. Total cash invested at the end of 2012/13 amounted to R175 billion of which R148 billion was with the Reserve Bank and R27 billion with commercial banks. National Treasury's policy is to deposit cash with banks that meets a certain criteria. The criteria include the capacity to accommodate large amounts of deposits on call, a minimum capital adequacy ratio and the credit rating. These banks must also participate in the collection of tax revenue and be a holder of a tax and loans deposit account. Government's investments are subject to benchmark investment ratios and total limits per counterparty. Cash invested at commercial banks is limited to 50 per cent of banks' capital and reserves. Investments are monitored and spread daily between counterparties in line with approved investment ratios. In addition, National Treasury manages and monitors the risks emanating from its implicit and explicit contingent liabilities by setting a benchmark for total net government debt, provisions (multilateral institution liabilities) and contingent liabilities to 50 per cent of the gross domestic product (GDP). This is lower than the Southern African Development community's macroeconomic convergence target of 60 per cent of GDP. On 31 March 2013, net debt, provisions and contingent liabilities amounted to 52.2 per cent compared to 47.9 per cent on 31 March 2012. Furthermore, counterparties to which government has a guarantee exposure are analysed to determine their ability to meet their financial obligations. This is done through an analysis of business risk and financial risk indicators to ultimately gauge the quality of government's contingent liability exposure.

COUNTRY RISK

Country risk can be defined as an adverse change in the political system and business environment that can negatively affect operations and value of assets in a country. The country's willingness and ability to honour obligations is considered.

In order to analyse and measure the country risk - willingness and ability to pay debt – the credit rating agencies consistently rate the South African government. This is performed by assessing the government's ability to service its current level of debt and how sustainable future levels of debt are under the current economic and political policies, i.e. the assessment of both the quantitative and qualitative factors based on the rating methodologies of the rating agencies which are more or less in line.

Long-term ratings rate the future ability of government to repay its long-term debt obligations, while short-term ratings apply to government's ability to repay all short-term obligations.

South Africa has solicited credit ratings from four major credit rating agencies, namely, Moody's Investors Service (Moody's), Standard and Poor's (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

On 27 September 2012, Moody's downgraded South Africa's credit rating to "Baa1" from "A3" and maintained the negative outlook. Similarly, S&P followed on 12 October 2012 and downgraded South Africa's rating to "BBB" from "BBB+" with a negative outlook. Furthermore, Fitch Ratings, on 13 January 2013, downgraded the country's rating to "BBB" from "BBB+". However, Fitch revised its outlook on South Africa to stable from negative. Contrary to Moody's, S&P and Fitch, R&I has, on 17 July 2012, affirmed its "A-" rating on South Africa with a stable outlook.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

South Africa's sovereign credit ratings by major credit rating agencies

		Moody's	S&P	Fitch	R&I
Low risk	Investment grade	Aaa	AAA	AAA	AAA
		Aa1	AA+	AA+	AA+
		Aa2	AA	AA	AA
		Aa3	AA-	AA-	AA-
		A1	A+	A+	A+
		A2	A	A	A
		A3	A-	A-	A- (stable outlook)
		Baa1 (- outlook)	BBB+	BBB+	BBB+
		Baa2	BBB (- outlook)	BBB (stable outlook)	BBB
		Baa3	BBB-	BBB-	BBB-
High risk	Speculative / Non-investment grade	Ba1	BB+	BB+	BB+
		Ba2	BB	BB	BB
		Ba3	BB-	BB-	BB-
		B1	B+	B+	B+
		B2	B	B	B
		B3	B-	B-	B-
		Caa1	CCC+	CCC+	CCC+
		Caa2	CCC	CCC	CCC
		Caa3	CCC-	CCC-	CCC-
		Ca	CC	CC	CC
		C	C	C	C
		D	D	D	D

Current rating

Source: National Treasury

Rating agencies welcomed the government's recently announced commitment to fiscal discipline and debt sustainability, the prioritisation of the implementation of the National Development Plan, and the demonstrated commitment between the government, trade unions and the mining companies to ensure stability in the mining sector.

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

DEPARTMENT NAME	Notes	Central Government Administration 2012/13	Financial Administration Services 2012/13	Social Services 2012/13	Justice and Protection Services 2012/13	Economic Services and Infrastructure Development 2012/13	CONS TOTAL EXCL NRF 2012/13
OPERATING INCOME		77 322 503	29 997 414	205 683 899	136 601 319	123 577 198	573 182 333
Departmental revenue	3	860 631	4 207 066	123 371	1 971 086	4 016 305	11 178 459
Receipts by National Departments from NRF	5	76 461 872	25 790 348	205 560 528	134 630 233	119 560 893	562 003 874
Aid assistance	7	3 721	75 339	1 277 135	66 973	751 919	2 175 087
TOTAL REVENUE		77 326 224	30 072 753	206 961 034	136 668 292	124 329 117	575 357 420
DEPARTMENTAL EXPENDITURE							
Current expenditure		14 703 233	4 307 183	7 015 319	117 580 769	14 271 337	157 877 841
Compensation of employees	9	7 347 012	2 291 782	2 526 153	86 140 081	6 655 850	104 960 878
Goods & Services	10	7 324 225	1 940 261	3 770 097	31 409 252	7 499 356	51 943 191
Interest & Rent on Land	11	41	203	51 488	1	40 942	92 675
Aid assistance	7	31 955	74 937	667 581	31 435	75 189	881 097
Transfers and subsidies		58 492 666	19 791 689	195 557 800	8 832 946	97 983 698	380 658 799
Transfers and subsidies	14	58 491 028	19 791 689	195 540 193	8 832 946	97 771 877	380 427 733
Aid assistance	7	1 638	-	17 607	-	211 821	231 066

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - CONT

DEPARTMENT NAME	Notes	Central Government Administration 2012/13	Financial Administration Services 2012/13	Social Services 2012/13	Justice and Protection Services 2012/13	Economic Services and Infrastructure Development 2012/13	CONS TOTAL EXCL NRF 2012/13
Expenditure for capital assets		1 139 346	102 038	1 057 922	7 044 452	4 829 487	14 173 245
Tangible capital assets	12	1 126 809	84 280	1 053 473	7 032 893	4 812 698	14 110 153
Software and other intangible assets	12	12 537	17 758	4 449	11 559	16 789	63 092
Payments for financial assets	15	6 414	1 407 739	21 992	154 879	99 990	1 691 014
TOTAL EXPENDITURE		74 341 659	25 608 649	203 653 033	133 613 046	117 184 512	554 400 899
SURPLUS		2 984 565	4 464 104	3 308 001	3 055 246	7 144 605	20 956 521
Reconciliation of Net Surplus for the year							
Voted Funds to be surrendered to the revenue fund	22	2 153 806	256 720	2 638 166	1 017 087	1 885 453	7 951 232
Departmental revenue to be surrendered to the revenue fund	23	860 631	4 207 066	123 371	2 002 621	4 016 305	11 209 994
Direct Exchequer receipts/payments	24	-	-	-	-	777 973	777 973
Aid assistance	7	(29 872)	318	546 464	35 538	464 874	1 017 322
SURPLUS FOR THE YEAR		2 984 565	4 464 104	3 308 001	3 055 246	7 144 605	20 956 521

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DEPARTMENT NAME	Notes	Central Government Administration 2012/13	Financial Administration Services 2012/13	Social Services 2012/13	Justice and Protection Services 2012/13	Economic Services and Infrastructure Development 2012/13	CONS TOTAL EXCL NRF 2012/13
ASSETS							
Current Assets		5 398 444	1 772 751	13 017 306	2 307 502	5 350 896	27 846 899
Unauthorised expenditure	13	1 512 103	-	26 873	891	1 263 396	2 803 263
Fruitless and wasteful expenditure	16	-	-	53	20	1 066	1 139
Cash and cash equivalents	17	3 070 810	452 572	4 334 699	695 850	2 330 694	10 884 625
Other financial assets		14 168	-	-	-	-	14 168
Prepayments and advances	18	57 197	104 941	7 714 040	313 753	486 604	8 676 535
Receivables	19	736 062	55 293	939 512	1 284 626	1 262 031	4 277 524
Loans	20	-	1 159 567	2 129	12 362	6 043	1 180 101
Aid assistance receivable	7	8 104	378	-	-	1 062	9 544
Non-current assets		50 602	89 838 809	24 247	75 000	23 143 760	113 132 418
Investments	21	-	23 849 411	-	75 000	23 062 214	46 986 625
Loans	20	-	65 989 398	24 247	-	78 340	66 091 985
Other financial assets		50 602	-	-	-	3 206	53 808
TOTAL ASSETS		5 449 046	91 611 560	13 041 553	2 382 502	28 494 656	140 979 317

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONT

DEPARTMENT NAME	Notes	Central Government Administration 2012/13	Financial Administration Services 2012/13	Social Services 2012/13	Justice and Protection Services 2012/13	Economic Services and Infrastructure Development 2012/13	CONS TOTAL EXCL NRF 2012/13
LIABILITIES							
Current liabilities		5 038 126	603 951	12 470 234	1 622 062	5 206 493	24 940 866
Voted funds to be surrendered to the Revenue Fund	22	2 848 039	256 720	2 587 136	1 174 887	1 813 028	8 679 810
Departmental revenue to be surrendered to the Revenue Fund	23	930 052	12 187	29 693	150 093	170 726	1 292 751
Direct Exchequer Receipts to be surrendered to the Revenue Fund	24	(52 064)	-	-	-	390 355	338 291
Bank overdraft	25	17 753	58 277	9 114 530	65 334	1 772 165	11 028 059
Payables	26	1 256 033	155 929	185 495	193 465	597 262	2 388 184
Aid assistance repayable	7	-	5 049	517 872	12 126	445 488	980 535
Aid assistance unutilised	7	38 313	115 789	35 508	26 157	17 469	233 236
Non-current liabilities		200 903	7 761	529 295	-	235 755	973 714
Payables	26	200 903	7 761	529 295	-	235 755	973 714
	28						
TOTAL LIABILITIES		5 239 029	611 712	12 999 529	1 622 062	5 442 248	25 914 580
NET ASSETS		210 017	90 999 848	42 024	760 440	23 052 408	115 064 737
Represented by:							
Capitalisation reserve		-	25 200 541	26 376	75 000	22 853 882	48 155 799
Recoverable revenue		60 736	65 799 307	15 648	515 549	197 358	66 588 598
Retained funds		149 281	-	-	169 891	1 168	320 340
TOTAL		210 017	90 999 848	42 024	760 440	23 052 408	115 064 737

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (PRIOR YEAR)

DEPARTMENT NAME	Notes	Central Government Administration 2011/12	Financial Administration Services 2011/12	Social Services 2011/12	Justice and Protection Services 2011/12	Economic Services and Infrastructure Development 2011/12	CONS TOTAL EXCL NRF 2011/12
OPERATING INCOME		70 811 377	32 738 849	188 295 682	128 555 000	116 804 844	537 205 752
Departmental revenue	3	915 969	3 414 441	190 442	5 092 030	3 732 776	13 345 658
Receipts by National Departments from NRF	5	69 895 408	29 324 408	188 105 240	123 462 970	113 072 068	523 860 094
Aid assistance	7	56 962	56 289	700 324	26 996	969 047	1 809 618
TOTAL REVENUE		70 868 339	32 795 138	188 996 006	128 581 996	117 773 891	539 015 370
DEPARTMENTAL EXPENDITURE							
Current expenditure		12 822 018	5 875 042	6 148 517	107 901 418	13 322 845	146 069 840
Compensation of employees	9	6 587 378	2 334 423	2 279 023	78 001 975	5 985 492	95 188 291
Goods & Services	10	6 165 293	3 506 506	3 562 220	29 385 762	7 221 222	49 841 003
Interest & Rent on Land	11	14 386	354	52 573	10 398	15 116	92 827
Aid assistance	7	54 961	33 759	254 701	19 462	101 015	463 898
Unauthorised expenditure approved without funding	13	-	-	-	483 821	-	483 821
Transfers and subsidies		51 869 493	19 949 174	179 128 787	8 370 726	94 448 168	353 766 348
Transfers and subsidies	14	51 869 481	19 949 174	179 113 477	8 370 726	94 063 022	353 365 880
Aid assistance	7	12	-	15 310	-	385 146	400 468

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (PRIOR YEAR) - CONT

DEPARTMENT NAME	Notes	Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development	CONS TOTAL EXCL NRF
		2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
Expenditure for capital assets		2 008 829	128 667	264 711	5 821 205	3 671 060	11 894 472
Tangible capital assets	12	1 585 002	124 276	260 078	5 818 681	3 631 736	11 419 773
Software and other intangible assets	12	423 827	4 391	4 633	2 524	39 324	474 699
Payments for financial assets	15	47 264	786 095	12 898	252 751	67 496	1 166 504
TOTAL EXPENDITURE		66 747 604	26 738 978	185 554 913	122 346 100	111 509 569	512 897 164
SURPLUS/		4 120 735	6 056 160	3 441 093	6 235 896	6 264 322	26 118 206
Reconciliation of Net Surplus for the year							
Voted Funds to be surrendered to the revenue fund	22	3 202 777	2 619 189	2 818 685	1 099 579	2 040 786	11 781 016
Departmental revenue to be surrendered to the revenue fund	23	915 969	3 414 441	190 442	5 129 056	3 732 776	13 382 684
Direct Exchequer receipts/payments	24	-	-	3 093	-	8 427	11 520
Aid assistance	7	1 989	22 530	428 873	7 261	482 333	942 986
SURPLUS/(DEFICIT) FOR THE YEAR		4 120 735	6 056 160	3 441 093	6 235 896	6 264 322	26 118 206

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRIOR YEAR)

DEPARTMENT NAME	Notes	Central Government Administration 2011/12	Financial Administration Services 2011/12	Social Services 2011/12	Justice and Protection Services 2011/12	Economic Services and Infrastructure Development 2011/12	CONS TOTAL EXCL NRF 2011/12
ASSETS							
Current Assets		3 415 212	2 874 921	8 940 248	2 766 118	4 559 956	22 556 455
Unauthorised expenditure	13	1 044 698	-	68 642	61 809	1 263 396	2 438 545
Fruitless and wasteful expenditure	16	545	-	54	20	596	1 215
Cash and cash equivalents	17	1 795 816	2 597 197	1 935 617	1 147 885	1 917 907	9 394 422
Other financial assets		16 448	-	-	-	-	16 448
Prepayments and advances	18	56 486	19 563	6 271 936	264 925	277 701	6 890 611
Receivables	19	500 909	258 034	661 944	1 278 904	1 091 466	3 791 257
Loans	20	-	-	2 055	12 362	8 005	22 422
Aid assistance receivable	7	310	127	-	213	885	1 535
Non-current assets		43 403	89 847 124	26 376	75 000	23 104 572	113 096 475
Investments	21	-	23 149 411	-	75 000	23 023 854	46 248 265
Loans	20	-	66 697 713	26 376	-	78 941	66 803 030
Other financial assets		43 403	-	-	-	1 777	45 180
TOTAL ASSETS		3 458 615	92 722 045	8 966 624	2 841 118	27 664 528	135 652 930

SEGMENTS REPORTS

for the year ended 31 March 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSOTION (PRIOR YEAR) - CONT

DEPARTMENT NAME	Notes	Central Government Administration 2011/12	Financial Administration Services 2011/12	Social Services 2011/12	Justice and Protection Services 2011/12	Economic Services and Infrastructure Development 2011/12	CONS TOTAL EXCL NRF 2011/12
LIABILITIES							
Current liabilities		3 085 771	2 869 536	8 564 714	2 050 915	4 356 356	20 927 292
Voted funds to be surrendered to the Revenue Fund	22	1 379 818	2 606 652	2 527 812	1 119 069	1 913 864	9 547 215
Departmental revenue to be surrendered to the Revenue Fund	23	251 914	733	31 905	50 680	92 210	427 442
Direct Exchequer Receipts to be surrendered to the Revenue Fund	24	-	-	3 093	-	150	3 243
Bank overdraft	25	186 622	13 506	5 433 910	729 118	1 499 993	7 863 149
Payables	26	1 206 926	102 396	142 107	124 457	413 872	1 989 758
Aid assistance repayable	7	-	15 262	418 971	1 810	433 189	869 232
Aid assistance unutilised	7	60 491	130 987	6 916	25 781	3 078	227 253
Non-current liabilities		215 374	4 231	352 808	-	181 024	753 437
Payables	26	215 374	4 231	352 808	-	181 024	753 437
	28						
TOTAL LIABILITIES		3 301 145	2 873 767	8 917 522	2 050 915	4 537 380	21 680 729
NET ASSETS		157 470	89 848 278	49 102	790 203	23 127 148	113 972 201
Represented by:							
Capitalisation reserve		-	24 500 541	28 431	75 000	22 870 282	47 474 254
Recoverable revenue		8 189	65 347 737	20 673	441 847	251 220	66 069 666
Retained funds		149 281	-	-	273 356	5 646	428 283
Revaluation reserves		-	-	(2)	-	-	(2)
TOTAL		157 470	89 848 278	49 102	790 203	23 127 148	113 972 201

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

for the year ended 31 March 2013

CENTRAL GOVERNMENT ADMINISTRATION

	:	The Presidency
	:	Parliament
DHA	:	Department of Home Affairs
DPW	:	Department of Public Works
COGTA	:	Co-operative Governance and Traditional Affairs
DIRCO	:	Department of International Relation and Co-operation
DPWCPD	:	Department of Women, Children and People with disabilities
DPME	:	Department of Performance, Monitoring and Evaluation

FINANCIAL AND ADMINISTRATIVE SERVICES

GCIS	:	Government Communication Information System
NT	:	The National Treasury
DPE	:	Department of Public Enterprises
DPSA	:	Department of Public Service and Administration
PSC	:	Public Service Commission
PALAMA	:	Public Administration of the Leadership and Management Academy
STATSSA	:	Statistics South Africa

SOCIAL SERVICES

DAC	:	Department of Arts and Culture
DHET	:	Department of Higher Education and Training
DBE	:	Department of Basic Education
DOL	:	Department of Labour
DOH	:	Department Health
DSD	:	Department of Social Development
SRSA	:	Sport and Recreation South Africa

JUSTICE AND PROTECTION SERVICES

CORR	:	Department of Correctional Services
DOD	:	Department of Defence
ICD	:	Independent Complaints Directorate
DOJ & CD	:	Department of Justice and Constitutional Development
NPA	:	National Prosecuting Agency
SAPS	:	South African Police Services

ECONOMIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

DAFF	:	Department of Agriculture, Forestry and Fisheries
DCOM	:	Department of Communications
DEA	:	Department of Environmental Affairs
DHS	:	Department of Human Settlement
DED	:	Department of Economic Development
DMR	:	Department of Minerals Resource
DST	:	Department of Science and Technology
DTI	:	Department of Trade and Industry
DOT	:	Department of Transport
DWA	:	Department of Water Affairs
DOE	:	Department of Energy
TOURISM	:	Department of Tourism
DRDLR	:	Department of Rural Development and Land Reform

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2013

REVIEW OF OPERATING RESULTS

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

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

PUBLIC ENTITIES

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

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

The approach used by NT is as follows:

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

For the first time in the 2012/13 financial year end, information pertaining to Government Business Entities (GBEs) will be presented in a different manner, namely on a basis similar to that of equity accounting. The consolidation for GBEs has distinguished the financial position and performance from the rest of government's activities, and therefore the most affected balances from prior years will be revenue, expenditure, taxation, net profit before and after tax, assets, liabilities and net assets. The GBE's are therefore consolidated by bringing in the net assets and share of profits for both the current year (2012/13) and prior year (2011/12).

CONSOLIDATIONS STATISTICS

In terms of S47(1)(a) and (b) of the PFMA, the Minister, by notice in the national Government Gazette, must amend Sch 3 to include all public entities not listed and make technical changes to the list. Furthermore per S47(2), the accounting authority for a public entity that is not listed in either Sch 2 or 3, must without delay notify the National Treasury in writing that the public entity is not listed. As a result, all listed entities were identified as per the Gazette and have thus been consolidated, except for those listed as per Annexure C.

The updated list of entities consolidated is published on the Treasury website as at 15 March 2013. As mentioned above, the consolidated financial statements also include some entities not listed on the PFMA Schedules but falling within the criteria to consolidate. Confirmation is sent annually to all departments to confirm the entities belonging to the departments. NT continued to strive for a 100% consolidation of all listed and known public entities and the OAG placed an extra emphasis on a proactive approach in collecting financial information and assisting entities with completing the consolidation templates.

1 all Annexures refer to the Annexures of the Consolidated Financial Statements.

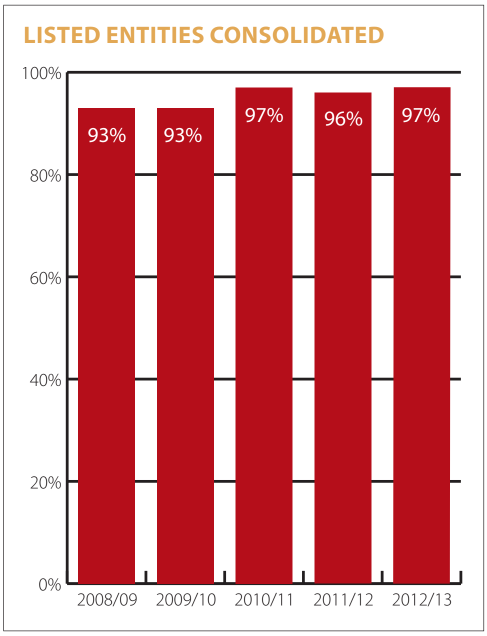
REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

The following is a statistical consolidation summary:

Listed Operational Entities	Number of listed entities as at 31 March 2013	Annual Variance
- Consolidated (including GBE's)	190	(5%)
- Equity Accounted GBE's	41	
- Not Consolidated (including GBE's)	6	(33%)

Comparison with prior years	2012/13	2011/12	2010/11	2009/10	2008/09
- Consolidated	97%	96%	97%	93%	93%
- Not Consolidated	3%	4%	3%	7%	7%
Unlisted entities					
- Consolidated	23	26	31	31	33



A total of 190 (97 per cent) of listed entities were consolidated in 2012/13 which is a slight decrease from 2011/12, where 199 listed entities were consolidated. It should also be noted that the total number of listed entities reduced in the current year from 208 listed entities in 2011/12 to196 listed entities. A total of 23 unlisted entities were consolidated in 2012/13.

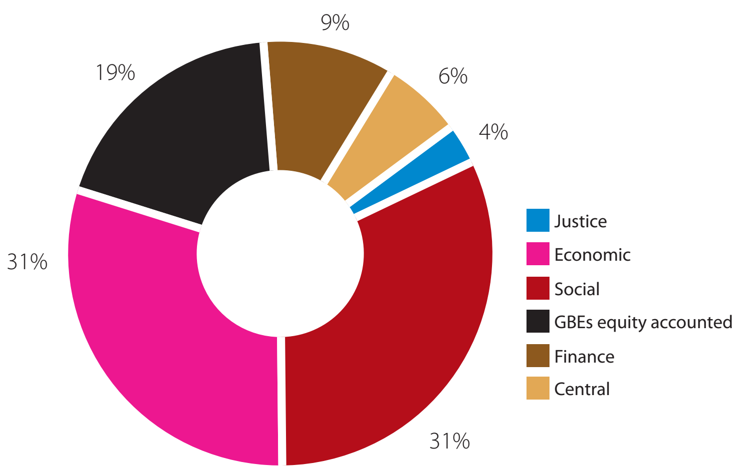
For the first time in the 2012/13 year, information pertaining to Government Business Entities (GBEs) is consolidated in a different manner. The consolidation of GBE's is presented on an equity accounting basis where the financial position and performance is distinguished from the rest of government's activities. A total of 41 GBE's were consolidated in 2012/13, from a total of 47 listed GBE's.

The percentage of entities that were not consolidated in 2012/13 due to non submission of their AFS consolidation templates within the prescribed timeframes has decreased from 4% in 2011/12 to 3% in 2012/13.The reasons for non-submission are attributed to the implementation of the new AFS consolidation template for 2012/13, which is compliant to the Standards of GRAP, other reasons include entities ceasing to exist in 2012/13 and key personnel not available close to the submission deadlines. These entities that are not consolidated are disclosed in Annexure C.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

CONSOLIDATED PER CLUSTER



CONSISTENCY IN THE ENTITIES BEING CONSOLIDATED

Achieving consistency in the entities being consolidated every year is a challenge, as some entities were consolidated in the current year but not in the previous year and by the same token some were consolidated in the previous year but not in the current year. It will be realised that fewer entities were consolidated in 2012/13 (213) than in 2011/12 (225). This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2011/12 financial year.

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

- Annexure A – Lists of entities consolidated and list of Government Business Enterprises equity accounted
- Annexure B – Lists of entities consolidated using draft financial statements
- Annexure C – Lists of entities not consolidated but controlled
- Annexure D – Lists of entities consolidated with year ends other than 31 March 2013

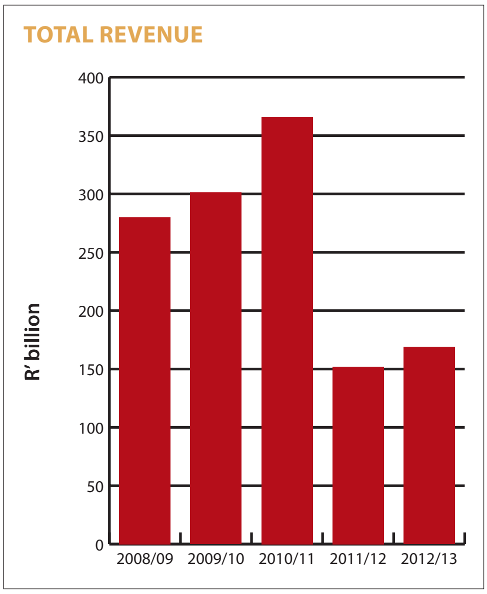
REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

1. TOTAL REVENUE

Total revenue for the year under review increased by 12 per cent, with the current total being R169 billion. Non - exchange revenue, consisting of Public contributions and donations, Transfer and sponsorships, Fines, Penalties and Forfeits, Licences and permits, Government grants and subsidies, Legislative and Oversight functions and Taxation revenue, and accounts for the largest portion of total revenue at 57 per cent. Government grants and subsidies and Legislative and oversight functions in the non-exchange category, constitute 88 per cent of the non-exchange revenue and 50 per cent of total revenue. This illustrates the reliance that non - GBE entities have on the subsidies from the National Departments.

REVENUE	Actual 2012/13 R'million	Actual 2011/12 R'million
Non-exchange revenue		
Public contributions and donations	1 325	1 172
Transfers and Sponsorships	3 899	3 512
Fines, Penalties and Forfeits	83	85
Licences and permits	40	22
Government grants and subsidies	53 175	45 268
Legislative and Oversight functions	31 692	28 095
Taxation revenue	5 830	5 268
	96 044	83 422
Exchange revenue		
Sale of Goods & Rendering of Services	36 957	34 432
Rental of facilities and equipment	225	174
Interest earned - external investments	17 694	16 245
Interest earned - outstanding receivables	766	591
Other income	17 733	16 959
	73 375	68 401
Total Revenue	169 419	151 823

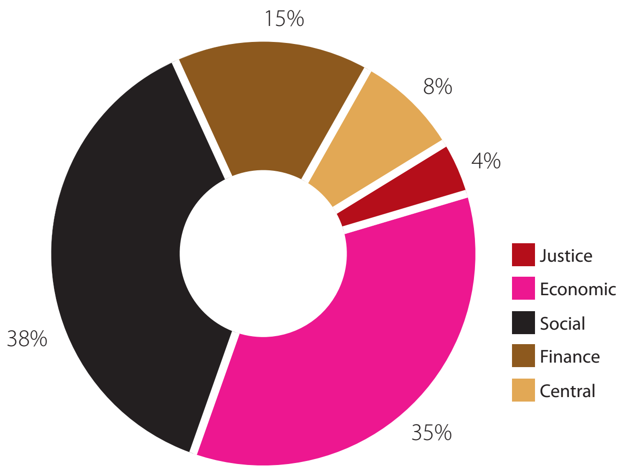


Government business entities(GBEs) were fully consolidated in 2008/09 - 2010/11.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

REVENUE PER CLUSTER

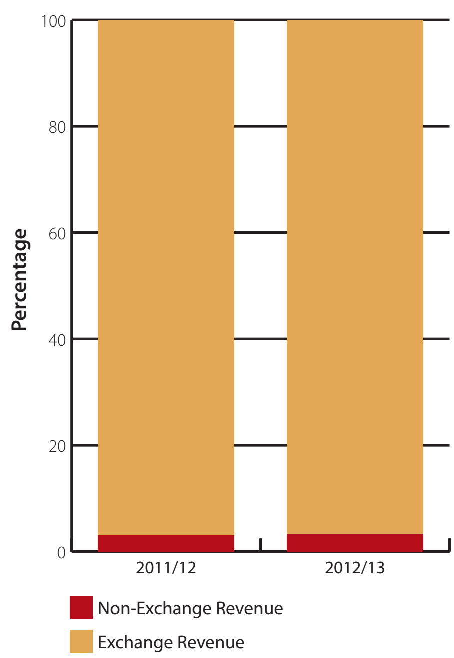


The Social cluster is the largest contributor of revenue, followed by the Economic cluster. Entities falling under the economic cluster which contributed the most to revenue include; Road Accident Fund and SANRAL and for both entities the largest revenue source being non-exchange revenue.

It should be appreciated that Total Revenue for 2011/12 and 2012/13 has dropped significantly, and this is as a result of the GBEs not being consolidated on a line-by-line basis, but rather being equity accounted. And in contrast to the non-GBEs, the largest portion of Total GBE revenue is exchange revenue at 97 per cent with major contributors being Eskom (41 per cent), South African Airways (8 per cent) and Transnet (16 per cent).

Sale of goods and rendering of services, accounts for the largest portion of total GBE revenue at 82 per cent and 85 per cent of GBE exchange revenue.

GBE TOTAL REVENUE BREAKDOWN

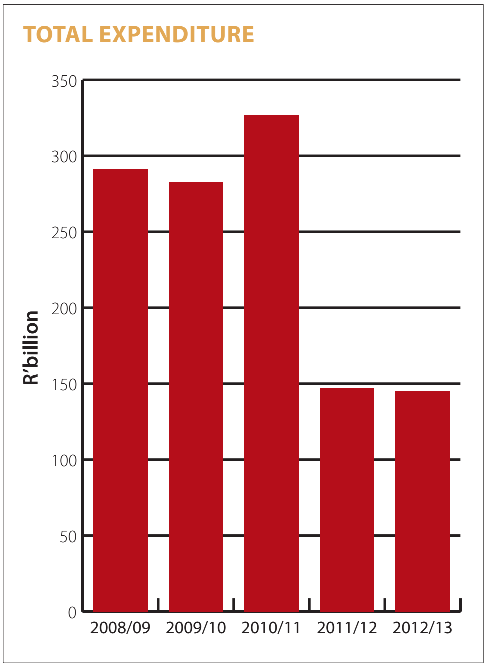


REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

2. TOTAL EXPENDITURE

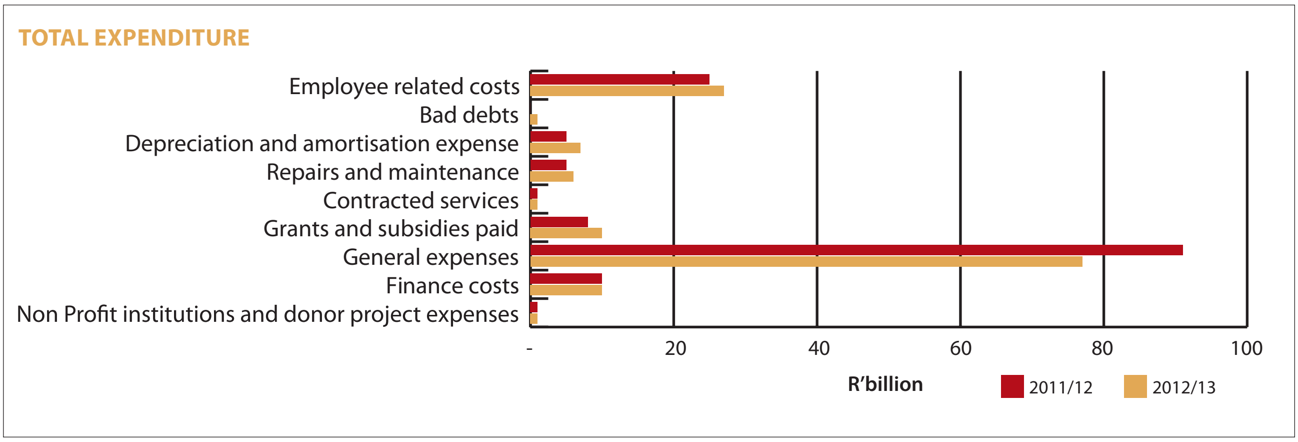
EXPENDITURE	2012/13 R' million	2011/12 R' million
Employee related costs	27 057	24 929
Bad debts	1 254	435
Depreciation and amortisation expense	6 765	5 351
Repairs and maintenance	6 301	5 481
Contracted services	1 237	1 170
Grants and subsidies paid	9 989	7 939
General expenses	79 860	88 112
Finance costs	10 234	9 988
Non Profit institutions and donor project expenses	1 046	585
Total Expenditure	143 743	143 990



Government business entities(GBEs) were fully consolidated in 2008/09 - 2010/11.

Total expenditure amounted to R143.7 billion for the current year; this represents a 0.2 per cent decrease from the prior year's total of R143.9 billion. General expenses and Employee related costs accounted for 79 per cent of the total expenditure, with general expenses contributing 61 per cent and employee related costs 17 per cent of total expenditure.

The economic cluster is the largest contributor of expenditure at R58 billion in the current year, with Road Accident Fund and SANRAL contributing R22 billion and R11 billion respectively in the economic cluster.

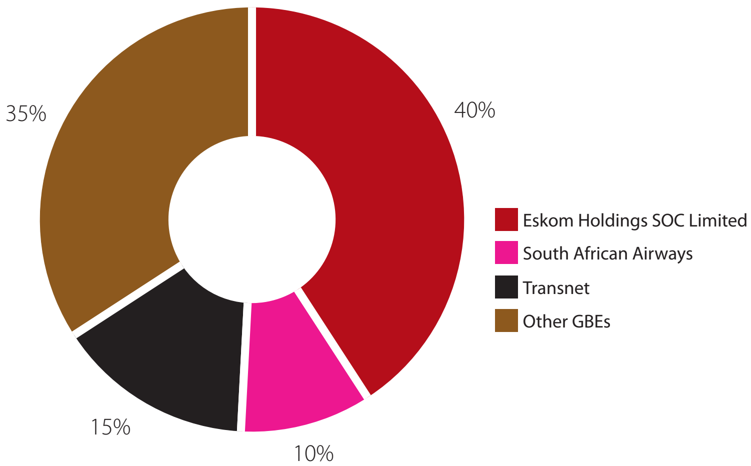


Total expenditure for GBEs amounted to R 293 billion in the current year; representing an 18 per cent increase from the prior years' total of R 249 billion. This is in contrast to the non–GBEs who realised a decrease from 2011/12 to 2012/13.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

GBE CONTRIBUTION TO TOTAL EXPENDITURE 2012/13



The major contributions to total expenditure by GBEs remain Eskom (40 per cent), South African Airways (10 per cent) and Transnet (15 per cent). A large portion of the GBE expenditure in the current year is similar to the non-GBEs being General expenses and Employee related costs at 58 per cent and 23 per cent respectively. 39 per cent of total expenditure is Cost of sales, with the major contributor being Eskom.

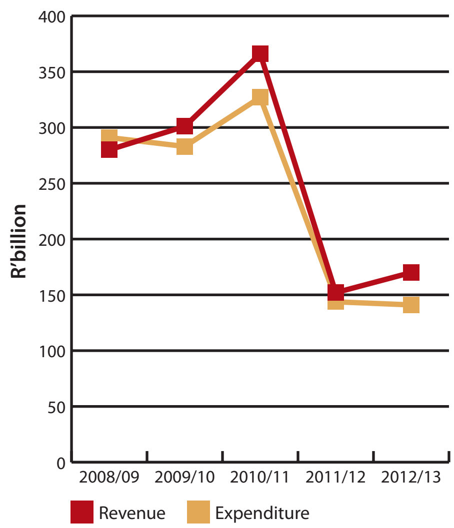
The table below shows comparative revenue, expenditure and resultant surplus for the last five financial years.

Revenue vs. Expenditure R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Revenue	280 263	300 998	366 374	151 823	169 419
Expenditure	291 002	282 958	327 208	143 989	143 743
Surplus/(Deficit) from operations	(10 738)	18 040	39 166	7 933	25 676

A surplus from operations was realised in the current year of R 26 billion (2011/12: R8 billion), which reflects an increase on the prior year surplus of 228 per cent.

As can be seen above, over the past four years since 2009/10 and the global economic downturn in 2008/09, revenue has been covering expenditure with a slight dip in 2011/12 with clear margins. The margin between revenue and expenditure has improved in the current year by R18 billion.

REVENUE VS EXPENDITURE



Government business entities(GBEs) were fully consolidated in 2008/09 - 2011/12.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

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	2012/13	2011/12	Movement in loss
Schedule 2	R'000	R'000	R'000
Broadband Infrastructure Company (Pty) Ltd	(181 072)	(95 222)	(85 850)
Development Bank of Southern Africa	(820 247)	(333 067)	(487 180)
Independent Development Trust (IDT)	(110 996)	(108 752)	(2 244)
SA Post Office	(414 099)	(134 796)	(279 304)
Trans-Caledon Tunnel Authority	(697 750)	(403 372)	(294 378)
South African Airways (Pty) Ltd	(1 169 820)	(843 019)	(326 800)
South African Express (Pty) Ltd	(9 885)	(313 883)	303 997
	(3 403 869)	(2 232 110)	(1 171 759)

Schedule 3A	2012/13	2011/12	Movement in loss
	R'000	R'000	R'000
Academy of Science of South Africa	(80)	60	(140)
Accounting Standards Board	(26)	(295)	269
African Renaissance International Cooperation (ARIC)	(468 856)	247 385	(716 241)
Die Afrikaanse Taal Museum	(24)	-	(24)
Boxing SA	(448)	-	(448)
Brand SA	(2 228)	(28 654)	26 426
Breede River Catchment Management Agency	(4 050)	2 380	(6 430)
Commission for Conciliation, Mediation and Arbitration	(8 802)	-	(8 802)
Competition Tribunal	(1 452)	3 106	(4 558)
Construction Industry Development Board (CIDB)	(7 019)	6 068	(13 087)
Ditsong: Museums of SA	(14 115)	(5 114)	(9 001)
Estate Agency Affairs Board	(7 348)	(12 096)	4 748
Film and Publication Board (FPB)	(11 758)	3 954	(15 712)
Financial Intelligence Centre	(951)	(33 086)	32 135
Human Sciences Research Council	(3 928)	3 564	(7 492)
Inkomati Catchment Management Agency	(12 510)	7 804	(20 314)
iSimangaliso Wetland Park Authority	(9 725)	51 386	(61 111)
Media Development Diversity Agency	(3 558)	8 320	(11 878)
Media, Information and Communication Technologies SETA (MICT SETA)	(9 042)	-	(9 042)
Medical Research Council of SA	(45 195)	(16 428)	(28 767)
National Agricultural Marketing Council	(1 761)	956	(2 717)
National Credit Regulator	(15 772)	105	(15 877)
National Development Agency	(6 404)	-	(6 404)

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Schedule 3A - cont	2012/13 R'000	2011/12 R'000	Movement in loss R'000
National Electronic Media Institute of South Africa	(975)	(5 437)	4 462
National Gambling Board	(4 830)	12 712	(17 542)
National Library of SA	(3 626)	-	(3 626)
National Urban Reconstruction and Housing Agency	(35 631)	(44 123)	8 492
National Health Laboratory Service	(64 082)	-	(64 082)
Nelson Mandela Museum	(1 262)	(2 483)	1 221
Pan South African Language Board	(3 541)	-	(3 541)
Performing Arts Council of the Free State	(10 349)	(6 153)	(4 196)
Perishable Products Export Control Board	(1 242)	(16 316)	15 074
Private Security Industry Regulatory Authority	(3 970)	(9 276)	5 306
Public Service Sector Education and Training	(2 610)	-	(2 610)
Railway Safety Regulator	(3 259)	3 473	(6 732)
Road Accident Fund	(5 115 887)	(16 487 322)	11 371 435
SA Diamond and Precious Metals Regulator	(2 098)	(13 774)	11 676
SA Institute for Drug-free Sport	(1 420)	(103)	(1 317)
Sheltered Employment Factories	(11 414)	(13 877)	2 463
Small Enterprise Development Agency	(2 391)	(41 766)	39 375
Social Housing Foundation	(532)	(2 092)	1 560
South African Maritime Safety Authority (SAMSA)	(61 648)	13 470	(75 118)
South African National Biodiversity Institute	(5 637)	65 668	(71 305)
South African National Parks	(41 310)	822	(42 131)
South African Tourism	(9 139)	(34 316)	25 177
South African Weather Service	(15 748)	34 830	(50 578)
South African State Theatre	(3 485)	(6 302)	2 817
Technology Innovation Agency	(49 118)	66 208	(115 326)
The Playhouse Company	(1 335)	-	(1 335)
Thubelisha Homes	(1 541)	23 593	(25 135)
uMalusi Council for Quality Assurance in General and Further Education and Training	(7 531)	-	(7 531)
Universal Service Access Agency of South Africa	(280)	7 019	(7 299)
Voortrekker Museum	(594)	(1 670)	1 076
War Museum of the Boer Republics	(729)	(1 242)	513
Water Research Commission	(3 337)	(2 852)	(486)
Wholesale and Retail Sector Education and Training Authority (W&R SETA)	(165 515)	(31 728)	(133 787)
Windybrow Theatre	(2 686)	-	(2 686)
	(6 273 804)	(16 253 621)	9 979 817

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Schedule 3B	2012/13 R'000	2011/12 R'000	Movement in loss R'000
Onderstepoort Biological Products Limited	(21 440)	(3 388)	(18 052)
Sentech Limited	(47 643)	134 274	(181 917)
	(69 083)	130 886	(199 969)

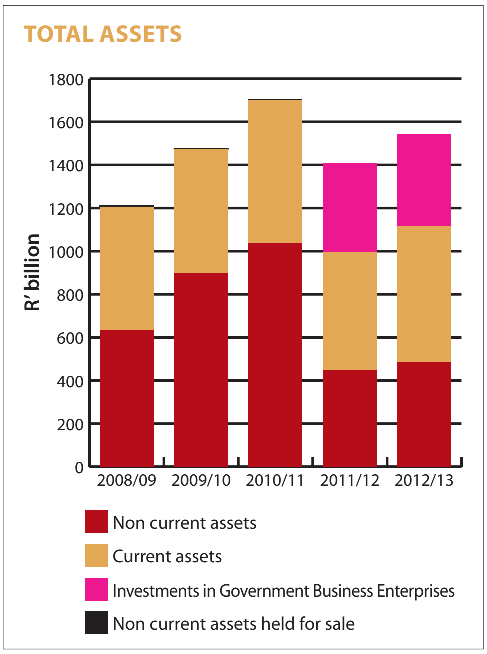
Unlisted Entities	2012/13 R'000	2011/12 R'000	Movement in loss R'000
Development Bank of SA Development Fund	(13 309)	(7 546)	(5 763)
FAIS Ombud	(2 415)	110	(2 525)
Government Pensions Administration Agency	(5 679)	(4 513)	(1 166)
Office of The Pension Fund Adjudicator	(1 215)	3 730	(4 945)
South African Reserve Bank	(1 408 085)	(591 997)	(816 088)
	(1 430 703)	(600 216)	(830 487)

3. TOTAL ASSETS

Assets	2012/13 R'million	2011/12 R'million
Non-current assets	483 003	446 772
Current assets	633 617	549 569
Investments in Government Business Enterprises	431 976	408 745
Total Assets	1 548 597	1 405 037

Total assets increased by R144 billion in the current year and this major increase can be attributed to increases across all asset balances, with a noted increase of 15 per cent for current assets.

The largest portion of total assets for the current year is current assets at R 634 billion, and this constitutes 41 per cent of total assets. The major contributor of current assets is 'other current financial assets' and SARB is the largest contributing entity at R504 billion. Non – Current Assets constitute 31 per cent of total assets at R483 billion and the major contributing balance is property, plant and equipment (excl. Investments in government business enterprises) and SANRAL is the largest contributor at R269 billion.

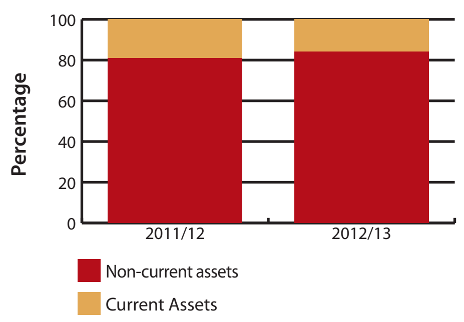


REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

GBEs have a total asset base of R1 073 billion, and the major contributor being non-current assets at 83 per cent. The major contributing entities to non-current assets in GBEs are Eskom, IDC and Transnet at 41 per cent, 12 per cent and 22 per cent respectively.

GBE TOTAL ASSETS



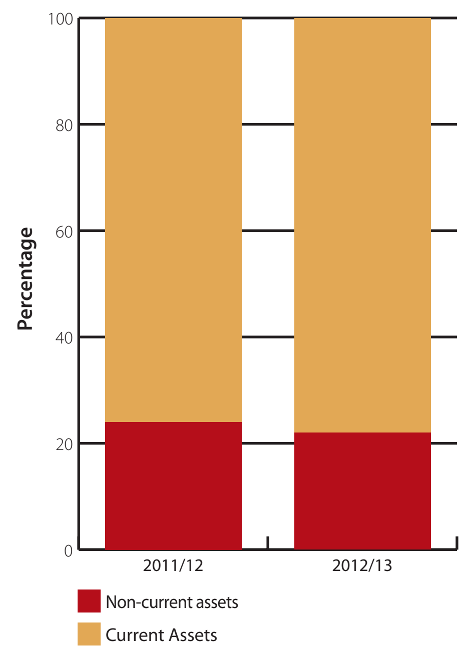
4. TOTAL LIABILITIES

Liabilities	2012/13 R' million	2011/12 R' million
Non-current liabilities	149 382	149 830
Current liabilities	566 731	482 944
Total liabilities	714 113	632 774

Total liabilities increased by R83 billion (13 per cent) in the current year. The increase can be attributed to a 17 per cent increase in current liabilities. 79 per cent (2011/12: 76 per cent) of total liabilities is categorised as current in the current year. SARB is a major contributor of total liabilities at 70 per cent of total liabilities (R 503 billion).

GBE total liabilities increased by 16 per cent to R648 billion (2011/12: R557 billion), and this increase is highly attributable to an increase in long term borrowings, deferred income and non–current provisions in the current year. Long term borrowings constitute 67 per cent of non-current liabilities and 52 per cent of total liabilities. The largest increases in long term borrowings in the current year can be noted in Eskom, Transnet and the Industrial Development Corporation (IDC) at R23 billion, R14 billion and R6 billion respectively. 78 per cent of total liabilities of GBEs constitutes non-current liabilities and the major contributing entities are Eskom (R191 billion), Transnet (R 67 billion) and TCTA (R 25 billion) of long term liabilities.

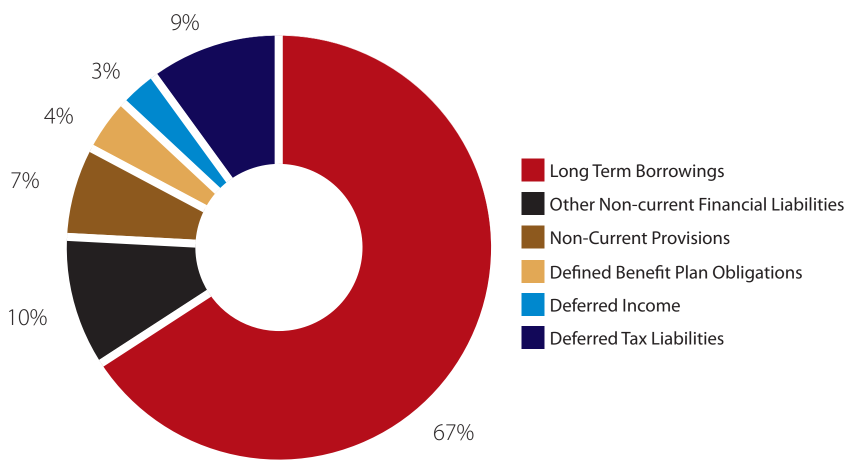
TOTAL LIABILITIES



REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

GBE NON-CURRENT LIABILTIES BREAKDOWN 2012/13



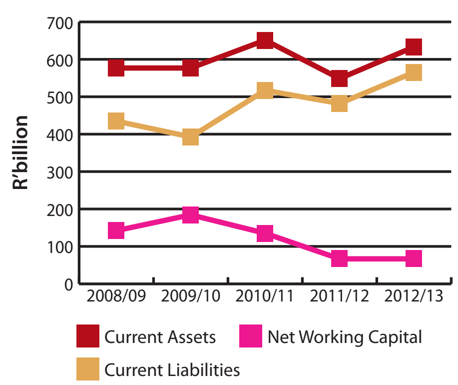
4.1 WORKING CAPITAL AND NET ASSETS

The working capital graph illustrates that, generally, the entities appear to be liquid i.e. the entities are able to meet their current obligations, as they arise, through their current assets. It should however be noted due to the GBEs being equity accounted there was a drop in current assets in 2011/12 with a slight improvement in 2012/13.

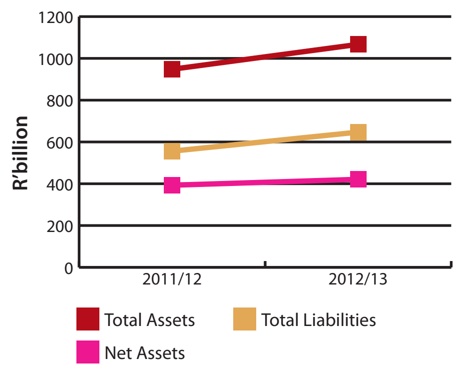
Working Capital	2008/09 R' million	2009/10 R' million	2010/11 R' million	2011/12 R' million	2012/13 R' million
Current assets	577 212	576 712	651 401	549 569	633 617
Current liabilities	435 306	392 690	516 710	482 944	566 731
Working capital	**141 906**	**184 022**	**134 690**	**66 625**	**66 886**

Total assets of the GBEs exceed the total liabilities for the both the prior and current year.

WORKING CAPITAL



GBE NET ASSETS



REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

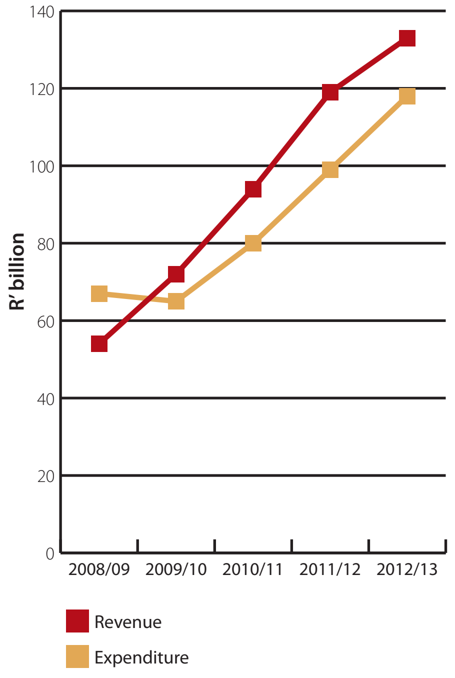
ESKOM

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

ESKOM SUMMARY

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Revenue	54 359	71 757	94 470	118 985	132 591
Expenditure	67 120	64 679	79 744	98 658	118 149
Surplus/ (Deficit) from Operations	(12 761)	7 078	14 726	20 327	14 442
Change in surplus/ (deficit)	(518%)	155%	108%	38%	(29%)

ESKOM REVENUE VS EXPENDITURE



Eskom's increase in total revenue of 10 per cent in the current year is mainly attributable to the increase in electricity revenue. 97 per cent of total revenue constitutes electricity revenue. Interest from investments decreased from the prior year to the current year by 20 per cent (R 723 million), and this decrease can be highly attributable to the use of operating cash flows to finance capital expenditures. Eskom's R132 billion total revenue represents 41 per cent of total revenues from GBEs.

Expenditure increased by 20 per cent (R 19 billion) in the current year, mainly as a result of a 38 per cent (R21 billion) increase in general expenses and a 16 per cent (R 3 billion) increase in employee related costs. Cost of Sales at Eskom contributes 77 per cent of general expenses and a 31 per cent increase is realised in the current year. The staff compliment rose by 2 793 from 43 473 to 46 266. Finance costs dropped considerably in the current year by 103 per cent, and this is as a result of the re-measurement of the government loan amounting to an income of R17.3 billion.

The operating profit for the year fell by 29 per cent, and this reduction is due to Eskom requesting a tariff increase of 16 per cent for the final year of Multi Year Price Determination (MYPD) 2 as opposed to the 25 per cent it had been granted. However, Eskom's return to profitability in the past four year has been maintained steadily, even though in the current year NERSA granted a tariff increase significantly lower than the increase applied for.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

ESKOM ASSETS VS. LIABILITIES

R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Total Assets	199 215	246 047	328 086	382 368	432 022
Total Liabilities	139 635	175 825	240 827	279 264	322 882
Net Assets	59 579	70 222	87 259	103 104	109 140

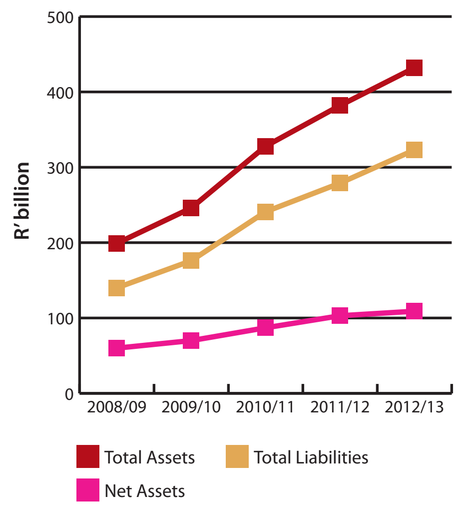
The trend over the last four years since 2009/10 has seen a steady increase in total assets and total liabilities, with the resultant net assets almost doubling from 2008/09 to 2012/13.

Eskom contributes 42 per cent of the total GBE assets of R1 billion, with 85 per cent of total assets of the entity being non-current assets. Eskom's total assets increased by 13 per cent or R49 billion to R432 billion in the current year, mainly due to an increase in non-current assets of 18 per cent or R56 billion. Current assets decreased in the current year by R6 billion.

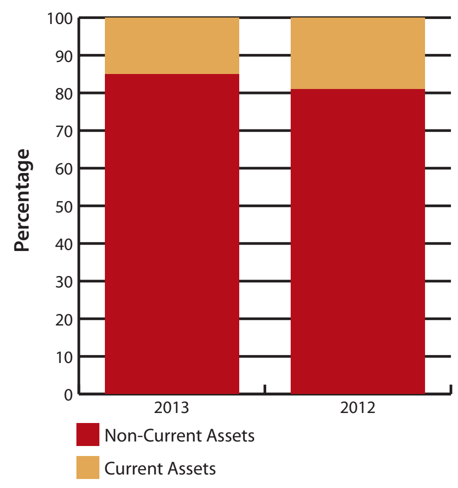
The increase in non-current assets is mainly attributable to the increase in property, plant and equipment in the current year of R50 billion due to the capital expansion programme that the entity is embarking on up to the completion of the Kusile power station. Cash and cash equivalents decreased by R8.8 billion and current investments also decreased by R8.8 billion.

Eskom total liabilities increased by 16 per cent in the current year to R323 billion (2012: 279 billion), contributing 52 per cent of total GBE liabilities. The increase is mainly attributable to a R40 billion increase in non-current liabilities. Long term borrowings increased by R23 billion to R190 billion, non-current provision increased by R7.3 billion and trade and other payables from exchange transactions increased by R6.1 billion. Non-current liabilities constitute 80 per cent of total liabilities in the current year. Total guarantees underwritten by government in 2012/13 was R103.6 billion (2011/12 R7.7 billion)

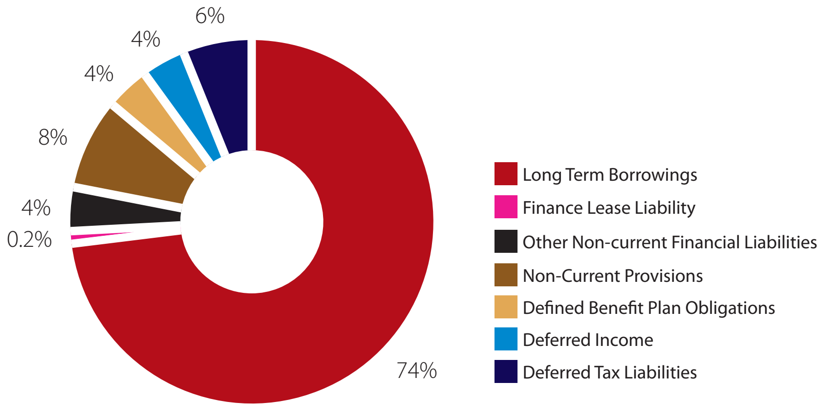
ESKOM NET ASSETS



ESKOM TOTAL ASSETS



2013 ESKOM BREAKDOWN OF NON-CURRENT LIABILITY



REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

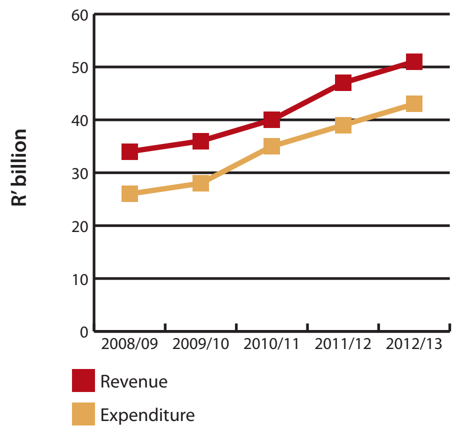
TRANSNET

Transnet is a State Owned Company (SOC), wholly owned by the Government of South Africa and is the custodian of the country's rail, ports and pipelines. Transnet is mandated to assist in lowering the cost of doing business in South Africa, enabling economic growth and ensuring security of supply through providing appropriate port, rail and pipeline infrastructure in a cost-effective and efficient manner, within acceptable benchmarks.

TRANSNET SUMMARY

R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Revenue	33 636	35 673	39 856	47 210	51 466
Expenditure	25 975	28 311	34 847	39 148	43 468
Surplus from Operations	7 661	7 362	5 009	8 062	7 998

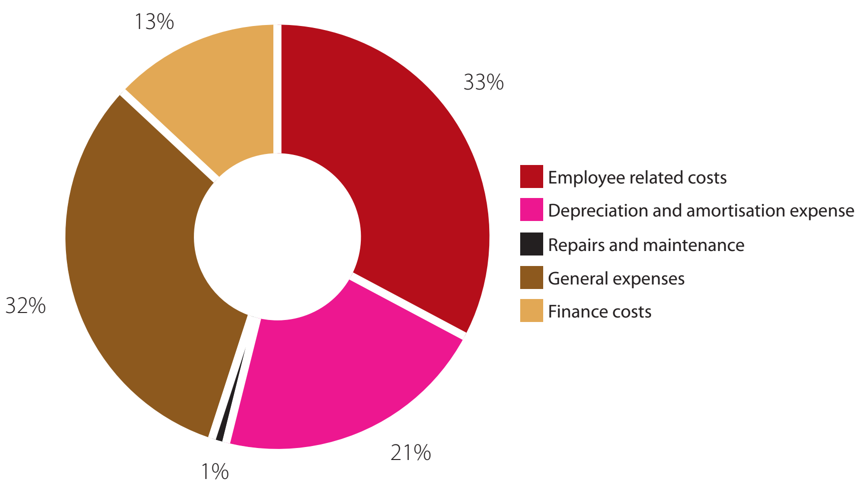
TRANSNET REVENUE VS EXPENDITURE



Transnet's operating surplus decreased slightly in the current year by 0.8 per cent to R7.9 billion.

Revenue increased by 9 per cent in the current year to R51 billion, mainly as a result of a 10 per cent increase in sale of goods and rendering of services. Total freight rail volumes and price increases are the contributing factors to the increase. Revenue from exchange revenue contributes 97 per cent (R50.1 billion) of total revenue in the current year.

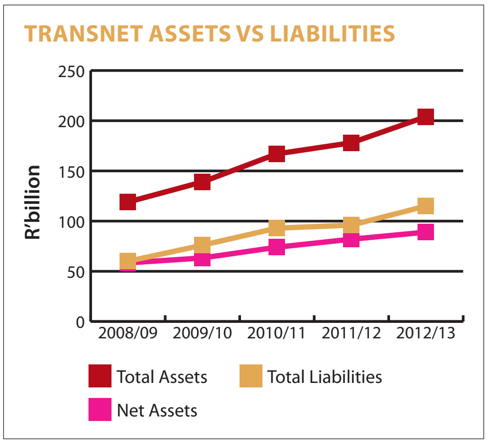
TRANSNET 2013 EXPENDITURE BREAKDOWN



REVIEW OF OPERATING RESULTS

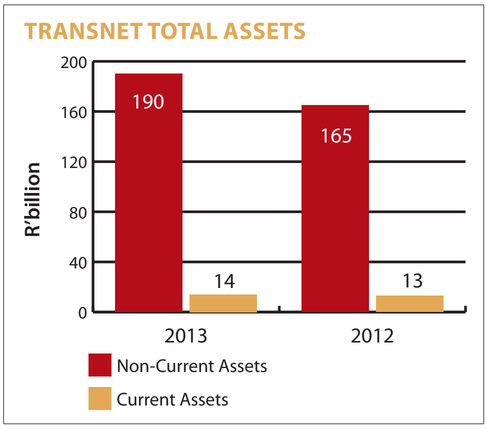
for the year ended 31 March 2013

Transnet's expenditure increased in the current year by 11 per cent (R4.3 billion) to R43 billion, with major increases noted for general expenses (R1.87 billion), finance costs (R1.29 billion) and depreciation and amortisation (R900 million). Stock and materials contribute 53 per cent of general expenses, and an increase of R1.4 billion has been realised in the current year due to higher steel prices as well as increased levels of maintenance incurred to support the growth in rail volumes. Employee related costs are the major contributor to total expenditure at 33 per cent (R14.5 billion) and an increase of 3 per cent is noted in the current year. The increase in employee related costs is due to an 8.4 per cent average wage increase during the year as well as an increase in headcount and training costs.



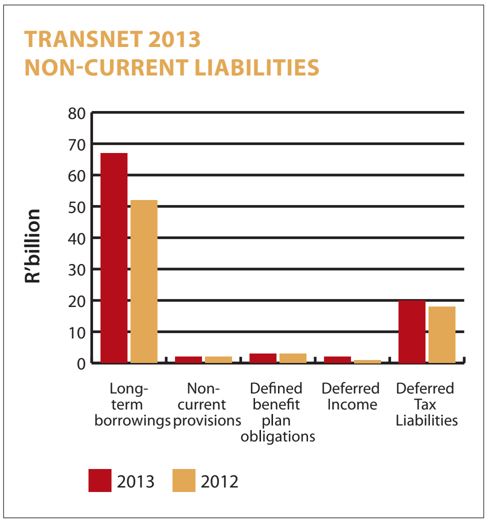
TRANSNET ASSETS VS. LIABILITIES

R 'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Total Assets	118 559	138 885	167 070	178 005	203 896
Total Liabilities	60 199	75 538	93 404	95 993	115 095
Net Assets	**58 360**	**63 347**	**73 666**	**82 012**	**88 801**



Net assets have increased gradually over the past five years, with a 7 per cent increase in net assets in the current year.

Transnet contributes 20 per cent of the total assets of the GBE's with 93 per cent of total assets of the entity being classified as non-current assets. Total assets increased in the current year by 15 per cent or R26 billion to R204 billion. The rise in total assets is highly attributable to a R20 billion increase in property, plant and equipment resulting from various capital expansions in infrastructure and maintenance of existing capacity. Cash and cash equivalents increased by R1.4 billion and other non-current financial assets increased by R3.3 billion.



Transnet contributes 37 per cent of total GBEs liabilities, with 82 per cent of total liabilities of R115 billion being non-current liabilities. Total liabilities increased in the current year by R19.1 billion or 20 per cent and the increase is mainly attributable to a R14.2 billion increase in long-term borrowings to R66.7 billion. Long term borrowings contribute 58 per cent of total liabilities of Transnet.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

THE SOUTH AFRICAN NATIONAL ROADS AGENCY SOC LIMITED (SANRAL)

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

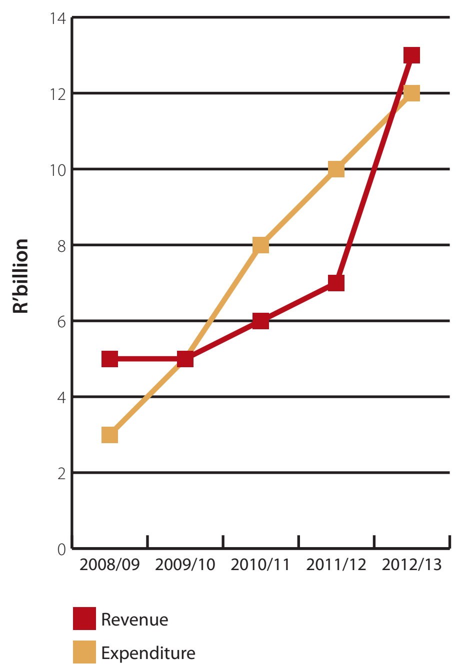
SANRAL SUMMARY

R'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	2012/13
Revenue	4 708	4 984	6 142	7 484	13 203
Expenditure	2 780	5 412	7 789	10 264	11 909
Surplus/(Deficit) from Operations	**1 929**	**(427)**	**(1 648)**	**(2 779)**	**1 294**

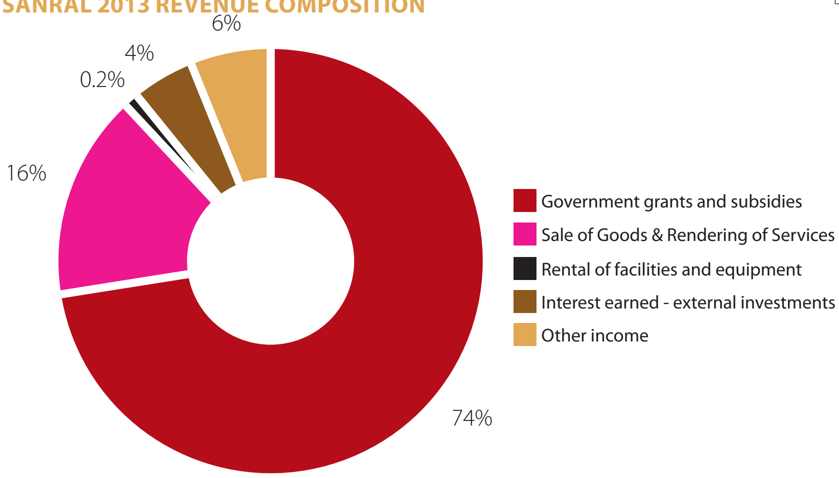
SANRAL's operating surpluses have increased significantly in the current year to a positive position, and this is highly attributable to an increase in subsidy in the current year. The subsidy from government funds the operations of the non-tolled roads which account for 84.2 per cent of the national road network.

Revenue increased in the current year by 76 per cent or R5.7 billion. The increase is mainly as a result of an R5.1 billion increase in government grants and subsidies in the current year. This subsidy represents grant revenue received from the government on non-toll road operations. Toll revenue increased by 11 per cent to R2.1 billion in the current year, and this increase is due to the modest average traffic increase of 3.2 per cent. Government grant and subsidies represent 74 per cent of the revenue of SANRAL.

SANRAL REVENUE VS EXPENDITURE



SANRAL 2013 REVENUE COMPOSITION



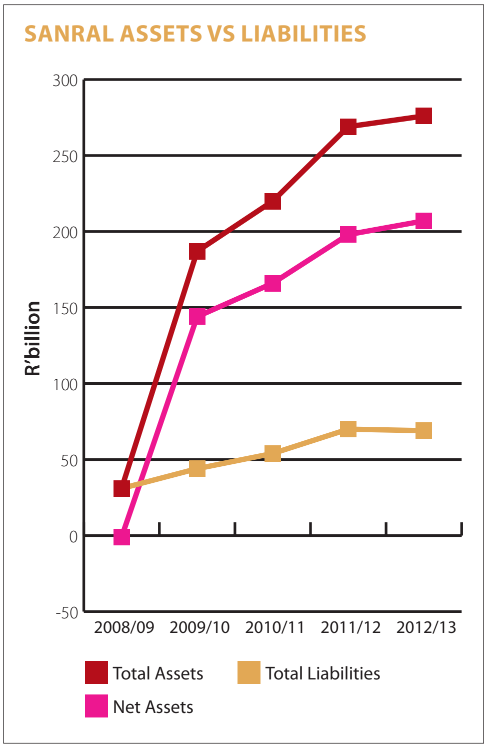
REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Expenditure increased in the current year by 16 per cent or R1.6 billion to R11.9 billion. The increase is attributable to an increase in depreciation and amortisation of R406 million, repairs and maintenance of R885 million and finance costs of R321 million. The highest contributors to the R11.9 billion expenditure in 2013 are repairs and maintenance and finance costs at R5.3 billion and R3.7 billion respectively.

SANRAL ASSETS VS. LIABILITIES

R 'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Total Assets	30 604	187 084	220 490	268 714	276 296
Total Liabilities	31 403	43 514	54 399	70 232	69 340
Net Assets	**(799)**	**143 570**	**166 091**	**198 482**	**206 956**



The net asset value of SANRAL has increased steadily from 2009/10 to the current year. The increase in assets was initially triggered in 2009/10 when the entity changed its accounting policy of subsequently measuring property, plant and equipment from the historical cost less depreciation and impairment to current carrying them at depreciated replacement cost, resulting in an increase in its total assets.

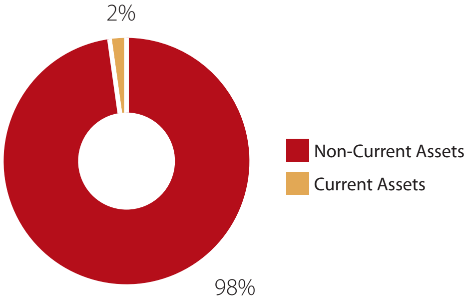
SANRAL's total assets increased by 3 per cent or R7.6 billion in the current year to R276 billion. Non-Current assets constitute 98 per cent of the total assets of the entity, with property plant equipment contributing 97 per cent or R269 billion of the total assets of the entity. SANRAL is also the highest contributor of property, plant equipment for the Non-GBEs.

The R7.6 billion increase in total assets is due largely to a R13.7 billion increase in property, plant and equipment in the current year. This increase was as a result of an expansion in road network length under SANRAL jurisdiction of 3534 kms, resulting in a R7 billion upward adjustment in the current year. Cash and cash equivalents and other current financial assets decreased in the current year by R4.8 billion and R2 billion respectively. The significant reduction in cash and cash equivalents is as a result of a lack of toll income and the limited ability to borrow, therefore cash reserves being utilised to service and repay debt.

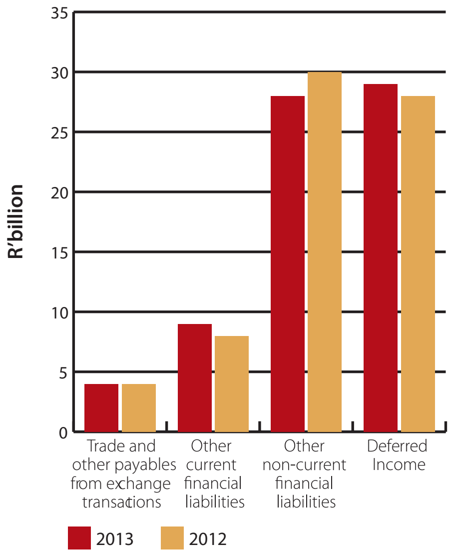
REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

SANRAL 2013 TOTAL ASSETS



SANRAL TOTAL LIABILITIES MAJOR BALANCE MOVEMENTS



Total liabilities decreased by R891 million or 1 per cent to R69 billion. The decrease in liabilities is as a result of a decrease in other non-current financial liabilities of R1.6 billion and trade and other payables of R670 million in the current year. Deferred income and other current financial liabilities increased by R775 million and R625 million respectively.

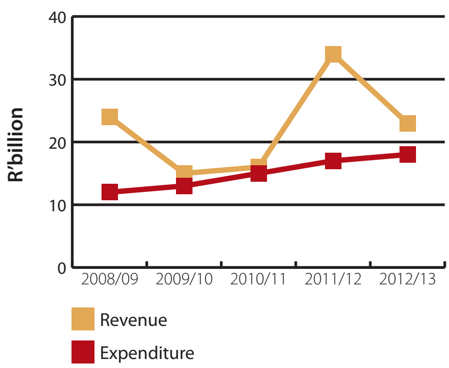
ROAD ACCIDENT FUND

The RAF is responsible for providing compulsory social insurance cover to all users of the South African roads; to rehabilitate and compensate persons injured as a result of negligent driving of motor vehicles, in a timely and caring manner; and to actively promote the safe use of South African roads. The RAF provides two types of cover, namely personal insurance cover to accident victims or their families, and indemnity cover to wrongdoers.

RAF SUMMARY

R' million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Revenue	11 866	12 635	14 526	17 104	17 640
Expenditure	24 057	15 136	15 998	33 592	22 726
Deficit from Operations	(12 191)	(2 501)	(1 472)	(16 489)	(5 086)

RAF REVENUE VS EXPENDITURE



The RAF remains in a deficit position. Whilst revenues are increasing year-on-year, expenditure increased at a faster rate for the past 4 years, and in the current year decreased by R10.8 billion.

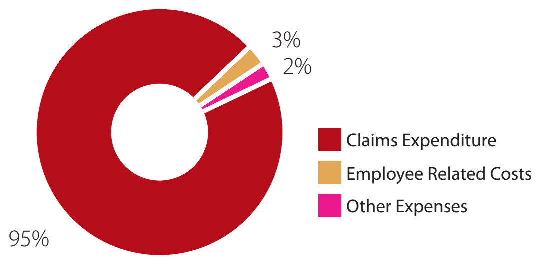
Total revenue has increased over the years and for the current year grew by 3 per cent from R17.1 billion to R17.6 billion. The increase is mainly as a result of 8 cents per litre increase in the RAF Fuel Levy, a moderate increase in the volume of fuel sold over the year and also an increase in investment income of 126 per cent to R255 million. Net fuel levies (legislative and oversight function) account for 99 per cent or R17.4 billion of total revenue.

REVIEW OF OPERATING RESULTS

for the year ended 31 March 2013

Expenditure decreased by 32 per cent or R10.8 billion in the current year to R22.7 billion, and the decrease is mainly attributable to a R13.6 billion or 68 per cent decrease in the provision for outstanding claims. Actual claims expenditure increased by 21 per cent or R 2.6 billion owing to the higher cost of claims in the current year. Total claims expenditure inclusive of the provision for outstanding claims accounts for 95 per cent of total expenditure. Employee related costs account for 3 per cent of the total expenditure and in the current year realised a 16 per cent or R105 million increase due to staff numbers increasing.

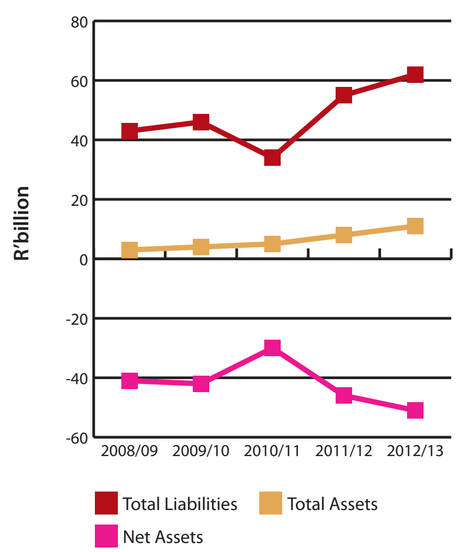
2013 RAF TOTAL EXPENDITURE COMPOSITION



RAF ASSETS VS LIABILITIES

R 'million	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13
Total Assets	3 396	3 879	4 567	8 572	10 717
Total Liabilities	43 231	46 209	34 482	54 972	62 181
Net Assets	(39 835)	(42 330)	(29 915)	(46 399)	(51 464)

RAF ASSETS VS LIABILITIES



The RAF remains grossly under-capitalised with liabilities exceeding assets by R51 billion. Net assets have deteriorated further in the current year by R 5.1 billion.

Total assets increased by 25 per cent or R2.1 billion to R10.7 billion in the current year. The increase is due to R1.8 billion and R269 million increases in cash and cash equivalents and other receivables from non-exchange transactions (net fuel receivables) respectively. Current asset contribute 98 per cent of total assets.

Total liabilities increased by 13 per cent or R7.2 billion in the current year. The increase is highly attributable to an increase in provisions for outstanding claims from R12.4 billion to R16.2 billion in the current year. Non-current liabilities constitute 73 per cent of total liabilities.

CONSOLIDATED FINANCIAL INFORMATION
for the year ended 31 March 2013

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

FOR THE YEAR ENDED 31 MARCH 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

1. I was engaged to audit the consolidated financial statements of National Public Entities of the National Treasury set out on pages 155 to 245, which comprise the consolidated statement of financial position as at 31 March 2013, the consolidated statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting, as set out in accounting policy note 1 to the consolidated financial statements and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

REVENUE FROM EXCHANGE TRANSACTIONS

4. I was not able to obtain sufficient appropriate audit evidence concerning revenue totalling R5,5 billion (2011-12: R6 billion) included in note 34 to the consolidated annual financial statements. Alternative procedures could not be performed to determine any misstatement in the relevant classes of transactions.
5. I could not rely on the system of control over the recording of sales of water services. Consequently, I was not able to obtain reasonable assurance that all such services revenue of R6,6 billion (2011-12: R5,8 billion) was recorded. This revenue is included in note 34 to the consolidated financial statements.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

6. Levy and interest income was not recognised in accordance with GRAP 23: Revenue from non-exchange transactions (taxes and transfers), which resulted in income being understated by R2,7 billion (2011-12: R0,7 billion). In addition, I was unable to obtain sufficient appropriate audit evidence concerning revenue from legislative and oversight functions totalling R8,1 billion (2011-12: R5,3 billion). Consequently, I was unable to determine whether any further adjustments to revenue from non-exchange transactions were necessary.

IRREGULAR EXPENDITURE

7. I was not able to obtain sufficient appropriate audit evidence in respect of irregular expenditure of R3,3 billion (2011-12: R1,4 billion) included in note 56.2 to the consolidated financial statements. Some national public entities incurred this expenditure in contravention of section 51(1)(a)(iii) of the PFMA. Alternative procedures could not be performed to determine the misstatement in this class of transactions.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

GENERAL EXPENSES

8. I was not able to obtain sufficient appropriate audit evidence concerning general expenses of R8,9 billion (2011-12: R5,7 billion) included in note 43 to the consolidated financial statements due to the status of the accounting records. Alternative procedures could not be performed to determine the misstatement in the relevant classes of transactions.

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

9. I was not able to obtain sufficient, appropriate audit evidence to confirm receivables totalling R6,9 billion (2011-12: R6 billion) included in note 2 to the consolidated financial statements. Alternative procedures could not be performed to determine the misstatement in the relevant account balances.

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

10. I was not able to obtain sufficient, appropriate audit evidence to confirm receivables totalling R3,7 billion (2011-12: R2,5 billion) included in disclosure note 3 to the consolidated financial statements. Alternative procedures could not be performed to determine any misstatement in the relevant account balances.

PROPERTY, PLANT AND EQUIPMENT

11. Land approximating 2,8 million hectares has not been recognised at fair value and therefore excluded from property, plant and equipment. I was thus not able to obtain sufficient appropriate audit evidence concerning this account balance disclosed in note 13 to the consolidated financial statements. No alternative procedures could be performed to determine any misstatement in this account balance.

NON-CURRENT PROVISIONS

12. I was not able to obtain sufficient, appropriate audit evidence to confirm provisions for outstanding claims totalling R6,4 billion (2011-12: R4,8 billion) included in note 29 to the consolidated financial statements. Alternative procedures could not be performed to determine any misstatement in this account balance.

OPERATING LEASE COMMITMENTS

13. I was unable to obtain sufficient appropriate audit evidence concerning operating lease commitments of R7,2 billion (2011-12: R8,6 billion) included in disclosure note 57.2 to the consolidated financial statements due to the status of the accounting records. Alternative procedures could not be performed to determine any misstatement in this disclosure note.

BASIS OF PREPARATION

14. I was not able to obtain sufficient appropriate audit evidence as to the completeness and accuracy of the elimination of inter-entity transactions and balances. Alternative procedures could not be performed to obtain reasonable assurance that inter-entity transactions and balances were eliminated in full.

15. During the prior year's audit of the 2011-12 financial statements, I was not able to express an opinion due to a number of significant matters. In the current year, I was not able to obtain sufficient appropriate audit evidence that the prior year's financial information was restated in an effort to resolve these matters. Consequently, the effects or possible effects thereof on the opening and closing balances, including disclosure notes and comparatives, remain material. Alternative procedures could not be performed to determine the effects or possible effects of these matters.

16. I was not able to obtain sufficient appropriate audit evidence that the Government Business Enterprises' (GBE's) and one national public entity's financial statements, prepared using different accounting frameworks, were appropriately adjusted to the basis of accounting used in preparing the consolidated financial statements. Alternative procedures could not be performed to obtain reasonable assurance that the appropriate conversions were recorded in the consolidation accounts.

17. I was not able to obtain sufficient appropriate audit evidence in respect of GBEs with 30 June year-ends. The consolidated financial information related to these entities comprise three months' audited results (April to June) and nine months' unaudited results (July to March). Consequently, I was not able to determine whether any further adjustments to these GBEs' consolidated financial

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

information were necessary. Alternative procedures could not be performed to obtain reasonable assurance in respect of these GBEs consolidated financial information.

AGGREGATION OF IMMATERIAL UNCORRECTED MISSTATEMENTS

18. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements emanating from the audited financial statements of national public entities. These misstatements negatively impact the statement of financial position with R1,8 billion, the statement of financial performance with R4,6 billion and the disclosure notes with R1,2 billion.

DISCLAIMER OF OPINION

19. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

EMPHASIS OF MATTERS

I draw attention to the matters below:

MINISTERIAL EXEMPTION IN TERMS OF SECTION 92 OF THE PFMA TO NOT PREPARE A SINGLE SET OF CONSOLIDATED FINANCIAL STATEMENTS

20. As disclosed in note 60.3 to the financial statements, the Minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of sections 8(1) of the same. The exemption applies to the financial periods 2012-13 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

RESTATEMENT OF CORRESPONDING FIGURES

21. As disclosed in note 54 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of adjustments made during 2012-13 in the financial statements of national public entities at, and for the year ended, 31 March 2012.

ADDITIONAL MATTER

I draw attention to the matter below:

BASIS OF ACCOUNTING

22. The basis of accounting prescribed by the National Treasury is based on the principles of GRAP 6: Consolidated and Separate Financial Statements, together with principles in the Accounting Standards Board's Framework for the Preparation and Presentation of Financial Statements and principles in GRAP 7: Investments in Associates whereby Government business enterprises are incorporated in the consolidated financial statements on a basis similar to the equity method described therein. This basis of accounting does not constitute a fair presentation financial reporting framework

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

23. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

COMPLIANCE WITH LAWS AND REGULATIONS

24. The procedures I performed regarding compliance with laws and regulations were limited to the consolidation requirements of the PFMA. I did not identify any instances of material non-compliance with these requirements.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the disclaimed opinion and the findings on compliance with laws and regulations included in this report:

FINANCIAL AND PERFORMANCE MANAGEMENT

25. The National Treasury's consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA.

Auditor-General

Pretoria

28 October 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE LEAD SCHEDULE 2012/13

Annexure A - List of entities consolidated and list of Government Business Enterprises equity accounted

Annexure B - List of entities consolidated using draft financial statements

Annexure C - List of entities not consolidated but controlled

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

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S			
31 March 2013		31 March 2012	
1	Academy of Science of South Africa	1	Academy of Science of South Africa
2	Accounting Standards Board	2	Accounting Standards Board
3	Africa Institute of South Africa	3	Africa Institute of South Africa
4	African Renaissance International Cooperation	4	African Renaissance International Cooperation
5	Agricultural Land Holding Account	5	Agricultural Land Holding Account
6	Agricultural Research Council	6	Agricultural Research Council
7	Agricultural Sector Education and Training Authority (AGRISETA)	7	Agricultural Sector Education and Training Authority
8	Artscape	8	Air Traffic and Navigation Services Company Limited
9	Auditor General of South Africa	9	Airports Company of South Africa Ltd
10	Banking Sector Education and Training Authority (BANKSETA)	10	Alexkor Limited
11	Boxing South Africa	11	Amatola Water Board
12	Brand SA	12	Armaments Corporation of South Africa Limited
13	Breede-Overberg Catchment Management Agency	13	Artscape
14	Castle Control Board (CCB)	14	Auditor General of South Africa
15	Chemical Industries Education and Training Authority (CHIETA)	15	Banking Sector Education and Training Authority
16	Commission for conciliation,Mediation and Arbitration (CCMA)	16	Bloem Water
17	Commission for Gender Equity (CGE)	17	Botshelo Water
18	Commission for PPRCRCL	18	Boxing South Africa
19	Companies and Intellectual Property Commision	19	Breede River Catchment Management Agency
20	Companies Tribunal	20	Broadband Infrastructure Company (Pty) Ltd
21	Compensation for Occupational Injuries and Diseases (Compensation Fund)	21	Bushbuckridge Water Board
22	Competition Commission	22	Castle Control Board
23	Competition Tribunal	23	CEF (Pty) Ltd

ANNEXURE A
LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
24	Construction Education and Training Authority (CETA)	24	Chemical Industries Education and Training Authority
25	Construction Industry Development Board (CIDB)	25	Commission for Conciliation, Mediation & Arbitration
26	Council for Geoscience	26	Companies and Intellectual Property Commission
27	Council for Medical Schemes	27	Companies Tribunal
28	Council for the built Environment (CBE)	28	Compensation Fund, including Reserve Fund
29	Council on Higher Education (CHE)	29	Competition Commission
30	Credit Card Driving Licence Trading account (DLCA)	30	Competition Tribunal
31	Cross-Border Road Transport Agency	31	Construction Education and Training Authority
32	Culture, Arts, Tourism, Hospitality and Sports Education and Training Seta (CATHSSETA)	32	Construction Industry Development Board
33	Deeds Registration Trading Account	33	Council for Geoscience
34	Development Bank of SA Development Fund	34	Council for Medical Schemes
35	Die Afrikaanse Taal Museum	35	Council for Mineral Technology
36	DItsong Museums of SA	36	Council for Scientific and Industrial Research
37	Education and Labour Relations Council	37	Council for the Built Environment
38	Education, Training and Development Practice Seta (ETDP)	38	Council on Higher Education

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
39	Energy Water Sector Education and Training Authority (EWSETA)	39	Cross Border Road Transport Agency
40	Equalisation Fund	40	Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority (CATHSSETA)
41	Estate Agency Affairs Board	41	Deeds Registration Trading Account
42	FAIS Ombud	42	DENEL (Pty) Ltd
43	Fibre Processing and Manufacturing Sector Education and Training (FP&MSETA)	43	Development Bank of SA Development Fund
44	Film and Publication Board (FPB)	44	Development Bank of Southern Africa
45	Financial and Accounting Services Training Authority (FASSET)	45	Die Afrikaanse Taal Museum
46	Financial Intelligence Centre	46	Disaster Relief Fund
47	Financial Services Board	47	Ditsong: Museums of Africa
48	Food and Beverages Sector Education and Training Authority (FOODBEV)	48	Driving License Card Trading Account
49	Freedom Park Trust	49	Education and Labour Relations Council
50	Government Pensions Adminstration Agency	50	Education, Training and Development Practices SETA
51	Government Printing Works (GPW)	51	Electricity Distribution Industry Holdings (Pty) Ltd

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
52	Health and Welfare Sector Education and Training Authority (HWSETA)	52	Energy and Water SETA
53	Housing Development Agency	53	ESKOM
54	Human Science Research Council (HSRC)	54	Estate Agency Affairs Board
55	ICASA	55	Export Credit Insurance Corporation of South Africa Limited
56	Independent Electoral Commission (IEC)	56	Fibre Processing Manufacturing Sector Education and Training Authority
57	Independent Regulatory Board of Auditors (IRBA)	57	Film and Publication Board
58	Ingonyama Trust Board	58	Financial and Accounting Services SETA
59	Inkomati Catchment Management Agency	59	Financial Intelligence Centre
60	Insurance Sector Education and Training Authority (INSETA)	60	Financial Services Board
61	International Trade Administration Commission	61	Food and Beverages Manufacturing Industry SETA
62	Isimangaliso Wetland Park Authority	62	Freedom Park Trust
63	Iziko Museums of Cape Town	63	Government Pensions Administration Agency
64	KwaZulu-Natal Museum, Pietermaritzburg	64	Government Printing Works (GPW)
65	Legal Aid South Africa	65	Health and Welfare Sector Education and Training Authority
66	Local Government, Sector Education and Training Authority (LGSETA)	66	Housing Development Agency
67	Luthuli Museum	67	Human Sciences Research Council
68	Manufacturing, Engineering and Related Services Education and Training Authority (MERSETA)	68	Independent Development Trust
69	Marine Living Resources Fund	69	Independent Regulatory Board for Auditors
70	Market Theatre Foundation	70	Industrial Development Corporation of South Africa Limited
71	Media Development Diversity Agency (MDDA)	71	Ingonyama Trust Board

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
72	Media,Information and Communication Technologies Sector Education and Training Authority (MICT SETA)	72	Inkomati Catchment Management Agency
73	Medical Research Council of SA	73	Insurance Sector Education and Training Authority
74	Mine Health and Safety Council	74	International Trade Administration Commission of South Africa
75	Mining Qualifications Authority (MQA)	75	Isimangaliso Wetland Park
76	Municipal Demarcation Board (MDB)	76	Iziko Museums of Cape Town
77	National Agricultural Marketing Council	77	Khula Enterprises Finance Limited
78	National Arts Council	78	King George V Silver Jubilee
79	National Consumer Commission	79	Kwa-Zulu Natal Museum
80	National Consumer Tribunal	80	Land and Agricultural Development Bank of South Africa
81	National Credit Regulator	81	Legal Aid South Africa
82	National Development Agency	82	Lepelle Northern Water
83	National Economic, Development and Labour Council (NEDLAC)	83	Local Government Education and Training Authority
84	National Electronic Media Institute of SA	84	Luthuli Museum
85	National Empowerment Fund	85	Magalies Water
86	National Energy Regulator of SA	86	Manufacturing Engineering & Related Services SETA
87	National Film and Video Foundation	87	Marine Living Resources Fund
88	National Gambling Board of SA	88	Market Theatre Foundation
89	National Health Laboratory Service	89	Media Development Diversity Agency
90	National Heritage Council	90	Media, Information and Communication Technologies Sector Education and Training Authority
91	National Library of South Africa	91	Medical Research Council of South Africa
92	National Lotteries Board	92	Mhlathuze Water
93	National Metrology Institute of SA (NMISA)	93	Mine Health and Safety Council
94	National Museum	94	Mining Qualifications Authority
95	National Nuclear Regulator	95	National Agricultural Marketing Council
96	National Regulator for Compulsory Specifications	96	National Arts Council of South Africa

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
97	National Research Foundation	97	National Consumer Commission
98	National Skill Fund (NSF)	98	National Consumer Tribunal
99	National Student Financial Aid Scheme (NSFAS)	99	National Credit Regulator
100	National Youth Development Agency (NYDA)	100	National Development Agency
101	Nelson Mandela Museum, Umtata ext request	101	National Economic Development and Labour Council
102	NHBRC	102	National Electronic Media Institute of SA
103	NURCHA	103	National Empowerment Fund
104	Office of The Pension Fund Adjudicator	104	National Energy Regulator of South Africa
105	PALAMA Trading Account	105	National Film and Video Foundation of South Africa
106	Performing Arts Council of the Free State (PACOFS)	106	National Gambling Board of South Africa
107	Perishable Products Export Control Board	107	National Health Laboratory Service
108	Ports Regulator of SA	108	National Heritage Council of South Africa
109	President's Fund	109	National Home Builders Registration Council
110	Private Security Industry Regulator Authority (PSIRA)	110	National Housing Finance Corporation Limited
111	Productivity SA	111	National Library of South Africa
112	Project Development Facility	112	National Lotteries Board
113	Public Management Trading Entity (PMTE)	113	National Lottery Distribution Fund
114	Public Service Sector Education and Training (PSETA)	114	National Metrology Institute of South Africa
115	Quality Council for Trade and Occupation (QTCO)	115	National Museum
116	Railway Safety Regulator	116	National Nuclear Regulator
117	Road Accident Fund	117	National Regulator for Compulsory Specifications
118	Road Traffic Infringement Agency	118	National Research Foundation
119	Road Traffic Management Corporation	119	National Skill Fund
120	Robben Island Museum	120	National Student Financial Aid Scheme
121	Rural Housing Loan Fund	121	National Urban Reconstruction and Housing Agency
122	SA Civil Aviation Authority	122	National Youth Development Agency
123	SA Council for Educators	123	Ncera Farms (Pty) Ltd
124	SA Diamond and Precious Metals Regulator	124	Nelson Mandela National Museum
125	SA Heritage Resources Agency	125	Office of the Ombud for Financial Services Providers
126	SA Institute for Drug-free Sport	126	Office of The Pension Fund Adjudicator
127	SA Library for the Blind	127	Onderstepoort Biological Products Limited
128	SA Maritime Safety Authority	128	Overberg Water
129	SA National Accreditation System	129	Palama Trading entity
130	SA National Biodiversity Institute	130	Passenger Rail Agency of South Africa

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
131	SA National Parks	131	Pelladrift Water Board
132	SA National Roads Agency	132	Performing Arts Council of the Free State
133	SA Reserve Bank	133	Perishable Products Export Control Board
134	SA Revenue Services	134	Ports Regulator of South Africa
135	SA Tourism	135	Presidents Fund
136	SA Weather Service	136	Private Security Industry Regulatory Authority
137	Safety and Security Services Sector Education and Training Authority (SASSETA)	137	Productivity SA
138	Sheltered Employment Factories	138	Project Development Facility
139	Small Enterprise Development Agency	139	Public Investment Corporation Limited
140	Social Housing Foundation	140	Public Management Trading Entity PMTE
141	Social Housing Regulatory Authority	141	Public Service Sector Education and Training
142	Social Services Agency South Africa (SASSA)	142	Quality Council for Trades and Occupations
143	South African Human Rights Commission	143	Railway Safety Regulator
144	South african Local Government Association (SALGA)	144	Rand Water
145	South African National Energy Development Institute	145	Represented Political Parties Fund
146	South African National Space Agency	146	Road Accident Fund
147	South African Qualifications Authority (SAQA)	147	Road Traffic Infringement Agency
148	Special Defence Account	148	Road Traffic Management Corporation
149	Special Investigation Unit	149	Robben Island Museum
150	State Information Technology Agency (Pty) Ltd	150	Rural Housing Loan Fund
151	State Theatre, Pretoria	151	SA Bureau of Standards
152	Technical Assistance Unit	152	SA National Aids Trust
153	Technology Innovation Agency	153	SA Reserve Bank
154	The Co-operative Banks Development Agency (CBDA)	154	Safety and Security Education and Training Authority
155	The Financial and Fiscal Commission	155	Sasria Limited
156	The National English Literary Museum, Grahamstown	156	Sedibeng Water
157	The Pan South African Language Board	157	Sentech Limited
158	The Playhouse Company	158	Services Sector Education and Training Authority
159	The Public Protector	159	Sheltered Employment Factories
160	Thubelisha Homes	160	Small Enterprise Development Agency
161	Transport Education and Training Authority (TETA)	161	Social Housing Foundation
162	uMalusi Council for Quality Assurance in General and Further Education and Training	162	Social Relief Fund

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF CONSOLIDATED ENTITIES OTHER THAN GBE'S - continued			
31 March 2013		31 March 2012	
163	Unemployment Insurance Fund	163	South African Airways (Pty) Ltd
164	Universal Service and Access Agency of South Africa	164	South African Broadcasting Corporation Limited
165	Universal Service and Access Fund	165	South African Civil Aviation Authority
166	Voortrekker Museum, Pietermaritzburg / Umsunduzi	166	South African Council for Educators
167	War Museum of the Boer Republics, Bloemfontein	167	South African Diamond and Precious Metals Regulator
168	Water Research Commission	168	South African Forestry Company Limited
169	Water Trading Account	169	South African Heritage Resources Agency
170	Wholesale and Retail Sector Education and Training Authority (W&R SETA)	170	South African International Marketing Council Trust/Brand SA
171	William Humphreys Art Gallery	171	South African Library for the Blind
172	Windybrow Centre	172	South African Local Government Association
		173	South African Maritime Safety Authority
LIST OF GBE'S EQUITY ACCOUNTED FOR		175	South African National Accreditation System
173	Air Traffic and Navigation Services Company	176	South African National Biodiversity Institute
174	Airports Company of SA Ltd	177	South African National Parks
175	Alexkor Limited	178	South African National Space Agency
176	Amatola Water	179	South African Nuclear Energy Corporation Limited
177	AMSCOR	180	South African Post Office Limited
178	Bloem Water	181	South African Qualifications Authority
179	Botshelo Water	182	South African Revenue Services
180	Broadband Infrastructure Company	183	South African Social Services Agency
181	Central Energy Fund	184	South African Tourism
182	Council for Mineral Technology (Mintek)	185	South African Weather Service
183	Council for Scientific and Industrial Research	186	Special Defence Accounts
184	Denel	187	Special Investigation Unit
185	Development Bank of Southern Africa Limited	188	State Diamond Trader
186	Eskom	189	State Information Technology Agency
187	Export Credit Insurance Corporation of SA	190	State President Fund
188	Independent Development Trust (IDT)	191	Technical Assistance Unit
189	Industrial Development Corporation of SA	192	Technology Innovation Agency
190	LANDBANK	193	Telkom SA Limited
191	Lepelle Northern Water	194	The Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities
192	Magalies Water	195	The Commission on Gender Equality
193	Mhlathuze Water	195	The Commission on Gender Equality

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE A - CONTINUED

LIST OF ENTITIES CONSOLIDATED

LIST OF GBE'S EQUITY ACCOUNTED FOR - continued			
31 March 2013		31 March 2012	
194	Ncera Farms (Pty) Ltd	196	The Co-Operatives Banks Development Agency
195	Onderstepoort Biological Products	197	The Financial & Fiscal Commission
196	Overberg Water	198	The Independent Communications Authority of South Africa
197	Passenger Rail Agency of South Africa	199	The Independent Electoral Commission
198	Pelladrift Water	200	The Municipal Demarcation Board
199	Public Investment Corporation Limited	201	The National English Literary Museum
200	Rand Water	202	The Pan South African Language Board
201	SA Bureau of Standards	203	The Playhouse Company
202	SA Nuclear Energy Corporation	204	The Public Protector of South Africa
203	SA Post Office	205	The Social Housing Regulatory Authority
204	Sasria limited	206	The South African Human Rights Commission
205	Sentech	207	The South African Institute for Drug-Free Sport
206	South African Airways	208	The South African National Roads Agency Limited
207	South African Broadcasting Corporation limited	209	The South African State Theatre
208	South African Express (Pty) Ltd	210	Thubelisha Homes
209	South Arican Forestry Company Limited	211	Trans-Caledon Tunnel Authority
210	State Diamond Trader	212	Transnet Limited
211	Trans-Caledon Tunnel Authority	213	Transport Education and Training Authority
212	Transnet Limited	214	uMalusi Council for Quality Assurance in General and Further Education and Training
213	Umgeni Water	215	Umgeni Water
		216	Unemployment Insurance Fund
		217	Universal Service and Access Agency of South Africa
		218	Universal Service and Access 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 STATEMENTS

for the year ended 31 March 2013

ANNEXURE B

LIST OF ENTITIES CONSOLIDATED USING DRAFT FINANCIAL STATEMENTS AT:

31 March 2013		31 March 2012	
	There were no entities that were consolidated using draft financial statements in 2013	1	Amatola Water Board
		2	Bloem Water
		3	Botshelo Water
		4	Bushbuckridge Water Board
		5	Lepelle Northern Water
		6	Local Government, Water and Related Services Sector Education and Training Authority
		7	Magalies Water
		8	Mhlathuze Water
		9	National Arts Council
		10	Nelson Mandela Museum
		11	Overberg Water
		12	Pelladrift Water Board
		13	Performing Arts Council of the Free State
		14	Public Management Trading Entity
		15	Rand Water
		16	Safety and Security Education and Training Authority
		17	Sedibeng Water
		18	Services Sector Education and Training Authority
		19	Umngeni Water
		20	Water Research Commission

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE C

LIST OF ENTITIES NOT CONSOLIDATED BUT CONTROLLED AT:

31 March 2013		31 March 2012	
1	Bushbuckridge Water	1	Inala Farms (Pty) Ltd
2	Compensation Commisioner for Ocupational Diseases (CCOD)	2	Municipal Infrastructure Investment Unit
3	Disaster Relief Fund	3	Namaqua Water Board
4	Gurdians Fund	4	South African Express (Pty) Ltd
5	High School Vorentoe	5	South African National Energy Development Institute
6	King George V Silver Jubilee	6	The National Radioactive Waste Disposal Institute
7	National Housing Finance Corporation	7	Tourism, Hospitality & Sport Education & Training Authority
8	Refugee Relief Fund	8	Urban Transport Fund
9	SA National Aids Trust		
10	Sedibeng Water		
11	Servcon Housing Solutions		
12	Services Sector Education and Training Authority (SERVICES SETA)		
13	Social Relief Fund		
14	South african Cities Network		
15	State President Fund		
16	Third Party Funds		
17	Urban Transport Fund		

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE D

LIST OF ENTITIES CONSOLIDATED WITH YEAR ENDS OTHER THAN 31 MARCH

31 March 2013		31 March 2012	
1	Amatola Water	1	Amatola Water Board
2	Bloem Water	2	Bloem Water
3	Botshelo Water	3	Botshelo Water
4	Bushbuckridge Water	4	Bushbuckridge Water Board
5	Lepelle Northern Water	5	Lepelle Northern Water
6	Magalies Water	6	Magalies Water
7	Mhlathuze Water	7	Mhlathuze Water
8	Overberg Water	8	Overberg Water
9	Pelladrift Water	9	Pelladrift Water Board
10	Rand Water	10	Rand Water
11	Sedibeng Water	11	Sedibeng Water
12	South African Cities Network	12	South African Cities Network
13	Umgeni Water	13	Umgeni Water

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
REVENUE			
Revenue from non-exchange transactions		**96 044 374**	**83 421 943**
Public contributions and donations	34.2	1 325 245	1 171 505
Transfers and Sponsorships	35	3 899 159	3 511 604
Fines, Penalties and Forfeits	37	82 830	85 130
Licences and permits		40 237	22 219
Government grants and subsidies	33	53 175 168	45 268 434
Legislative and Oversight functions		31 691 820	28 095 259
Taxation revenue	36	5 829 915	5 267 792
Revenue from exchange transactions		**73 374 773**	**68 400 735**
Sale of Goods & Rendering of Services	34	36 957 500	34 431 643
Rental of facilities and equipment	30	224 643	173 594
Interest earned - external investments	31	17 694 064	16 245 187
Interest earned - outstanding receivables	32	765 849	590 893
Other income	34.1	17 732 717	16 959 418
Total revenue		169 419 147	151 822 678
EXPENSES			
Employee related costs	38	27 056 933	24 928 508
Bad debts		1 253 737	435 418
Depreciation and amortisation expense	41	6 764 963	5 350 926
Repairs and maintenance	40	6 300 791	5 480 600
Contracted services	49	1 237 419	1 170 420
Grants and subsidies paid	50	9 988 820	7 939 270
General expenses	43	79 859 861	88 112 286
Finance costs	42	10 234 144	9 987 914
Non Profit institutions and donor project expenses		1 046 384	584 590
Total expenses		143 743 052	143 989 931

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Other gains / (losses)		**3 522 405**	**(3 147 187)**
(Loss) on sale of assets	44	(65 203)	(16 342)
Gain/(Loss) on fair value adjustment	46	7 533 459	(811 174)
Gain on Revaluation of Assets	46	214 109	382 365
Inventories: Reversal of write-down to net realisable value		398	-
Impairment Loss /Reversal of impairment loss	45	(4 159 664)	(2 700 941)
Inventories: Write-down to net realisable value		(694)	(1 095)
Share of surplus of associate		16 790 520	25 014 492
Surplus for the period before tax		45 989 020	29 700 052
Taxation	51	390 518	92 587
Surplus for the period		45 598 502	29 607 465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets		633 616 562	549 569 439
Cash and cash equivalents	1	51 347 839	49 504 855
Trade and other receivables from exchange transactions	2	12 208 107	10 796 110
Other receivables from non-exchange transactions, including taxes, fines and transfers	3	10 322 404	8 278 101
Other current financial assets	5	518 167 376	442 393 240
Current portion of non-current receivables	10	121 953	111 245
VAT receivable	22	33 115	22 625
Inventories	6	886 010	863 455
Prepayments	7	3 757 527	2 555 377
Current Investments	8	36 263 910	34 581 555
Construction contracts and receivables	11	292 498	396 381
Non-current assets held for sale	19	155 192	44 550
Current Assets Classified as Held for Sale		4 465	3 670
Finance Lease Receivable	9	30 350	15 925
Income tax receivable		25 816	2 350
Non-current assets		914 979 946	855 467 906
Non-current receivables from exchange transactions	10	546 874	296 339
Non-Current Investments	12	87 481 537	69 196 608
Non-Current Finance Lease Receivable	9	105 406	69 796
Other non-current financial assets	4	9 020 194	8 732 671
Investments in Government Business Entities	48	431 976 464	408 745 472
Investments in Associates	48.1	327 082	263 129
Intangible assets	15	17 810 879	17 436 298
Investment property	16, 17	1 563 387	1 534 793
Biological assets	18	1 136	1 325
Defined benefit plan assets		-	183
Deferred Tax Assets	62	1 823 874	1 325 603
Property, plant and equipment	13	364 038 804	347 585 939
Heritage assets	14	284 309	279 750
Total assets		1 548 596 508	1 405 037 345

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
LIABILITIES			
Current liabilities		566 730 653	482 943 961
Trade and other payables from exchange transactions	20	20 231 499	19 082 258
VAT payable	21	57 270	37 749
Income Tax Payable		-	58 181
Taxes and transfers payable	23	1 092 940	845 525
Current provisions	24	22 090 098	17 490 856
Bank overdraft	1	1 402 584	1 255 355
Current portion of unspent conditional grants and receipts	25	3 141 753	2 590 663
Current portion of long-term borrowings	26	68 477	59 725
Payments received in advance	20	1 874 203	2 267 563
Other current financial liabilities		516 710 136	439 175 852
Current portion of finance lease liability	27	61 693	80 234
Non-current liabilities		149 382 053	149 829 549
Unspent conditional grants and receipts	25	395 401	304 509
Long-term borrowings	26	225 723	231 893
Finance lease liability	27	112 490	220 271
Operating Lease Liability		316 619	351 992
Other non-current financial liabilities	28	53 929 720	56 947 534
Non-current provisions	29	60 979 252	59 765 361
Defined benefit plan obligations	47	3 163 064	2 622 668
Deferred Income		30 241 696	29 365 344
Deferred Tax Liabilities	62	18 088	19 977
Total liabilities		716 112 706	632 773 510
Net assets		832 483 802	772 263 835
Ordinary Shares	Net Assets	2 336	2 336
Capital contributed by other Government entities	Net Assets	4 245 565	3 919 969
Reserves	Net Assets	265 330 941	253 502 650
Accumulated surplus / (deficit)	Net Assets	562 904 960	514 838 880
Total net assets and liabilities		1 548 596 508	1 405 037 345

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

as at 31 March 2013

	Ordinary Shares	Revaluation Reserve	Contributed Capital	Other Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2011	2 336	176 720 836	3 555 654	39 675 210	487 938 181	707 892 217
Restatement of prior year figures	-	652 272	-	239 735	709 129	1 601 136
Balance at 1 April 2011	2 336	177 373 108	3 555 654	39 914 945	488 467 310	709 493 353
Surplus / (deficit) on revaluation of property of property, plant and equipment		34 865 029	-	-	-	34 865 029
Gross		34 865 029				
Deferred Tax		-				
Surplus / (deficit) on revaluation of heritage assets		(510)	-	-	-	(510)
Gross		(510)				
Deferred Tax		-				
Surplus / (Deficit) on Revaluation of Investments available for sale		166 646	-	-	-	166 646
Gross		237 497				
Deferred Tax		(70 851)				
Equity accounted government business enterprises		-	-	(407 154)	383 313	(23 841)
Transfers to / from accumulated surplus/ (deficit)	-	2	-	1 451 489	(4 988 292)	(3 536 801)
Transfers to / from other reserves	-	60	214 815	(402 624)	289 556	101 807
Increase / (Decrease) in Share Capital / Capital Contributions	-		149 500	185 173	-	334 673
Surplus / (deficit) for the period	-	53 971	-	1 582 925	29 607 465	31 244 361
Balance at 31 March 2012	2 336	212 458 306	3 919 969	42 324 754	513 939 352	772 644 717
Restatement of prior year figures	-	(1 280 410)	-	-	899 528	(380 882)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

	Ordinary Shares	Revaluation Reserve	Contributed Capital	Other Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 April 2012	2 336	211 177 896	3 919 969	42 324 754	514 838 880	772 263 835
Surplus / (deficit) on revaluation of property of property, plant and equipment		7 198 540	-	-	-	7 198 540
Gross		7 198 540				
Deferred Tax		-				
Surplus / (deficit) on revaluation of heritage assets		21	-	-	-	21
Gross		21				
Deferred Tax		-				
Surplus / (Deficit) on Revaluation of Investments available for sale		142 644	-	-	-	142 644
Gross		240 688				
Deferred Tax		(98 044)				
Transfers to / from accumulated surplus/ (deficit)	-	-	1 151	2 245 405	(2 246 556)	-
Transfers to / from other reserves	-	900 196	191 783	(984 524)	(152 157)	(44 702)
Increase / (Decrease) in Share Capital / Capital Contributions	-		132 663	781 036		913 699
Surplus / (deficit) for the period	-	-	-	2 046 453	45 598 502	47 644 955
Dividends	-	-	-	-	(200)	(200)
Gross					(200)	
Equity accounted government business enterprises	-	-	-	(501 480)	6 994 957	6 493 477
Contributions introduced	-	-	-		(86 909)	(86 909)
Insurance claims processesed.	-	-	-		(2 041 557)	(2 041 557)
Balance at 31 March 2013	2 336	219 419 297	4 245 565	45 911 644	562 904 960	832 483 802

CONSOLIDATED CASH FLOW STATEMENT

as at 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Cash flows from operating activities			
Receipts		155 351 230	148 345 423
Property Rates		768 348	759 168
Transfers and Subsidies		36 022 001	33 974 081
Taxation Revenue		23 073 493	19 090 505
Sale of goods and rendering of services		33 327 282	30 100 085
Other Operating Revenue		4 207 871	4 177 478
Service charges		309 942	281 907
Grants		24 367 476	22 202 825
Interest, Dividends and Rent on land		10 695 152	10 442 519
Fines, penalties and forfeits		638 128	574 909
Other Receipts		21 941 537	26 741 946
Payments		(127 587 967)	(114 753 422)
Compensation of Employees		(25 238 111)	(22 665 223)
Goods and Services		(46 527 311)	(42 463 063)
Interest and Rent on land		(7 404 559)	(7 910 250)
Taxation Paid		(249 384)	(108 881)
Other payments		(48 168 600)	(41 606 005)
Net cash flows from operating activities	52	27 763 265	33 592 001
Cash flows from investing activities		(27 078 440)	(29 024 382)
Purchase of assets		(14 407 509)	(12 929 944)
Proceeds from sale of assets		172 835	48 884
Purchase of available-for-sale financial assets		(1 934 353)	(2 682 970)
Proceeds from sale of Investments		31 479 298	29 609 232
Purchase of other intangible assets		(755 651)	(466 487)
Purchase of controlled entity (net of cash acquired)		799	(1 937)
Dividend income		632 313	502 986
Loans granted to associates / other economic entities		(753 197)	(947 917)
Loan repayments received from associates / other economic entities		277 225	497 477
Additional movements		2 766 812	2 115 481
Acquisition of investments		(44 557 012)	(44 769 187)

CONSOLIDATED CASH FLOW STATEMENT

as at 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
Net cash flows from investing activities.		(27 078 440)	(29 024 382)
Cash flows from financing activities		1 010 930	7 338 624
Proceeds from borrowings		7 089 513	16 367 737
Repayment of borrowings		(5 951 802)	(5 487 298)
Proceeds from issuance of ordinary shares / contributed capital		132 011	149 500
Repayment / issuance of financial guarantee contracts		(24 054)	(24 435)
Finance lease payments		(44 205)	(73 995)
Distribution / dividends paid		(90 186)	82 813
Distribution / dividends paid to government		(100 347)	(3 675 698)
Net cash flows from financing activities		1 010 930	7 338 624
Net increase in cash and cash equivalents		1 695 754	11 906 243
Cash and cash equivalents at the beginning of the year		48 249 500	36 343 257
Cash and cash equivalents at the end of the year	53	49 945 255	48 249 500

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (grap), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999).

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

These National Public Entity Consolidated Annual Financial Statements are prepared in accordance with the principles of South African Standards of Generally Recognised Accounting Practice. In particular, the principles of GRAP 6: Consolidated and Separate Financial Statements have been applied to the development of the accounting policies supporting the consolidation. More information is provided in the accounting policies in this regard. In the absence of an identifiable reporting entity, the scope of the consolidation has been determined with reference to the requirements of the PFMA read with GRAP 6.

The separate National and Provincial Government Consolidated Financial Statements required by the PFMA are prepared in accordance with the principles of the ASB's Framework for the Preparation and Presentation of Financial Statements, and, to the extent practicable, are consistent with the principles contained in the Standards of GRAP. In particular, these accounting policies have been developed with a view to satisfying the qualitative characteristics of financial statements in accordance with the Framework.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

2. PRESENTATION CURRENCY

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

3. GOING CONCERN ASSUMPTION

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

4. COMPARATIVE INFORMATION

4.1 PRIOR YEAR COMPARATIVES

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

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

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

5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

GRAP 18 SEGMENT REPORTING:

The standard requires the identification and aggregation of the operating segments of the entity into reportable segments. For each of the reportable segments identified details of the financial performance and financial position will be disclosed. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

JUDGEMENTS

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

ESTIMATES

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

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

SCOPE OF CONSOLIDATION

There is no specific identifiable controlling entity as envisaged in GRAP 6. The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. The decision to include or exclude entities cannot be based solely on an analysis of control where this would deviate from the objectives of the consolidation, and hence the users' needs; it must therefore be further based on some other suitable criteria that are in line with the needs of users. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament (or the legislature) for the use of public funds must be the primary driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases. Consequently, if an entity has a legal or constructive obligation to account to Parliament on its finances, it is deemed to also be under the control of the National Executive, and shall be included in the national government consolidation.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

This approach is expected to prudently ensure a more complete consolidation.

DETERMINING THE BASIS OF PREPARATION

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

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

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

TREATMENT OF GBES

There is currently no authoritative guidance that has been issued by standard setters either locally or internationally on the issue of whether and how GBEs should be included in a central or whole-of-government consolidation of this nature. In order to enable users to distinguish between the financial performance of government and that of its investments in business enterprises, the Accountant General deems it appropriate, for the time being, to distinguish the financial position and performance of GBEs from the rest of government's activities, namely on a basis similar to that of equity accounting. Expanded disclosure shall however be provided in the notes to the annual financial statements to provide additional transparency and useful information, in particular about loans made by government to these entities. This policy will be reviewed from time-to-time as more information comes to light about user needs, and as and when international and local standard setters issue pronouncements on the matter.

TREATMENT OF DEPARTMENTAL TRADING ENTITIES AND OTHER UNLISTED ENTITIES, TRUSTS AND FUNDS

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

Similarly, unlisted public entities, trusts and funds that meet the criteria established in this paper shall also be included in the consolidation.

BUDGET INFORMATION IN ACCORDANCE WITH GRAP 24

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

OTHER PROVISIONS

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

the factored outcomes are then added together to arrive at the weighted average value of the provisions.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

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

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

DEPRECIATION AND AMORTISATION

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

ALLOWANCE FOR DOUBTFUL DEBTS

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

FAIR VALUE DETERMINATION OF PROPERTIES (EXCLUDING HERITAGE ASSETS)

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

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

HERITAGE ASSETS

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

IMPAIRMENTS OF NON-FINANCIAL ASSETS

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the

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case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

7. FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

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

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

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

INITIAL MEASUREMENT

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

SUBSEQUENT MEASUREMENT

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

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

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

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

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

c) Financial instruments at cost.
Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

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

CONCESSIONARY LOANS

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

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

DERECOGNITION

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

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

GAINS AND LOSSES

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

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

OFFSETTING

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

IMPAIRMENTS

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

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

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

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

For financial assets held at cost:
If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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POLICIES RELATING TO SPECIFIC FINANCIAL INSTRUMENTS

INVESTMENTS AT AMORTISED COST

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

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

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

INVESTMENTS AT FAIR VALUE

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

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

INVESTMENTS AT COST

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

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

TRADE AND OTHER RECEIVABLES

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

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

TRADE AND OTHER PAYABLES

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

8. INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

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

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

SUBSEQUENT MEASUREMENT

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

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

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

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

DERECOGNITION

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

9. NON-CURRENT ASSETS HELD FOR SALE

RECOGNITION

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

MEASUREMENT

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

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

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

DERECOGNITION

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

10. PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

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

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

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

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

SUBSEQUENT MEASUREMENT

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

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

SUBSEQUENT EXPENDITURE

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

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

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable entity

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

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

Land & Buildings	Useful Life Range in Years
Buildings	15 - 50
Land	Indefinite Life

Infrastructure Assets	Useful Life Range in Years
Roads, Sidewalks & Stormwater Networks	5 – 100
Beach Developments	30 – 50
Electricity Reticulation & Supply	10 – 80
Sewerage Mains & Purification Works	15 – 80
Waste Disposal Facilities	20 -100
Water Supply & Reticulation	10 – 50
Dams & Treatment Works	25 – 100

Other Assets	Useful Life Range in Years
Bins & Containers	10
Emergency & Medical Equipment	15
Vehicles & Plant	4 - 30
Office Furniture & Fittings	3 -10
Landfill Sites	50
Security Systems	5 - 15
Tip Sites	30
Computer Hardware	4 - 8
Community Assets	**Useful Life Range in Years**
Libraries	15 - 50
Fire Stations	15 - 50
Cemeteries	15 - 50
Clinics	15 - 50
Community Centres	15 - 50
Public Conveniences	15 - 50
Swimming Pools	15 - 50
Recreational Facilities	15 - 50
Selling & Letting Schemes	15 - 50

IMPAIRMENTS

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

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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

DERECOGNITION

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

HERITAGE ASSETS

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected in the table on the next page:

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Heritage Sites	Useful Life Range in Years
Memorials & Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life
Collections (Rare books, coins, stamps, etc)	Indefinite Life

11. INTANGIBLE ASSETS

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

Intangible assets are initially recognised at cost.

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

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

SUBSEQUENT MEASUREMENT

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

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

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

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

AMORTISATION AND IMPAIRMENT

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

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

Intangible	Useful Life Range in Years
Computer Software	3 – 5

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

IMPAIRMENTS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

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

12. INVESTMENT PROPERTY

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

SUBSEQUENT MEASUREMENT

COST MODEL

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

Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line

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method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment Property	Useful Life Range in Years
Investment Property	Indefinite Life
Land	15 - 50

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

FAIR VALUE MODEL

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

IMPAIRMENTS

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

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

DERECOGNITION

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

13. BIOLOGICAL ASSETS

RECOGNITION

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

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

- The entity controls the asset; and
- Future economic benefits or service potential from the asset is probable; and
- The fair value or cost of the asset can be determined.

MEASUREMENT

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

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

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is

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recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

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

DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

14. IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

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

MEASUREMENT

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

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

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

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

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

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

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

In assessing value-in-use for cash-generating assets, the estimated

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

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

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

REVERSAL OF IMPAIRMENT LOSSES

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

15. EMPLOYEE BENEFITS

SHORT TERM EMPLOYEE BENEFITS

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

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

POST EMPLOYMENT BENEFITS

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

DEFINED CONTRIBUTION PLANS

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

DEFINED BENEFIT PLANS

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

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and

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plan liabilities and also taking past service cost into consideration (further detail is available in Note 47) "Post employment benefits"

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

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

The entity operates a number of defined benefit pension plans, all of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the projected unit credit method.

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

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

16. LEASES

THE ENTITY AS LESSEE

RECOGNITION

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

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

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

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

MEASUREMENT

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

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

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

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

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

DERECOGNITION

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

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

THE ENTITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

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

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

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

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17. REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

b) The amount of revenue can be measured reliably; and

c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

18. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capitals asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

19. FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

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Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

20. SURPLUS OR DEFICIT

GAINS AND LOSSES

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

23. RECOVERY OF IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

24. POST-REPORTING DATE EVENTS

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

25. RELATED PARTIES

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

Information about such transactions is disclosed in the financial statements.

26. INVESTMENT IN AN ASSOCIATE / GOVERNMENT BUSINESS ENTERPRISE

The Entity's investment in its associate is accounted for using the equity method. An associate is an entity in which the Entity has significant influence.

Under the equity method, the investment in the associate is carried on the Statement of Financial Position at cost plus post acquisition changes in the Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Financial Performance reflects the Entity's share of the results of operations of the associate. When there has been a change recognised directly in the net assets of the associate, the Entity recognises its share of any changes and discloses this, when applicable, in the statement of changes in net assets.

Unrealised gains and losses resulting from transactions between the Entity and the associate are eliminated to the extent of the interest in the associate.

The Entity's share of the net surplus or deficit of an associate is shown on the face of the Statement of Financial Performance. This is the surplus attributable to holders of the residual interest in the associate and, therefore, is surplus after tax and minority interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Entity. When necessary, adjustments are made to bring the accounting policies in line with those of the Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		2012/13 R'000	2011/12 R'000
1.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents consist of the following:		
	Cash on hand	463 425	411 370
	Cash at bank	24 159 770	22 142 550
	Call deposits	21 345 768	19 589 469
	Call investments	5 378 876	7 361 466
		51 347 839	49 504 855
	Cash on hand	463 425	411 370
	Total cash and cash equivalents	51 347 839	49 504 855
	Total bank overdraft	1 402 584	1 255 355

2. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Doubtful Debts	Net Balance
Balance as at 31 March 2013	**R '000**	**R '000**	**R '000**
Recoveries of staff expenses	22 933	(1 650)	21 284
Other receivables	12 201 430	(4 205 185)	7 996 245
Employee advances	11 802	(1)	11 801
Provincial Government	2 980 283	(1 088 889)	1 891 395
National Government	3 134 418	(846 234)	2 288 184
Reversal of Inter entity elimination	(802)	-	(802)
Total Trade and other receivables as at 31 March 2013	18 350 064	(6 141 958)	12 208 107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Balance as at 31 March 2012	Gross Balances R '000	Provision for Doubtful Debts R '000	Net Balance R '000
Recoveries of staff expenses	14 107	(833)	13 274
Other receivables	10 167 057	(3 372 475)	6 794 582
Employee advances	20 742	(68)	20 674
Provincial Government	2 497 197	(223 365)	2 273 832
National Government	2 880 243	(1 186 505)	1 693 749
Total Trade and other receivables as at 31 March 2012	15 579 356	(4 783 246)	10 796 110

Summary of Debtors by Customer Classification	Consumers R '000	Industrial / Commercial R '000	National Government R '000	Provincial Government R '000
as at 31 March 2013				
Current (0 – 30 days)	105 557	197 935	424 933	735 570
31 - 60 Days	36 455	7 060	44 426	302 349
61 - 90 Days	11 783	9 289	24 789	71 220
91 - 120 Days	73 461	118 600	28 192	174 354
121 - 365 Days	68 739	70 722	79 165	493 805
+ 365 Days	1 970	47	17 530	1 458 437
Sub-total	297 965	403 652	619 035	3 235 735
Less: Provision for doubtful debts	(77 814)	221	70 072	940 704
Total debtors by customer classification	220 150	403 873	689 107	4 176 439
as at 31 March 2012				
Current (0 – 30 days)	59 225	165 138	177 535	522 433
31 - 60 Days	70 414	6 388	41 580	273 007
61 - 90 Days	13 745	65 586	18 389	190 273
91 - 120 Days	90 013	8 678	27 666	171 557
121 - 365 Days	47 052	68 642	64 269	427 155
+ 365 Days	912	-	7 644	779 351
Sub-total	281 361	314 433	337 083	2 363 775
Less: Provision for doubtful debts	(85 795)	3 383	41 356	65 848
Total debtors by customer classification	195 566	317 816	378 438	2 429 623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
2.1 RECONCILIATION OF THE DOUBTFUL DEBT PROVISION		
Balance at beginning of the year	5 611 180	4 818 459
Contributions to provision	2 415 978	717 576
Doubtful debts written off against provision	(254 693)	(194 548)
Reversal of provision	(60 464)	(7 240)
Amounts used	(620)	(1 217)
Increase due to change in estimate	36 892	278 786
Change due to correction of errors	(172)	(636)
Balance at end of year	7 748 102	5 611 180
Trade and other receivables past due but not impaired		
The ageing of amounts past due but not impaired is as follows:		
Neither past due nor impaired	4 986 071	4 485 312
Less than 30 days	1 537 243	956 578
31 to 60 days	389 122	332 151
61 to 90 days	189 588	362 480
91 to 120 days	284 226	156 917
Greater than 120 days	997 943	513 298
	8 384 193	6 806 735
Trade and other receivables impaired		
The amount of the provision was R 6 166 234 as at 31 March 2013 (2012: R 4 707 036).		
The ageing of these receivables is as follows:		
1 to 3 months past due	1 043 096	2 238 006
3 to 6 months past due	1 232 074	1 050 149
6 to 9 months past due	1 496 971	937 993
More than 9 months past due	6 186 132	4 648 900
	9 958 274	8 875 049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2012/13 R'000	2011/12 R'000
Insurance claims	17	-
Subsidies	18 339	21 267
Unauthorized expenditure	425 774	179 372
Other debtors	5 628 197	4 020 968
Provincial Government	12 784	16
National Government	4 173 156	4 026 993
Prepayments (if not material)	64 137	29 487
Total Other Debtors	10 322 404	8 278 101

4 OTHER NON-CURRENT FINANCIAL ASSETS

	2012/13 R'000	2011/12 R'000
Other non-current financial assets	9 020 194	8 732 671

5 OTHER CURRENT FINANCIAL ASSETS

	2012/13 R'000	2011/12 R'000
Other current financial assets	518 167 376	442 393 240

6 INVENTORIES

	2012/13 R'000	2011/12 R'000
Carrying value of inventory	**886 010**	**863 455**
Consumable stores	167 253	134 535
Raw Materials	382 896	370 595
Work in Progress	186 935	223 329
Finished Goods	130 055	117 012
Maintenance materials	17 130	15 825
Other goods held for resale	1 741	2 158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Inventory carried at Net Realisable Value		
The following classes of inventory are carried at Net Realisable Value:		
Consumable stores	73 498	66 299
Raw Materials	79 788	75 270
Work in Progress	21 803	29 627
Finished Goods	102 743	74 581
Other goods held for resale	1 012	1 283
Total	278 843	247 060
Inventory carried at current replacement cost		
The following classes of inventory are carried at current replacement cost:		
Consumable stores	1 971	940
Finished Goods	165	-
Total	2 135	940

6.1 AMOUNTS RECOGNISED AS AN EXPENSE

	2012/13 R'000	2011/12 R'000
The following amounts, related to inventory, were recognised in the statement of financial performance during the year:		
Cost of inventory sold and included in cost of sales expense line item for the year	12 180	12 193
Cost of inventory used to conduct maintenance during the year and included in the repairs and maintenance expense line item	77	107
Cost of inventory consumed in the ordinary course of business and recognised in the consumables expense line item during the year	5 855	4 701
Cost of fuel and oil inventory utilised during the year and recognised in the fuel and oil expense line item during the year	7 909	6 456
Cost of inventory consumed in the ordinary course of business and recognised in the cleaning expense line item during the year	101	95
Cost of inventory consumed in the ordinary course of business and recognised in the printing and stationary expense line item during the year	77 319	49 706
Cost of inventory consumed in the ordinary course of business and recognised in the stocks and material expense line item during the year	29 225	43 480
Amount of inventories recognised as an expense in the period as part of impairment	103	102
Write down of inventory to fair value less cost to sell and recognised in the impairment expense line item for the year	530	723
Total amount of Inventories recognised in the statement of financial performance during the year	133 301	117 563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
7 PREPAYMENTS		
Prepaid expenses	3 757 527	2 555 377
8 INVESTMENTS		
Deposits	24 050 135	24 411 498
Equity investments	12 213 776	10 170 057
	36 263 910	34 581 555

9 FINANCE LEASE RECEIVABLES

2013 Amounts payable under finance leases	Minimum Lease Receivable R '000	Future Finance Charges R '000	Present Value of Minimum Lease Receipts R '000
Within one year	37 346	(6 996)	30 350
Within two to five years	102 318	(12 137)	90 181
Later than five years	16 916	(1 691)	15 225
	156 579	(20 824)	135 756
Less: Amount due for settlement within 12 months (current portion)	(37 346)	6 996	(30 350)
	119 233	(13 827)	105 406

2012 Amounts payable under finance leases	Minimum Lease Receivable R '000	Future Finance Charges R '000	Present Value of Minimum Lease Receipts R '000
Within one year	20 293	(4 368)	15 925
Within two to five years	71 857	(6 024)	65 833
Later than five years	4 620	(657)	3 963
	96 770	(11 049)	85 721
Less: Amount due for settlement within 12 months (current portion)	(20 293)	4 368	(15 925)
	76 477	(6 681)	69 796

The average lease term is 5 years and the average effective borrowing rate is 10%. Interest rates are not fixed. Some leases have fixed repayments terms. No arrangements have been entered into for contingent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
10 NON-CURRENT RECEIVABLES		
Other non-current receivables	546 874	296 339
Less : Current portion transferred to current receivables	121 953	111 245
Total	424 921	185 094
11 CONSTRUCTION CONTRACT RECEIVABLES		
Contracts in progress at reporting date:		
Construction contract receivables	292 498	396 381
12 NON-CURRENT INVESTMENTS		
Financial Instruments		
Fixed Deposits	199 770	85 262
Listed Investments	56 765	44 049
Other Investments	78 574 167	62 002 795
Loans Granted	8 650 835	7 064 502
	87 481 537	69 196 608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

13. PROPERTY, PLANT AND EQUIPMENT

13.1.1 RECONCILIATION OF CARRYING VALUE

	2013			2012		
	Cost	Accummulated Depreciation & Impairment	Carrying Value	Cost	Accummulated Depreciation & Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	23 463 983	(5 012)	23 458 971	20 065 802	23	20 065 825
Buildings	9 373 921	(1 806 502)	7 567 419	7 584 284	(1 541 083)	6 043 201
Vehicles	915 100	(461 802)	453 297	780 321	(404 138)	376 184
Infrastructure	75 861 114	(13 095 667)	62 765 447	75 611 252	(10 134 370)	65 476 882
Capital Work in Progress	62 237 850	(2 414)	62 235 436	60 386 158	(2 234)	60 383 924
Finance Lease Assets	128 149	(88 130)	40 019	129 462	(81 470)	47 992
Furniture & Fittings	1 744 186	(946 103)	798 083	1 601 217	(839 600)	761 618
Plant, Machinery & Equipment	6 294 418	(2 597 613)	3 696 805	5 090 426	(2 353 205)	2 737 220
Office Equipment	548 940	(332 334)	216 606	505 893	(289 143)	216 750
Computer Equipment	4 835 408	(2 874 005)	1 961 402	4 638 881	(2 448 252)	2 190 629
Aircraft	64 229	(29 586)	34 642	62 888	(28 900)	33 989
Ships	661 368	(189 097)	472 270	639 664	(182 945)	456 718
Other Assets	291 662 225	(91 323 821)	200 338 405	266 805 416	(78 010 407)	188 795 009
Total	477 790 889	(113 752 086)	364 038 804	443 901 663	(96 315 724)	347 585 939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

13.1.2 RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT - 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment	Revaluation	Dis-continued Operations	Prior Year Errors	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	20 065 825	1 334 331	(5 437)	(241)	-	(9 455)	2 077 571	-	-	23 462 593
Buildings	6 043 201	1 296 620	(167 337)	663 298	(239 352)	(87 856)	75 546	12 810	(49)	7 596 880
Vehicles	376 184	172 094	(8 675)	1 505	(84 773)	(1 665)	26	-	-	454 696
Infrastructure	65 476 882	273 829	(16 173)	1 021	(2 316 836)	(653 265)	(10)	-	-	62 765 448
Capital Work in Progress	60 383 924	10 444 588	-	(8 408 484)	-	44	(131 543)	-	-	62 288 529
Finance Lease Assets	47 992	27 426	(2 837)	2 041	(32 346)	(3 454)	(1 322)	2 339	-	39 839
Furniture & Fittings	761 619	203 414	(19 936)	11 461	(171 094)	(2 536)	2 396	406	(257)	785 473
Plant, Machinery & Equipment	2 737 221	1 295 749	(67 782)	11 834	(360 365)	4 173	88 926	-	(5 840)	3 703 916
Office Equipment	216 750	45 148	(4 900)	825	(53 898)	(3 781)	8 324	567	2 930	211 966
Computer Equipment	2 190 629	448 087	(37 737)	(1 790)	(622 178)	(12 028)	(6 546)	3 429	241	1 962 109
Aircraft	33 989	13 546	(182)	-	(2 535)	1 184	(11 544)	-	183	34 642
Ships	456 718	31 081	-	-	(29 752)	(77)	14 301	-	-	472 271
Other Assets	188 795 009	1 046 360	11 190	7 265 715	(1 953 234)	16 930	5 078 447	-	26	200 260 443
Total	**347 585 942**	**16 632 274**	**(319 805)**	**(452 814)**	**(5 866 362)**	**(751 787)**	**7 194 573**	**19 550**	**(2 767)**	**364 038 804**

13.1.3 RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT - 2012

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment	Revaluation	Dis-continued Operations	Prior Year Errors	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	12 326 041	75 764	(4 326)	5 875 793	-	-	1 786 543	-	-	20 059 815
Buildings	4 443 155	887 611	(9 472)	783 364	(213 400)	(1 514)	46 842	-	(208)	5 936 379
Vehicles	356 657	93 361	(7 313)	11 066	(79 666)	(225)	(74)	-	(485)	373 321
Infrastructure	67 119 033	132 999	(1 164)	341 154	(1 553 757)	(561 253)	(131)	-	-	65 476 880
Capital Work in Progress	23 950 490	39 226 453	(2)	(2 740 545)	-	-	-	-	-	60 436 396
Finance Lease Assets	131 862	67 718	(1 085)	(16 727)	(44 306)	-	1 302	-	-	138 763
Furniture & Fittings	768 077	164 657	(17 407)	19 344	(160 198)	(3 895)	(2 337)	420	158	768 820
Plant, Machinery & Equipment	2 573 387	219 612	(43 064)	339 418	(345 642)	(4 173)	266	-	(15 182)	2 724 623
Office Equipment	237 093	56 431	(5 110)	(7 179)	(55 027)	1 272	(20 435)	516	(722)	206 839
Computer Equipment	1 801 233	1 056 184	(21 280)	(40 059)	(605 082)	(1 539)	(905)	2 151	143	2 190 846
Aircraft	31 131	7 896	-	-	(2 626)	(850)	(1 736)	-	173	33 989
Ships	480 855	322	-	-	(24 458)	-	-	-	-	456 719
Other Assets	182 759 601	11 026 904	(7 386)	(222 856)	(1 685 581)	(337)	(3 087 823)	-	27	188 782 549
Total	**296 978 615**	**53 015 911**	**(117 607)**	**4 342 772**	**(4 769 743)**	**(572 514)**	**(1 278 488)**	**3 087**	**(16 095)**	**347 585 939**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

13.2 PROPERTY, PLANT AND EQUIPMENT PLEDGED AS SECURITY

13.2.1 DETAILS OF PROPERTY

	2012/13 R'000	2011/12 R'000
Buildings		
Purchase price	31 981 092	31 981 092
Additions since purchase	2 073 248	1 985 906
Capitalised expenditure	12 479 269	11 337 466
	46 533 609	45 304 464
Equipment		
Purchase price	3 118	-

13.3 CAPITALISED EXPENDITURE

	2012/13 R'000	2011/12 R'000
Capitalised expenditure	261 231 650	122 856 028

13.4 OTHER INFORMATION

	2012/13 R'000	2011/12 R'000
Fully depreciated property, plant and equipment still in use	55 969 911 000	48 963 988 000
Property, plant and equipment retired from active use, but not classified as held for sale	759 404 247	781 079 778
The fair value of the Property, Plant and Equipment is not materially different to the carrying amount.	56 729 315 247	49 745 067 778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

13.5 CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

By the date that the financial statements were authorised for issue the following contractual commitments for the acquisition of property, plant and equipment existed:

	2012/13 R'000	2011/12 R'000
Purchase of new property, plant and equipment	108 989 556	305 325 191
Finance leases of new property, plant and equipment	267 167 230	252 842 755
Construction of new property, plant and equipment	2 512 758	10 529
Total	378 669 544	558 178 475

13.6 COMPENSATION FROM THIRD PARTIES FOR LOSSES

	2012/13 R'000	2011/12 R'000
Insurance payouts to compensate for damaged of PPE	6 192	2 941
Insurance payouts to compensate for the theft of PPE	474 276	1 975 112
Recoveries from third parties for damage caused to PPE	8 228 852	9 023 015
Recoveries from employees for misuse of PPE	10 455 975	13 632 947
Recoveries from employees for damage of PPE	4	8
Recoveries from third parties for PPE given-up	1 620	1 912
Total	19 166 919	24 635 935

14. HERITAGE ASSETS

14.1 RECONCILIATION OF CARRYING VALUE

	2013			2012		
	Cost	Accummulated Impairment	Carrying Value	Cost	Accummulated Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Art Collections	10 547	(105)	10 442	8 999	(105)	8 894
Collections of rare books or manuscripts	134	-	134	-	-	-
Historical Buildings	257 171	-	257 171	254 434	-	254 434
Other Assets	16 563	-	16 563	16 422	-	16 422
Total	284 414	(105)	284 309	279 855	(105)	279 750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

14.2 RECONCILIATION OF HERITAGE ASSETS - 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Impairment	Revaluation	Other	Discontinued Operations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Art Collections	8 894	1 582	-	(13)	-	-	-	-	10 463
Collections of rare books or manuscripts	-	-	-	134	-	-	-	-	134
Historical Buildings	254 434	2 418	-	319	-	-	-	-	257 171
Other Assets	16 422	119	-	-	-	-	-	-	16 541
Total	**279 750**	**4 120**	**-**	**440**	**-**	**-**	**-**	**-**	**284 309**

14.3 RECONCILIATION OF HERITAGE ASSETS - 2012

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Impairment	Revaluation	Other	Discontinued Operations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Art Collections	7 553	1 316	(4)	(27)	-	27	-	-	8 863
Historical Buildings	88 551	22 336	-	115 715	28 054	-	-	-	254 656
Other Assets	16 230	1	-	-	-	-	-	-	16 231
Total	**112 334**	**23 653**	**(4)**	**115 687**	**28 054**	**27**	**-**	**-**	**279 750**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

15 INTANGIBLE ASSETS

15.1.1 RECONCILIATION OF CARRYING VALUE

	2013			2012		
	Cost	Accummulated Amortisation & Impairment	Carrying Value	Cost	Accummulated Amortisation & Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	3 305 369	(1 723 287)	1 582 082	2 749 886	(1 420 034)	1 329 852
Copy rights	73 583	-	73 583	73 583	-	73 583
Internally Generated Software	253 256	(13 645)	239 610	77 152	(11 757)	65 394
Licenses	8 732	(4 282)	4 450	7 359	(3 169)	4 190
Patents and models	2 560	(1 390)	1 171	2 560	(1 912)	649
Other	15 969 494	(59 511)	15 909 983	16 059 491	(96 860)	15 962 630
Total	**19 612 993**	**(1 802 114)**	**17 810 879**	**18 970 030**	**(1 533 732)**	**17 436 298**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

15.1.2 RECONCILIATION OF INTANGIBLE ASSETS - 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment	Revaluation	Internally Developed	Dis-continued Operations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	1 329 852	642 304	(39 874)	10 495	(375 687)	666	(14)	-	-	1 567 741
Copy rights and Trademarks	73 583	-	-	-	(3)	-	-	-	-	73 580
Internally Generated Software	65 394	20 159	-	4 726	(3 110)	(82)	-	169 719	-	256 807
Licenses	4 297	1 207	-	-	(1 041)	-	-	-	-	4 463
Patents and models	649	156	-	-	369	-	-	-	-	1 173
Other	15 962 630	23 622	-	(19 688)	(1 459)	-	(57 991)	-	-	15 907 115
Total	**17 436 404**	**687 447**	**(39 874)**	**(4 467)**	**(380 930)**	**584**	**(58 005)**	**169 719**	**-**	**17 810 879**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

15.1.3 RECONCILIATION OF INTANGIBLE ASSETS - 2012

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment	Revaluation	Internally Developed	Dis-continued Operations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	1 145 705	461 176	(5 667)	45 435	(325 717)	(3 295)	773	-	-	1 318 409
Copy rights	73 583	-	-	-	-	-	-	-	-	73 583
Internally Generated Software	65 349	7 744	-	(3 225)	(5 650)	-	-	12 647	-	76 865
Licenses	3 718	753	-	634	(943)	-	-	-	-	4 163
Patents and models	957	-	-	-	(309)	-	-	-	-	648
Other	15 946 136	20 749	(8 222)	5 283	(1 302)	(12)	-	-	-	15 962 631
Total	**17 235 448**	**490 421**	**(13 889)**	**48 127**	**(333 920)**	**(3 308)**	**773**	**12 647**	**-**	**17 436 298**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
15.2 INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES:		
Carrying Amount:	86 073	49 997
15.3 RESTRICTIONS TO TITLE AND PLEDGED AS SECURITY		
The title to the intangible assets included in the classes below is restricted:		
Licences;	43	65
Total	43	65
15.4 CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF INTANGIBLE ASSETS		
By the date that the financial statements were authorised for issue the following contractual commitments for the acquisition of intangible assets existed:		
Purchase of new intangible assets	4 968 081	105 586
Construction of new intangible assets	84 457	1 101
Total	5 052 538	106 687
15.5 OTHER INFORMATION		
Value of fully amortised Intangible Assets:	201 844	200 684
Value of any significant intangible assets controlled by the entity but not recognised as assets because they do not meet the recognition criteria.	11 298 000	-
Value of research and development expenditure recognised as an expense in the period	1 511	1 882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

16 INVESTMENT PROPERTY CARRIED AT COST

16.1.1 RECONCILIATION OF CARRYING VALUE

	2013			2012		
	Cost	Accummulated Depreciation	Carrying Value	Cost	Accummulated Depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	236 344	(50 737)	185 607	216 439	(47 035)	169 403
Total	236 344	(50 737)	185 607	216 439	(47 035)	169 403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

16.1.2 RECONCILIATION OF INVESTMENT PROPERTY CARRIED AT COST - 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment	Revaluation	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	169 403	23 115	-	-	(6 317)	(594)	-	185 607
Total	**169 403**	**23 115**	**-**	**-**	**(6 317)**	**(594)**	**-**	**185 607**

16.1.3 RECONCILIATION OF INVESTMENT PROPERTY CARRIED AT COST - 2012

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment	Revaluation	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	172 564	3 196	(27)	-	(6 329)	-	-	169 403
Total	**172 564**	**3 196**	**(27)**	**-**	**(6 329)**	**-**	**-**	**169 403**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000

16.2 CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF INVESTMENT PROPERTY

By the date that the financial statements were authorised for issue, there were no contractual commitments for the acquisition of investment property existed.	-	-
Fair value of investment property carried at cost:	1 339 357 128	1 330 025 430

16.3 DETAILS OF PROPERTY

Rental income from investment property	38 255	31 688
Direct operating expenses from rental generating property	4 390	3 136
Direct operating expenses from non-rental generating property	8 482	7 326

17 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

17.1.1 RECONCILIATION OF INVESTMENT PROPERTY CARRIED AT FAIR VALUE - 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Fair Value Adjustment	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000
Investment property	1 365 390	-	(56 010)	(132 928)	201 328	1 377 780
Total	1 365 390	-	(56 010)	(132 928)	201 328	1 377 780

17.1.2 RECONCILIATION OF INVESTMENT PROPERTY CARRIED AT FAIR VALUE - 2012

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Fair Value Adjustment	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000
Investment property	1 065 814	-	(8 631)	-	308 207	1 365 390
Total	1 065 814	-	(8 631)	-	308 207	1 365 390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000

17.2 CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF INVESTMENT PROPERTY

By the date that the financial statements were authorised, there were no contractual commitments for the acquisition of investment property.	-	-

17.3 DETAILS OF PROPERTY:

Rental income from investment property	2 840	2 776
Direct operating expenses from rental generating property	585	571
Direct operating expenses from non-rental generating property	695	610

18. BIOLOGICAL ASSETS - FROM FARMING ACTIVITIES

18.1.1 RECONCILIATION OF CARRYING VALUE

	2013			2012		
	Cost	Accumulated Depreciation and Impairment	Carrying Value	Cost	Accumulated Depreciation and Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Other Assets	1 136	-	1 136	1 325	-	1 325
Total	1 136	-	1 136	1 325	-	1 325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

18.1.2 RECONCILIATION OF BIOLOGICAL ASSETS - 2013

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/ sales	Gains/losses from changes in fair value less estimated point of sales costs.	Depreciation	Impairment loss / Reversal of impairment loss	Other movements	Transfers	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000		R '000
Other Assets	1 325	-	(198)	-	-	(160)	169	-	-	1 136
Total	1 325	-	(198)	-	-	(160)	169			1 136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

18.1.3 RECONCILIATION OF BIOLOGICAL ASSETS - 2012

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/ sales	Gains/ losses from changes in fair value less estimated point of sales costs.	Depreciation	Impairment loss / Reversal of impairment loss	Other movements	Transfers	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000		R '000
Other Assets	975	21	(227)	399	-	-	157	-	-	1 325
Total	975	21	(227)	399	-	-	157			1 325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

19. NON-CURRENT ASSETS HELD FOR SALE

Property, plant and equipment	14 134	36 450
Investment property	132 928	-
Investment property at cost	-	-
Other assets	8 130	8 100
	155 192	44 550

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	23 922 411	20 483 660
Payments received in advance	1 874 203	2 267 563
Retentions	100 274	85 771
Staff leave accrual	524 522	486 961
Accrued interest	34 277	30 609
Other creditors	(4 348 764)	(2 004 743)
Reversal of inter entity payables	(1 220)	-
Total creditors	22 105 702	21 349 822

21. VAT PAYABLE

VAT payable	57 270	37 749

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

22. VAT RECEIVABLE

VAT receivable	33 115	22 625

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13	2011/12
	R'000	R'000

23. TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

	2012/13 R'000	2011/12 R'000
Taxes and transfers payable (Non-Exchange)	1 080 677	837 169
Taxes and transfers payable (Exchange)	12 263	8 356
Total Taxes and transfers payable	1 092 940	845 525

24. CURRENT PROVISIONS

24.1.1 RECONCILIATION OF MOVEMENT IN PROVISION - 2013

	Performance Bonus	Provision for Leave Pay	Current portion of Long Service Awards	Other	Current portion of Other Non-Current Provision
	R '000	R '000	R '000	R '000	R '000
Opening Balance	**937 183**	**755 906**	**1 023**	**3 938 091**	**11 872 288**
Provisions Raised	859 214	697 665	-	4 780 834	-
Unused Amounts Reversed	(161 342)	(55 661)	-	(75 232)	849
Unwinding of Time Value of Money	-	(136)	-	(1 241)	-
Amounts Used	(672 366)	(571 649)	(8)	(3 225 016)	(2 386 894)
Exchange differences	-	-	-	4 478 000	-
Settlement of Provision without cost to entity	(3 869)	(358)	-	-	-
Transfer from Non-Current Provision	-	-	-	(2 239 010)	(2 238 990)
Change in Provision due to change in estimation inputs	5 666	3 056	-	(25 757)	136
Other Movements	16 929	3 333	-	(10 739)	5 408 193
Closing Balance	981 414	832 156	1 015	7 619 931	12 655 582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

24.1.2 RECONCILIATION OF MOVEMENT IN PROVISION - 2012

	Performance Bonus	Provision for Leave Pay	Current portion of Long Service Awards	Other	Current portion of Other Non-Current Provision
	R '000	R '000	R '000	R '000	R '000
Opening Balance	**805 227**	**694 946**	**-**	**2 510 766**	**8 412 680**
Provisions Raised	813 008	286 830	-	3 114 683	-
Unused Amounts Reversed	(42 513)	(32 999)	1 023	(112 668)	188
Unwinding of Time Value of Money	-	(78)	-	(1 190)	-
Amounts Used	(657 366)	(195 571)	-	(1 604 919)	(4 707 331)
Settlement of Provision without cost to entity	-	(333)	-	-	-
Transfer from Non-Current Provision	-	-	-	6	(6)
Change in Provision due to change in Estimation inputs	4 846	374	-	(1 881)	-
Other Movements (Detailed Below)	13 980	2 736	-	33 397	8 153 020
Closing Balance	937 182	755 906	1 023	3 938 194	11 858 551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

25. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2012/13 R'000	2011/12 R'000
Other Unspent Conditional Grants from other spheres of Government	1 511 947	1 517 840
Other Unspent Conditional Grants and Receipts	2 025 207	1 377 333
Total Unspent Conditional Grants and Receipts	3 537 154	2 895 173
Non-current unspent conditional grants and receipts	395 401	304 509
Current portion of unspent conditional grants and receipts	3 141 753	2 590 663

26. BORROWINGS

	2012/13 R'000	2011/12 R'000
Government Loans : Other	10 651	-
Other borrowings	283 550	291 618
	294 201	291 618
Less : Current portion transferred to current liabilities	68 477	59 725
Government Loans : Other	10 651	-
Other borrowings	57 827	59 725
Total Long-Term Non-Current Borrowings	225 723	231 893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

27. FINANCE LEASE LIABILITY

2013

Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
	R '000	R '000	R '000
Within one year	66 011	(4 318)	61 693
Within two to five years	106 955	(20 167)	86 788
Later than five years	27 653	(1 951)	25 702
	200 619	(26 436)	174 183
Less: Amount due for settlement within 12 months (current portion)	(66 011)	4 318	(61 693)
	134 608	**(22 118)**	**112 490**

The average lease term is 5 years and the average effective borrowing rate is 10%. Interest rates are not fixed. No arrangements have been entered into for contingent rent.

2012

Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
	R '000	R '000	R '000
Within one year	96 724	(16 490)	80 234
Within two to five years	229 436	(12 339)	217 097
Later than five years	51 056	(47 882)	3 174
	377 216	(76 711)	300 505
Less: Amount due for settlement within 12 months (current portion)	(96 724)	16 490	(80 234)
	280 492	**(60 221)**	**220 271**

The average lease term is 5 years and the average effective borrowing rate is 10%. Interest rates are not fixed. No arrangements have been entered into for contingent rent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

28. OTHER FINANCIAL LIABILITIES

28.1 OTHER NON-CURRENT FINANCIAL LIABILITIES

	2012/13	2011/12
Other non-current financial liabilities	53 929 720	56 947 534

29. NON-CURRENT PROVISIONS

Reconciliation of Movement in Provision - 2013	Provision for rehabilitation of landfill sites R '000	Provision for long-service awards R '000	Other R '000
Opening Balance	**9 803**	**24 895**	**59 730 662**
Provisions Raised	3 480	3 788	16 510 425
Unused Amounts Reversed	-	-	(203 289)
Amounts Used	-	(560)	(12 852 581)
Transfer to Current Provision	-	-	(2 238 990)
Change in Provision due to change in Estimatation inputs	-	-	850
Other Movements	1	-	(9 232)
Closing Balance	13 284	28 123	60 937 845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Reconciliation of Movement in Provision - 2012	Provision for rehabilitation of landfill sites	Provision for long-service awards	Other
	R '000	R '000	R '000
Opening Balance	**9 803**	**18 856**	**41 541 802**
Provisions Raised	-	6 500	27 007 320
Amounts Used	-	(461)	(8 820 695)
Transfer to Current Provision	-	-	(6)
Change in Provision due to change in Estimation inputs	-	-	1 299
Other Movements	1	-	941
Closing Balance	9 804	24 895	59 730 662

30. RENTAL OF FACILITIES AND EQUIPMENT

	2012/13 R'000	2011/12 R'000
Rental of facilities	72 198	62 578
- Straightlined operating lease receipts	72 111	62 497
- Contingent rentals	87	81
Rental of equipment	16 783	16 237
- Straightlined operating lease receipts	14 667	13 716
- Contingent rentals	2 116	2 521
Other rentals	135 662	94 779
Total rentals	224 643	173 594

31. INTEREST EARNED - EXTERNAL INVESTMENTS

	2012/13 R'000	2011/12 R'000
Bank	1 801 591	1 808 967
Financial assets	13 882 026	13 239 408
Other	2 010 447	1 196 812
Total interest	17 694 064	16 245 187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

32. INTEREST EARNED - OUTSTANDING RECEIVABLES

Receivables	765 849	590 893
Total interest	765 849	590 893

33. GOVERNMENT GRANTS AND SUBSIDIES

Reconciliation of Movement in Grant - 2013	Balance unspent at beginning of year R '000	Current year receipts R '000	Conditions met - transferred to revenue R '000	Conditions still to be met - remain liabilities R '000
Equitable Share	-	479 105	595 939	(116 834)
MIG Grant	-	30 166	42 497	(12 331)
Other Government Grants and Subsidies	13 218	64 805 577	52 536 732	12 282 063
Total Government Grant and Subsidies	13 218	65 314 848	53 175 168	12 152 898

Reconciliation of Movement in Grant - 2012	Balance unspent at beginning of year R '000	Current year receipts R '000	Conditions met - transferred to revenue R '000	Conditions still to be met - remain liabilities R '000
Equitable share	-	491 165	599 987	(108 822)
MIG Grant	-	36 863	36 863	-
Other Government Grants and Subsidies	(102 160)	54 939 637	44 631 584	10 205 893
Total Government Grant and Subsidies	(102 160)	55 467 665	45 268 434	10 097 071

33.1 EQUITABLE SHARE

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

33.2 CHANGES IN LEVELS OF GOVERNMENT GRANTS

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

34. SALE OF GOODS AND SERVICES, OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

Revenue from Exchange Transactions - Sale of goods and services	36 957 500	34 431 643

34.1 OTHER INCOME

Other income	2 303 181	3 176 110
Revenue from Exchange Transactions - Sundry income	14 673 593	13 128 170
Investment income	748 244	630 844
Insurance commissions	292	286
Bad debt recoveries	7 407	24 008
Total Other Income	17 732 717	16 959 418

34.2 PUBLIC CONTRIBUTIONS AND DONATIONS

Public contributions - Conditional	1 130 534	986 434
Public contributions - Unconditional	178 558	177 448
Donations	16 154	7 624
Total public contributions and donations	1 325 245	1 171 505
Reconciliation of conditional contributions		
Balance unspent at beginning of year	1 369 104	45 111 099
Current year receipts	878 601 757	44 836 126
Conditions met - transferred to revenue	(748 632 026)	(964 630)
Conditions still to be met - remain liabilities	131 338 835	88 982 595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

35. TRANSFERS AND SPONSORSHIPS

	2012/13 R'000	2011/12 R'000
Transfer payment from controlling entity	3 077 295	2 744 221
Transfer payment from other departments/entities	488 462	415 582
Local and foreign aid assistance	39 023	53 855
Gifts, donations and sponsorships received	229 899	258 266
Other	64 480	39 680
Total	3 899 159	3 511 604

36. TAXATION REVENUE

	2012/13 R'000	2011/12 R'000
Taxes on income and profits	-	35 411
Taxes on payroll and workforce (incl SDL)	5 829 915	5 232 381
Total	5 829 915	5 267 792

37. FINES, PENALTIES AND FORFEITS

	2012/13 R'000	2011/12 R'000
Fines	18 187	24 850
Penalties	64 644	60 280
Total	82 830	85 130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

38. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	21 959 103	20 459 487
Employee related costs - Contributions for UIF, pensions and medical aids	2 363 501	2 142 310
Travel, motor car, accommodation, subsistence and other allowances	443 855	413 117
Housing benefits and allowances	140 920	129 838
Overtime payments	418 777	267 748
Performance and other bonuses	883 352	853 570
Long-service awards	13 006	13 422
Other employee related costs	834 419	649 017
Employee Related Costs	27 056 933	24 928 508

39. DEBT IMPAIRMENT

Contributions to debt impairment provision	2 415 978	717 576

40. REPAIRS AND MAINTENANCE

Repairs and maintenance during the year	6 300 791	5 480 600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

41. DEPRECIATION AND AMORTISATION EXPENSE

	2012/13 R'000	2011/12 R'000
Property, plant and equipment	6 403 130	5 010 772
Intangible assets	354 720	333 095
Investment property carried at cost	7 083	7 027
Biological assets carried at cost	30	32
Total Depreciation and Amortisation	6 764 963	5 350 926

42. FINANCE COSTS

	2012/13 R'000	2011/12 R'000
Borrowings	8 224 369	8 553 033
Finance leases	18 329	27 775
Other financial liabilities	297 468	97 760
Trade and other payables	1 693 699	1 309 231
Bank overdrafts	279	115
Total Finance Costs	10 234 144	9 987 914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

43. GENERAL EXPENSES

Included in general expenses are the following:-		
Advertising	1 384 878	1 218 143
Admin fees	2 448 241	2 666 862
Audit fees	408 223	391 129
Bank charges	110 028	134 634
Bursaries	5 111 400	3 780 683
Cleaning	203 545	201 952
Conferences and delegations	277 268	222 918
Connection charges	78 193	66 802
Consulting fees	1 201 137	1 221 253
Consumables	187 793	400 639
Cost of sales	9 840 413	7 939 411
Debt collection commission	9 024	12 940
Departmental consumption	7 961	6 206
Entertainment	58 580	48 764
Electricity	564 611	428 166
Financial management grant	72 117	51 060
Fuel and oil	93 586	79 163
Insurance	134 499	123 758
Legal expenses	313 742	277 930
Levies paid	45 816	34 972
Licence fees - vehicles	22 575	22 446
Licence fees - computers	329 994	251 466
Membership fees	135 894	33 513
Movement in other provisions	6 508 691	21 304 700
Parking	21 974	20 261
Postage	129 667	165 288
Printing and stationery	442 081	514 722
Professional fees	1 253 859	1 236 958
Rental of buildings	1 601 038	1 446 575
Rental of office equipment	222 410	250 129
Rental of computer equipment	122 861	135 546
Other rentals	344 700	248 409
Security costs	264 943	245 037
Skills development levies	315 098	346 224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Stocks and material	142 339	81 096
Subscribtion & publication	96 834	76 309
Telephone cost	766 029	750 474
Training	283 191	252 895
Transport claims	66 954	67 354
Travel and subsistence - Local	1 337 320	1 353 117
Travel and subsistence - Foreign	182 451	137 037
Uniforms & overalls	5 107	4 274
Valuation costs	204 049	697
Water	156 955	131 517
Other	42 351 792	39 728 859
	79 859 861	88 112 286

44. GAIN / (LOSS) ON SALE OF ASSETS

Property, plant and equipment	(236 400)	(56 328)
Intangible assets	(5)	-
Investment property	-	(27)
Other financial assets	171 202	40 013
Total Loss on Sale of Assets	(65 203)	(16 342)

45. IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)

Property, plant and equipment	(100 434)	(156 628)
Intangible assets	(1 054)	(212)
Investment property	(594)	-
Biological assets	(160)	-
Other financial assets	(4 057 422)	(2 544 101)
Total Reversal of Impairment Loss	(4 159 664)	(2 700 941)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

46. PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT

	2012/13 R'000	2011/12 R'000
Investment property carried at fair value	3 049	(279)
Other financial assets	7 530 417	(799 771)
Other financial liabilities	(7)	(11 124)
Gain on revaluation of intangible assets	-	937
Gain on revaluation of property, plant and equipment	26 728	1 248
Gain on revaluation of investment property	165 474	294 564
Gain on revaluation on other financial assets	21 907	85 616
Total Profit / (Loss) on Fair Value Adjustment	7 747 568	(428 808)

47. EMPLOYEE BENEFITS

47.1 DEFINED BENEFIT PLANS

	2012/13 R'000	2011/12 R'000
Statement of Financial Position		
Pension benefits	678 038	535 167
Post employment medical benefits	2 277 080	1 880 927
Other long-term employee benefits	193 746	199 560
Total	3 163 064	2 622 668
Statement of Financial Performance		
Pension benefits	163 265	175 994
Post employment medical benefits	800 759	506 789
Other long-term employee benefits	(6 330)	45 646
Defined contribution fund expenses	109 214	94 326
Total	1 066 908	822 755
Actuarial (gains)/losses recognised in the statement changes in net assets for the period (before tax)	(10 208)	26 232
Cumulative actuarial losses recognised in the statement changes in net assets (before tax)	6 431	3 803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Pension benefits	2013	2012	2011	2010
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	(46 295 496)	(45 136 265)	157 102 000	137 597 000
Total present value of obligations	(46 295 496)	(45 136 265)	157 102 000	137 597 000
Fair value of plan assets	210 988 572	68 592 511	68 200 000	59 880 000
Net (Obligation)/Asset	257 284 068	113 728 776	(88 902 000)	(77 717 000)
Experience adjustments on obligations	35 473 647	15 419 965	10 863 137	(1 340 238)
Fair value of plan assets	-	-	-	-
Experience adjustments on assets	12 950 640	17 381 638	7 877 623	4 131 617
Unrecognised past service costs	-	-	-	-

Medical benefits	2013	2012	2011	2010
Present value of unfunded obligations	68 621 654	52 522 654	72 083 650	63 400 654
Present value of funded obligations	414 944 000	44 193 000	-	-
Total present value of obligations	483 565 654	96 715 654	72 083 650	63 400 654
Fair value of plan assets	8 953 678	(4 541 000)	-	-
Net (Obligation)/Asset	(474 611 976)	(101 256 654)	(72 083 650)	(63 400 654)
Experience adjustments on obligations	6 960 000	(4 773 000)	1 970 000	(374 144)
Fair value of plan assets	-	-	-	-
Experience adjustments on assets	(9 071 000)	-	-	-
Unrecognised past service costs	(47 559 000)	-	-	-

Changes in the present value of the defined benefit obligation are as follows:

	Pension Plan 1	Pension Plan 2	Medical Plan 1	Medical Plan 2
Defined benefit obligation as at 1 April 2012	573 097 000	586 901 000	119 083 656	114 173 352
Current service costs	20 051 600	17 689 934	6 263 780	5 869 780
Interest costs	59 946 837	62 247 757	10 629 309	12 818 309
Contributions by plan participants	198 000	(11 973 000)	(1 115 000)	(982 000)
Actuarial losses/(gains)	84 725 006	44 257 000	2 941 363	8 719 175
Exchange differences	-	-	-	-
Benefits paid	(8 721 000)	(8 506 000)	(3 752 631)	(1 302 960)
Past Service Cost	(763 000)	(3 804 000)	-	-
Liabilities acquired in an entity combination	-	-	-	-
Curtailments	10 232 000	-	-	-
Settlements	-	(102 174 000)	(9 257 000)	(22 782 000)
Other	996 000	37 197 000	-	(875 000)
Defined benefit obligation as at 31 March 2013	**739 762 443**	**621 835 691**	**124 793 477**	**115 638 656**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Changes in the fair value of plan assets are as follows:

	Pension Plan 1	Pension Plan 2	Medical Plan 1	Medical Plan 2
Fair value of plan assets as at 1 April 2012	381 798 776	340 855 087	4 541 000	-
Expected return on plan assets	(1 737 300)	(7 605 673)	420 000	128 000
Actuarial losses/(gains)	3 934 360	(9 838 826)	646 000	(1 449 000)
Exchange differences	-	-	-	-
Employer contributions	49 737 780	55 986 457	3 241 000	6 000 000
Employee contributions	1 773 500	419 500	-	-
Benefits paid	976 111	(17 329 233)	(780 678)	(138 000)
Entity combinations	-	-	-	-
Other	(2 854 000)	(106 000)	-	-
Balance as at 31 March 2013	433 629 227	362 381 312	8 067 322	4 541 000

	Pension Plan 1	Pension Plan 2	Medical Plan 1	Medical Plan 2
Current service costs	12 794 600	12 513 934	5 840 000	5 623 000
Interest costs	25 976 837	31 558 757	8 146 000	11 101 000
Expected return on plan assets	(24 510 300)	(23 320 673)	(420 000)	(128 000)
Expected return on any reimbursement right recognised as an asset	-	-	-	-
Actuarial gains and losses	33 047 121	10 791 000	1 780 000	8 387 000
Past service costs	-	-	-	-
Losses on curtailments	-	-	-	-
Contributions	(10 072 000)	(8 373 000)	-	-
Other (please specify)	(8 054 000)	6 058 000	-	-
Total Expense for 2013	29 182 258	29 228 018	15 346 000	24 983 000

Changes in the fair value of plan assets are as follows:

	2013	2012	2013	2012
	Pension Plan 1	**Pension Plan 2**	**Medical Plan 1**	**Medical Plan 2**
Discount rate (range used for the various plans)	7.5% to 9%	8% to 9%	7.5% to 9%	8% to 9%
Expected rate of return on assets(range used for the various plans)	7.7% to 10.6	8.5% to 10.1%	7.7% to 10.6	8.5% to 10.1%
How was the discount rate determined	Project unit credit method	Project unit credit method	Project unit credit method	Project unit credit method
Increase in health care cost (range used for the various plans)			5.5% to 9%	7.2% to 10%
Expected rates of salary increase (range used for the various plans)	6.63% to 9%	6% to 7.9%		
Active members expected to continue after retirement	100%	100%	100%	100%
Average retirement age (range)	60 to 65	60 to 65	60 to 65	60 to 65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Mortality pre-retirement				
Male	SA8590L (ULT)	SA8590L (ULT)	SA8590L (ULT)	SA8590L (ULT)
Female	55% SA8590L (ULT)	55% SA8590L (ULT)	55% SA8590L (ULT)	55% SA8590L (ULT)

Mortality post-retirement				
Male	PA (90) M Less 3 years	PA (90) M Less 3 years	PA (90) M Less 3 years	PA (90) M Less 3 years
Female	PA (90) F Less 1 year	PA (90) F Less 1 year	PA (90) F Less 1 year	PA (90) F Less 1 year

The assets of the Fund are invested in the following	Pension Plan	Pension Plan	Medical Plan	Medical Plan
Debt instruments	19 727 100	16 437 300	-	-
Equity instruments	46 029 900	38 097 700	-	-
Cash	225 000	-	-	-
Other instruments	42 516 000	29 744 000	-	-
	108 498 000	84 279 000	-	-

A one percentage point change in the assumed rate of increase would the following effects	Pension Plan	Pension Plan	Medical Plan	Medical Plan
Effect on the aggregate current service cost and interest cost Increase	5 007 976	76 150	(1 848 106)	1 828
Effect on the aggregate current service cost and interest cost Decrease	5 260 379	(76 150)	14 384 492	1 300
Effect on the defined benefit obligation Increase	47 811 248	71 790	128 570 119	-
Effect on the defined benefit obligation Decrease	**52 702 625**	**(71 790)**	**136 207 145**	**-**

47.2 DEFINED CONTRIBUTION PLANS

	2012/13 R'000	2011/12 R'000
Contribution plan 1	21 973	25 266
Contribution plan 2	30 638	35 898
Contribution plan 3	10 713	12 724
Total contributions expensed to the Income Statement	63 324	73 888
Liability for long-service leave	147 209	156 286
Termination benefits	-	-
Other	12 829	11 876
Total	160 038	168 162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

48. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

For the purpose of this consolidation the Reporting Entity equity accounted Government for Business enterprises in a manner similar to investments in associates. Accordingly, the assets, liabilities, income, expense and surplus and deficit for the equity accounted Government Business Enterprises are as follows:

2013

Government Business Enterprise	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000
Air Traffic and Navigation Services	872 279	847 577	206 244	131 518
Airports Company of South Africa Ltd	3 408 666	24 779 618	3 957 041	13 292 194
Alexkor SOC Ltd	738 515	167 708	234 913	268 751
Amatola Water	215 159	281 886	212 446	-
Armaments Corporation of South Africa Limited	825 467	1 456 911	383 713	106 355
Bloem Water	362 016	659 809	296 608	28 719
Bothshelo Water	176 125	27 624	194 820	-
Broadband Infrastructure Company (Pty) Ltd	391 341	1 211 879	180 098	81 698
CEF SOC Ltd	25 545 303	18 309 537	6 014 699	10 302 060
Council for Scientific and Industrial Research (CSIR)	1 417 297	488 947	1 262 475	10 347
Denel SOC Ltd	4 602 296	2 175 453	2 468 296	2 838 738
Development Bank of Southern Africa	1 375 584	52 564 706	922 655	36 311 908
Eskom Holdings SOC Limited	64 472 724	367 549 036	63 212 324	259 669 594
Export credit insurance corporate of South africa SOC Ltd	3 152 621	1 808 499	76 976	1 650 776
Industrial Development Corporation	20 447 000	106 438 000	7 670 000	22 275 000
Independent Development Trust	234 933	68 075	82 730	503
Land and Agricultural Development Bank of South Africa	2 109 519	28 672 488	611 543	23 887 802
Lepelle Northern Water	860 523	49 177	101 667	30 668
Magalies Water	603 876	592 271	59 498	38 189
Mhlathuze Water	390 690	492 352	159 467	306 486
Mintek	319 840	248 400	114 846	29 400
Ncera Farms Pty Ltd	1 505	2 262	154	-
Onderstepoort Biological Products	138 688	91 431	26 859	54 531
Overberg Water	7 535	76 898	3 499	-
Passenger Rail Agency of South Africa	5 418 654	26 492 188	8 102 444	667 145
Pella Water Board	3 558	42 464	575	-
Public Investment Corporation	780 721	35 687	48 265	30 694
Rand Water	1 710 871	9 940 099	1 563 186	1 467 299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

2013 - continued

Government Business Enterprise	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000
SA Express Airways (SoC) Ltd	799 680	399 132	704 365	310 000
Sasria Limited	1 628 955	3 472 410	112 458	920 829
SENTECH SOC Limited	1 633 882	545 559	1 072 834	216 966
South African Broadcasting Corporation SOC Ltd	2 156 109	2 103 140	1 073 697	1 831 866
South African Airways	4 845 967	8 146 436	10 578 498	3 262 774
South African Bureau of Standards	430 578	652 186	145 204	230 733
South African Forestry Company Limited	778 656	3 305 698	126 496	861 220
South African Post Office	8 143 061	2 354 107	6 284 642	1 638 598
State Diamond Trader	45 111	1 840	866	-
The South African Nuclear Energy Corporation SOC Limited	1 100 528	1 172 083	459 618	567 487
Trans-Caledon Tunnel Authority	5 976 881	27 433 033	2 781 990	25 749 833
Transnet	13 914 000	189 981 680	20 398 510	94 696 000
Umgeni Water	2 437 045	3 455 749	682 384	1 422 321
Total	184 473 761	888 594 035	142 589 604	505 189 002

2012

Government Business Enterprise	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000
Air Traffic and Navigation Services	680 767	937 202	242 915	187 764
Airports Company of South Africa Ltd	5 471 855	24 594 799	3 504 690	16 872 330
Alexkor SOC Ltd	514 667	92 435	279 284	304 964
Amatola Water	133 805	305 169	160 298	-
Armaments Corporation of South Africa Limited	632 337	374 943	354 758	28 559
Bloem Water	308 046	612 348	253 128	30 215
Bothshelo Water	38 932	29 017	106 021	-
Broadband Infrastructure Company (Pty) Ltd	506 584	1 189 924	83 337	90 676
CEF SOC Ltd	27 710 921	7 937 460	3 028 057	6 204 090
Council for Scientific and Industrial Research (CSIR)	1 215 846	434 332	1 061 760	8 260
Denel SOC Ltd	3 511 098	2 130 657	3 659 812	1 288 416
Development Bank of Southern Africa	2 418 885	49 918 364	837 834	33 971 840
Eskom Holdings SOC Limited	71 334 843	311 033 086	59 967 518	219 296 705
Export credit insurance corporate of South africa SOC Ltd	2 324 612	1 545 092	187 028	1 040 890
Industrial Development Corporation	16 254 000	95 976 000	4 138 000	15 899 000
Independent Development Trust	326 426	83 496	80 812	307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

Government Business Enterprise	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	R'000	R'000	R'000	R'000
Land and Agricultural Development Bank of South Africa	2 265 536	23 085 870	817 659	18 952 603
Lepelle Northern Water	837 333	38 486	103 873	31 166
Magalies Water	512 048	602 169	43 811	25 764
Mhlathuze Water	298 337	513 491	119 707	351 162
Mintek	357 008	260 412	181 214	28 286
Ncera Farms Pty Ltd	1 790	2 344	331	-
Onderstepoort Biological Products	142 173	77 804	19 991	29 817
Overberg Water	10 078	73 934	28 253	-
Passenger Rail Agency of South Africa	3 961 740	20 516 356	5 236 531	652 026
Pella Water Board	2 321	47 147	609	-
Public Investment Corporation	622 211	59 532	48 573	25 675
Rand Water	1 900 370	8 052 648	1 569 437	775 643
SA Express Airways (SoC) Ltd	752 465	253 856	611 988	200 000
Sasria Limited	1 395 139	3 092 246	93 980	526 056
SENTECH SOC Limited	1 654 662	508 430	1 057 461	196 557
South African Broadcasting Corporation SOC Ltd	2 341 343	2 518 994	1 183 287	2 558 130
South African Airways	5 870 448	7 833 304	9 182 127	4 078 540
South African Bureau of Standards	378 918	570 824	121 480	178 725
South African Forestry Company Limited	725 744	3 215 256	104 242	817 059
South African Post Office	8 258 281	2 361 391	6 150 731	1 480 915
State Diamond Trader	39 649	2 121	871	-
The South African Nuclear Energy Corporation SOC Limited	995 300	1 032 858	442 071	838 039
Trans-Caledon Tunnel Authority	4 554 936	27 550 782	2 790 323	23 739 554
Transnet	12 625 000	165 380 000	19 638 000	76 355 000
Umgeni Water	2 065 847	3 122 346	592 816	1 448 994
Total	**185 952 303**	**767 966 922**	**128 084 616**	**428 513 723**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

2013

Government Business Enterprise	Revenue R'000	Expenses R'000	Gains / (Losses) R'000	Profit before tax R'000	Income tax R'000	Net profit for the year R'000
Air Traffic and Navigation Services	1 279 222	1 010 060	41	269 202	74 398	194 804
Airports Company of South Africa Ltd	6 790 338	5 457 612	287 208	1 641 042	396 991	1 244 051
Alexkor SOC Ltd	242 450	212 781	(253)	29 416	(290)	29 706
Amatola Water	475 275	469 287	(65)	5 923	-	5 923
Armaments Corporation of South Africa Limited	1 154 040	1 059 801	1 074 106	1 168 345	-	1 168 345
Bloem Water	380 767	324 617	3 298	59 447	-	59 447
Bothshelo Water	151 274	121 863	-	29 411	-	29 411
Broadband Infrastructure Company (Pty) Ltd	259 568	440 640	-	(181 072)	-	(181 072)
CEF SOC Ltd	22 090 597	21 216 935	88 984	1 121 847	-	1 121 847
Council for Scientific and Industrial Research (CSIR)	2 079 820	2 017 675	(8 847)	53 264	-	53 264
Denel SOC Ltd	4 185 454	4 182 381	6 377	81 251	10 778	70 474
Development Bank of Southern Africa	4 380 107	3 544 212	(1 656 143)	(820 247)	-	(820 247)
Eskom Holdings SOC Limited	132 590 910	118 148 687	(7 439 747)	7 037 881	1 855 454	5 182 427
Export credit insurance corporate of South africa SOC Ltd	987 906	499 402	304 735	793 239	201 657	591 582
Industrial Development Corporation	14 739 000	12 466 000	(30 000)	1 777 000	(917 000)	2 694 000
Independent Development Trust	263 682	374 638	(40)	(110 996)	-	(110 996)
Land and Agricultural Development Bank of South Africa	2 239 747	1 866 880	(44 919)	327 948	23 357	304 590
Lepelle Northern Water	407 404	343 995	1 088	64 498	-	64 498
Magalies Water	239 994	206 805	(2 925)	30 263	-	30 263
Mhlathuze Water	578 771	502 119	(522)	76 130	-	76 130
Mintek	530 098	513 346	(678)	16 074	-	16 074
Ncera Farms Pty Ltd	5 353	4 896	(457)	-	-	-
Onderstepoort Biological Products	97 900	115 624	(6 672)	(24 396)	(2 956)	(21 440)
Overberg Water	50 192	22 595	5	27 601	-	27 601
Passenger Rail Agency of South Africa	13 379 222	10 028 860	1 201 478	4 551 840	126	4 551 714
Pella Water Board	16 300	15 329	-	971	-	971
Public Investment Corporation	522 664	339 282	(3 622)	180 838	50 887	129 951
Rand Water	7 954 209	6 929 141	(12 521)	1 012 547	-	1 012 547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

2013 - continued

Government Business Enterprise	Revenue	Expenses	Gains / (Losses)	Profit before tax	Income tax	Net profit for the year
	R'000	R'000	R'000	R'000	R'000	R'000
SA Express Airways (SoC) Ltd	2 414 002	2 476 231	52 344	(9 885)	-	(9 885)
Sasria Limited	1 590 783	1 253 806	164 207	482 432	124 807	357 625
SENTECH SOC Limited	926 868	915 692	-	11 176	58 819	(47 643)
South African Broadcasting Corporation SOC Ltd	6 836 295	6 590 231	(25 263)	220 800	(13 966)	234 766
South African Airways	27 109 664	28 378 114	96 427	(1 172 022)	(2 202)	(1 169 820)
South African Bureau of Standards	736 307	680 910	(685)	54 712	(133)	54 845
South African Forestry Company Limited	871 789	893 348	127 114	105 555	35 471	70 084
South African Post Office	6 108 893	6 654 463	103 149	(442 421)	(28 322)	(414 099)
State Diamond Trader	421 287	416 102	-	5 186	-	5 186
The South African Nuclear Energy Corporation SOC Limited	1 870 446	1 551 121	(20 665)	298 660	57 794	240 866
Trans-Caledon Tunnel Authority	4 872 143	5 569 908	15	(697 750)	-	(697 750)
Transnet	51 466 000	43 468 000	(415 000)	7 607 000	1 980 000	5 627 000
Umgeni Water	2 348 419	1 528 987	(73 794)	745 638	-	745 638
Total	**325 645 160**	**292 812 377**	**(6 232 242)**	**26 428 348**	**3 905 669**	**22 522 678**

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for the year ended 31 March 2013

2012

Government Business Enterprise	Revenue R'000	Expenses R'000	Gains / (Losses) R'000	Profit before tax R'000	Income tax R'000	Net profit for the year R'000
Air Traffic and Navigation Services	1 232 526	940 788	(230)	291 507	81 790	209 717
Airports Company of South Africa Ltd	5 921 976	5 382 804	(472 136)	118 070	(69 506)	187 576
Alexkor SOC Ltd	229 061	222 806	-	6 255	290	5 965
Amatola Water	422 525	459 755	44	(37 186)	-	(37 186)
Armaments Corporation of South Africa Limited	1 067 288	997 266	139	70 161	-	70 161
Bloem Water	335 919	278 929	905	57 895	-	57 895
Bothshelo Water	3 725	65 688	-	(61 963)	-	(61 963)
Broadband Infrastructure Company (Pty) Ltd	447 440	542 662	-	(95 222)	-	(95 222)
CEF SOC Ltd	16 356 430	14 645 662	86 249	1 900 811	-	1 900 811
Council for Scientific and Industrial Research (CSIR)	1 921 479	1 854 391	(718)	65 584	-	65 584
Denel SOC Ltd	3 820 074	3 796 951	(7 785)	48 735	8 198	40 536
Development Bank of Southern Africa	4 235 751	3 388 532	(1 180 286)	(333 067)	-	(333 067)
Eskom Holdings SOC Limited	118 984 528	98 657 536	(1 964 137)	18 404 092	5 156 092	13 248 000
Export credit insurance corporate of South africa SOC Ltd	525 395	61 762	172 203	635 836	158 769	477 067
Industrial Development Corporation	10 892 000	8 572 000	878 000	3 196 000	2 424 000	772 000
Independent Development Trust	321 403	429 942	(214)	(108 752)	-	(108 752)
Land and Agricultural Development Bank of South Africa	1 700 044	1 449 923	(67 709)	182 412	21 057	161 355
Lepelle Northern Water	377 674	271 608	4 652	110 718	-	110 718
Magalies Water	232 517	192 649	-	39 868	-	39 868
Mhlathuze Water	348 512	283 661	(846)	64 005	-	64 005
Mintek	419 855	380 030	3 613	43 437	-	43 437
Ncera Farms Pty Ltd	6 392	6 392	-	-	-	-
Onderstepoort Biological Products	111 150	111 506	(2 578)	(2 934)	454	(3 388)
Overberg Water	22 649	18 765	9	3 893	-	3 893
Passenger Rail Agency of South Africa	9 921 251	8 545 733	627 054	2 002 572	-	2 002 572
Pella Water Board	14 514	13 758	-	756	-	756
Public Investment Corporation	443 165	311 001	(522)	134 502	40 285	94 217
Rand Water	6 852 860	6 140 243	(9 099)	703 518	(2 842)	706 360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

2012- continued

Government Business Enterprise	Revenue	Expenses	Gains / (Losses)	Profit before tax	Income tax	Net profit for the year
	R'000	R'000	R'000	R'000	R'000	R'000
SA Express Airways (SoC) Ltd	2 076 277	2 393 616	3 456	(313 883)	-	(313 883)
Sasria Limited	1 465 177	847 429	68 937	679 813	156 814	522 999
SENTECH SOC Limited	874 712	682 454	-	192 258	57 984	134 274
South African Broadcasting Corporation SOC Ltd	6 536 806	6 265 643	(2 894)	268 269	-	268 269
South African Airways	23 902 634	25 350 294	90 204	(1 357 457)	(514 437)	(843 019)
South African Bureau of Standards	786 013	581 639	-	204 374	(1 616)	205 990
South African Forestry Company Limited	889 864	850 445	154 704	194 123	(11 845)	205 968
South African Post Office	6 449 861	6 506 566	14 180	(42 524)	92 271	(134 796)
State Diamond Trader	441 050	424 884	-	16 167	3 252	12 914
The South African Nuclear Energy Corporation SOC Ltd	1 735 292	1 605 736	(1 616)	127 940	55 127	72 813
Trans-Caledon Tunnel Authority	4 677 923	5 081 295	-	(403 372)	-	(403 372)
Transnet	47 210 000	39 148 000	(548 000)	7 508 000	2 122 000	5 386 000
Umgeni Water	1 998 122	1 212 854	(145 474)	639 793	-	639 793
Total	**286 211 837**	**248 973 602**	**(2 299 897)**	**35 155 004**	**9 778 137**	**25 376 866**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

48.1 INVESTMENTS IN ASSOCIATES

The entities have significant influence in variuos entities.

The following table illustrates summarised financial information of the entities investment.

Share of the associate's statement of financial position:

	2013 R'000	2012 R'000	2011 R'000
Current Assets	308 273	238 680	128 578
Non current assets	96 001	79 267	89 455
Current liabilities	(38 786)	(37 470)	(24 094)
Non current liabilities	(38 406)	(17 349)	(20 072)
Equity	**327 082**	**263 129**	**173 867**
Share of the associate's revenue and profit:			
Revenue	34 746	11 343	7 843
Cost of sales	(450)	(1 078)	-
Administrative expenses	(35 898)	(12 855)	(10 861)
Finance cost	(149)	-	-
Profit before tax	-	859	1 397
Loss for the year form continuing operations	**(1 750)**	**(1 731)**	**(1 621)**

49. CONTRACTED SERVICES

Consultants on various projects for technical services, mainly SKA	136 564	161 276
Agency fees	1 070 400	978 313
Research	30 454	30 831
	1 237 419	**1 170 420**

50. GRANTS AND SUBSIDIES PAID

Total grants and subsidies paid	9 988 820	7 939 270
	9 988 820	**7 939 270**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

51. TAXATION

Income tax		
South African normal taxation	110 140	135 818
- Current Year	97 132	135 818
- Prior Year	13 008	-
Deferred taxation (see note 62)	(500 658)	(228 405)
- Current Year	(500 264)	(254 748)
- Prior Year	-	-
- Release of deferred taxation	(394)	26 343
Total income tax	(390 518)	(92 587)

51.1 INCOME TAX RECONCILIATION

Current Income Tax:		
Current income tax charge	96 627	136 847
Adjustments in respect of current income tax of previous year	13 008	-
Deferred Tax:		
Relating to origination and reversal of temporary differences	(500 153)	(229 434)
Income tax expense reported in the income statement	(390 518)	(92 587)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Deferred tax related to items charged or credited directly to equity during the year:		
A reconciliation between tax expense and the product of accounting profit multiped by tax rate for the years ended 31 March 2013 and 2012 is as follows:		
Accounting profit before tax from continuing operations	(1 412 985)	(323 239)
Accounting profit before income tax	(1 382 977)	(328 804)
Income tax at a rate of 28%	(381 258)	(86 009)
Adjustments in respect to current income tax of previous years	12 969	-
Utilisation of previously unrecognised tax losses	(1 401)	-
Non-deductible expenses for tax purposes	(25 952)	(9 848)
Impairment of Goodwill	222	222
Change in contingent consideration on acquisition of "ASSOCIATE"	-	628
Other non-deductible expenses	4 282	3 386
Income tax expense reported in the consolidated income statement	6 718	-

52. CASH FLOWS FROM OPERATING ACTIVITIES

	2012/13 R'000	2011/12 R'000
Surplus/(deficit) for the year from:	38 904 032	(26 148 098)
Continuing operations	912 963	(2 180 525)
Adjustment for:		
Depreciation	12 447 066	13 420 760
Amortisation	262 729	230 238
Increase in provision for post-retirement benefit obligation	(2 313 703)	2 742 434
Movement in provisions	9 441 053	21 162 928
Security of supply of petroleum levy	45 003	(18 044)
Unrealised foreign exchange losses	7 022	505
Discount on bonds amortised	(879)	1 494
Interest received held-to-maturity	(147 647)	(168 377)
Net foreign exchange losses on translation	-	2
Release of firm commitments	(332)	59
(Gain) / loss on sale of assets	378 497	(51 423)
Fair value losses on financial instruments	1 418 137	1 301 833
Contribution to provisions - non-current	26 951	26 470
Contribution to provisions - current	(764 814)	975 853
Share of loss from associates and Joint Ventures	176	16 861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
Foreign exchange gains on operating activities	(2 047)	(516 208)
Finance Income	37 544	(150 464)
Fair value adjustments	(5 437 875)	(2 383 904)
Dividend Income	(485 044)	(363 841)
Impairment loss	2 483 959	351 604
Other non-cash item	(19 541 878)	17 012 226
Operating surplus before working capital changes:	**37 670 913**	**25 262 381**
Increase in inventories	(2 892 628)	(3 104 930)
(Increase)/decrease in trade and other receivables	(10 066 721)	5 976 698
Decrease in VAT receivable	391 160	780 463
Increase/(decrease) in conditional grants and receipts	99 038	(59 903)
(Decrease)/increase in trade and other payables	(1 810 866)	6 819 487
Increase/(decrease) in consumer deposits	4 076 752	(7 477 747)
Increase/(decrease) in VAT payable	130 957	(181 680)
Movements in payments made and received in advance	(495 472)	(158 124)
(Decrease)/increase in deferred income	(230 596)	588 721
Other working capital movements	890 729	5 146 634
Net cash flows from operating activities	**27 763 265**	**33 592 001**

53. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	51 347 838	49 504 855
Bank overdrafts	(1 402 584)	(1 255 355)
Net cash and cash equivalents (net of bank overdrafts)	**49 945 255**	**48 249 500**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

54. RESTATEMENT OF PRIOR PERIOD FIGURES

The following adjustments were made to amounts previously reported in the annual financial statements of the Group entities arising from the implementation of new accounting framework and changes to existing policies:

Financial statement line items affected:

(Increase)/decrease in net assets	(380 882)	1 601 136

55.1 CHANGE IN ESTIMATE

During the year the following changes were made to the estimations employed in the accouting for transactions, assets, liabilities, events and circumstances:

	Value derived using the original estimate	Value derived using amended estimate	R-value impact of change in estimate
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	3 128 614	3 056 200	11 750 181
Buildings	1 566	1 131	5 068 922
Infrastructure assets	48	72	(7 765)
Community assets	-	-	6 497 916
Machinery	374	517	(83)
Office equipment	2 180	2 235	179 079
Furniture	1 632 236	1 943 001	(388 888)
Vehicles	37	81	(37 037)
Computer equipment	2 672	3 069	37 849
Computer software	477	370	16 068
Other intangible asset	721 372	143 106	576 727
Biological asset at cost	147 543	189 481	(40 745)
Investment property at cost	620 110	773 139	(151 862)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

55.2 CHANGE IN ACCOUNTING POLICY

During the year National Treasury changed its accounting policy with regards to the treatment of Government Business Entreprises (GBEs) in the consolidated financial statements. The change in treatment came about after assessment of the principles in GRAP 6 (Consolidated and Separate Financial Statements) which requires an entity to have control over the financial and operating policies of another entity if it wishes to consolidate that entity. However, National Treasury does not have control over the financial and operating policies of the GBEs but has the ability to significantly influence those policies through legislation and practice notes. Accordingly, National Treasury rather has significant influence over the GBEs in accordance with GRAP 7 (Investments in Associates). Therefore, National Treasury has changed its accounting policy from fully consolidating GBEs to equity accounting those GBEs in accordance with GRAP 7 as it provides more reliable and relevent information. This change in accounting policy has not been done in accordance with any transitional provisions.

	2012/13 R'000	2011/12 R'000
Statement of Financial Position:		
Reserves	25 555 695	710 367
Investments in associates	431 967 365	408 737 423
Statement of Financial Performance:		
Share of surplus of associate	17 043 585	25 318 069

56. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

56.1 FRUITLESS AND WASTEFUL EXPENDITURE

	2012/13 R'000	2011/12 R'000
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	339 946	664 371
Fruitless and wasteful expenditure current year	3 774 797	999 958
Condoned or written off by Council	25 841	65 142
To be recovered – contingent asset	546 777	2 541
Fruitless and wasteful expenditure awaiting condonement	4 687 361	1 732 012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

56.2 IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure		
Opening balance	292 854 802	215 806 329
Irregular expenditure current year	54 216 239	112 914 443
Condoned or written off by Council	(5 317 618)	(36 034 382)
Transfer to receivables for recovery – not condoned	(558 031)	250 770
Irregular expenditure awaiting condonement	341 195 392	292 937 160

57 CAPITAL COMMITMENTS

57.1 COMMITMENTS IN RESPECT OF CAPITAL EXPENDITURE

- Approved and contracted for	**130 827 484**	**242 400 199**
Infrastructure	1 385 765	3 464 510
Community	3 893 379	3 647 673
Heritage	10 272	3 505
Other	125 538 068	235 284 511
- Approved but not yet contracted for	**46 862 579**	**29 693 594**
Infrastructure	557 274	752 223
Community	2 145 756	3 133 820
Heritage	515	489
Other	44 159 034	25 807 062
Total	177 690 063	272 093 793
This expenditure will be financed from:		
- External Loans	10 000	19 000
- Government Grants	1 544 940	934 103
- Own resources	43 133 014	25 721 142
	44 687 954	26 674 245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

57.2 OPERATING LEASES

At the reporting date the following are outstanding commitments under operating leases which fall due as follows:

Operating lease arrangements

Lessee

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2012/13 R'000	2011/12 R'000
Up to 1 year	73 795 114	65 813 201
1 to 5 years	108 003 210	94 379 668
More than 5 years	1 999 679	2 999 784
	183 798 003	**163 192 653**

Operating Leases consists of the following:

Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2012/13 R'000	2011/12 R'000
Up to 1 year	8 431 151	15 070 835
1 to 5 years	100 551	194 423
More than 5 years	1 369 449	782 935
	9 901 151	**16 048 193**

Operating Leases consists of the following:

Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2012/13 R'000	2011/12 R'000
Up to 1 year	14 437	18 504
1 to 5 years	9 175	18 777
More than 5 years	30 645 005	30 645 267
	30 668 617	**30 682 548**

Operating Leases consists of the following:

Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	3 097 636	3 322 467
1 to 5 years	5 521 714	7 151 370
More than 5 years	1 617 764	2 687 590
	10 237 114	**13 161 427**
Lessor		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	1 670 579	1 938 516
1 to 5 years	12 499 768	19 622 711
More than 5 years	1 280 845	2 048 510
	15 451 192	**23 609 737**

58. CONTINGENT ASSETS

58.1 CLAIM FOR DAMAGES — 200 325 995 | 98 482 176

NEHAWU members referred the unfair labour practice dispute against the Medical Research Council (MRC) to the Commission for Conciliation Mediation and Arbitration (CCMA) concerning the payment of bonuses in 2011. The CCMA found in favour of NEHAWU and awarded an additional amount to the claimants the total cost of which amounts to R9 060 000 for 2011/12 and R8 930 000 for 2012/13. After taking Counsel's opinion the MRC Board has brought an application to the Labour Court to have the CCMA award reviewed.

58.2 PERFORMANCE BONUS DISPUTE – LEGAL FEES — 192 725 | 185 484

Several senior officials are disputing the assessment process regarding the payment of performance bonuses. Provision has been made for the payment of the bonuses as assessed by the entity. The claim is being considered by the labour court after the CCMA ruled in favour of the Council.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

59. RELATED PARTIES

Related party balances		
Departments	2 990 948	39 790 759
Entities	7 202 505	16 736 431
Related party transactions		
Departments	4 850 677	482 011 281
Entities	35 819 140	(2 764 640)
Directors and key management	11 798	10 686

60. EVENTS AFTER THE REPORTING DATE

60.1 ITAC

Litigation was instituted against ITAC in May 2013 and was finalised in June 2013 and the Judgement was in ITAC's favour and the estimated Financial effect is R800 000.

60.2 CEF

A decision to cease activities has been taken. CEF will procure the outstanding Greenstream shares for a nominal €1 and will then Determine how to manage the entity in the future. The liquidation basis has been adopted in preparing the annual financial Statements. The directors have reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The non-viability of the company is supported by the annual financial statements. A decision to cease activities has been taken.

60.3 NATIONAL TREASURY

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

61. RISK MANAGEMENT

Risks associated with the financial instruments of the public entities included in this consolidation are managed on an individual entity level in line with the requirements of the PFMA. In this note we describe the general high-level practices employed by entities in managing the risks that they are exposed to as a result of their financial instrument holdings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

61.1 MAXIMUM CREDIT RISK EXPOSURE

The public entities included in this consolidation are exposed to credit risk mainly as a result of holding cash equivalents, long term receivables, finance lease receivables and trade receivables. To manage the credit risk that the entities are exposed as a result of holding these classes of financial assets the following steps are generally taken. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

A. CASH AND CASH EQUIVALENTS

Public entities bank with major banks with high credit standing. Furthermore, the cash holdings with banks are spread amongst a variety of banks to reduce the concentration of their credit risk exposure. The minimum counterparty credit rating for placing deposits and investing in government bonds is 'A' by Standard & Poor's or its Moody's or Fitch's rating equivalents, while the minimum rating for investments in corporate bonds is 'AA-'. The rating of certain investment securities were below 'A' at year-end due to downgrading of instruments or institutions by the rating agencies and due to the tightening of investment guidelines by the Bank, which resulted in passive breaches on some of the financial assets in the Bank's portfolios."

B. TRADE RECEIVABLES

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the individual boards of directors of each of the public entities. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate."

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

C. FINANCE LEASE RECEIVABLES

The exposure to credit risk arising from finance lease receivables is limited by using the underlying assets of the finance leases as collateral. Also, finance lease receivables comprise a widespread customer base to reduce the concentration of credit risk exposure."

D. LONG TERM RECEIVABLES

Long term receivables consist exclusively of loans and advances made to the employees of participating public entities. Repayment of these recivables are ensured through properly authorised payroll decductions. Where an employee leaves the services of the public entity the remaining balance is deducted from the employee benefits payable to the employee in accordance with the loan agreements signed with the employees."

The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets at amortised cost:

	2012/13 R'000	2011/12 R'000
Cash and cash equivalents	1 688 225 771	1 412 884 544
Trade and other receivables from exchange transactions	2 161 830 371	1 919 699 612
Other current financial assets	916 001 148	876 940 935
Current Investments	2 128 589 244	2 058 632 301
Construction contracts and receivables	294 336 000	389 816 000
Non-current receivables from exchange transactions	370 280	674 494
Non-Current Investments	1 900 778 373	1 671 106 715
Other non-current financial assets	39 644 267	36 988 405

61.2 COLLATERAL HELD AND OTHER CREDIT ENHANCEMENTS

The credit risk exposure, as posed by the financial assets held at amortised cost detailed above, is further mitigated by the collateral held in relation to these instruments:

	2012/13 R'000	2011/12 R'000
Bank - collateral held	24 227 870	20 331 505

The counterparties are exposed to interest rate risk on the various securities pledged as collateral for the repurchase agreements. The Bank has the ability to sell or repledge these securities in the event of default.

Trade and other receivables	90 200	89 128

Land Bank bills have been pledged as collateral against the foreign loans. At the reporting date, none of the collateralised advances were past due or impaired. During the year under review, no defaults were experienced (2012: no defaults).

Other	217 407	152 569

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for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

61.3 LIQUIDITY RISK

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2013	Not later than one month	Later than one month and not later than three months
Gross finance lease obligations	192 512	1 124 197
Trade and other payables	1 173 777 367	488 961 340
Bank overdraft	11	-
Other	492 872 290	10 423 496

2013	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	2 990 156	5 828 306
Trade and other payables	981 926 598	342 420 186
Bank overdraft	72 010 294	93 382
Other	34 362 178	59 704 110

2012	Not later than one month	Later than one month and not later than three months
Gross finance lease obligations	100	282 902
Trade and other payables	155 692 255	141 094 039
Bank overdraft	17	-
Other	425 858 814	610 672

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for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
2012	**Later than three months and not later than one year**	**Later than one year and not later than five years**
Gross finance lease obligations	984 397	1 569 427
Trade and other payables	63 833 289	428 930
Bank overdraft	65 553 468	17 468
Other	16 088 446	60 490 486

61.4 COLLATERAL HELD AND OTHER CREDIT ENHANCEMENTS

The entity holds the following collateral and / or credit enhancements that aid in the mitigation of the liquidity risk it is exposed to:

	2012/13	2011/12
Pledged collateral	82 069	82 401

Land Bank bills have been pledged as collateral against the foreign loans. At the reporting date, none of the collateralised advances were past due or impaired. During the year under review, no defaults were experienced (2012: no defaults).

61.5 INTEREST RATE RISK

The public entities included in this consolidation are exposed to interest rate risk as a result of interest bearing bank accounts, investments and borrowings.

At year end, financial instruments exposed to interest rate risk were as follows:

- **Call deposits:** With the exception of South African Government bonds, the rand-denominated financial assets and liabilities of the Bank respectively earn and bear interest at rates linked to South African money-market rates. The level of these rates is closely linked to the Bank's repurchase (repo) rate, which is set by the Monetary Policy Committee (MPC). The repricing of these assets and liabilities, therefore, occurs at approximately the same time as changes to the repo rate are announced by the MPC.

- **Notice deposits :** The Bank is exposed to interest rate risk in respect of its foreign investments. The risk tolerance and return expectations in respect of these financial instruments are embodied in the strategic asset allocation approved by the Reserves Management Committee (Resmanco) and the risk budget approved by the GEC.

- **Finance lease obligations:** The majority of the finance leases entered into by the public entities are subject to variable interest rates linked to the prime rate of interest in South Africa.

- **Long term loans:** These loans are obtained from a variety of sources and consist of a mixture of variable interest rate loans and fixed rate loans. This mixture of fixed and variable rate loans are intended to offset the over all exposure to variability in interest rates on an entity-by-entity basis.

- **Bank overdraft:** These borrowings are obtained exclusively at variable interest rates from the major banks in South Africa.

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for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000

61.6 CREDIT QUALITY OF FINANCIAL ASSETS CARRIED AT AMORTISED COST

METHOD OF DETERMINING CREDIT QUALITY OF OTHER NON-CURRENT FINANCIAL ASSETS

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to credit ratings obtained, for the customers included in te balance, from external credit ratings agencies.

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to historical payment trends. Accordinly the credit quality of the customers included in the balance of trade and other receivables from exchange transactions is determined internally through application of the entity's own credit policy. Based on the evaluation of the historical payment trends, customers included in the balance are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payements, but seldomly default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

Other method - Privide a description of the other method applied to evaluate the credit quality

62. DEFERRED TAXATION

	2012/13 R'000	2011/12 R'000
Deferred taxation (liabilities)/assets	1 805 891	1 325 603
- Opening balance	1 305 627	1 070 855
- Recognised in taxation	500 264	254 748
Analysis of temporary differences		
Deferred taxation assets	2 093 463	1 489 726
- Employee benefit obligations	480 716	383 481
- Doubtful debts	-	7 272
- Other	1 612 747	1 098 613
Deferred taxation liabilities	(287 678)	(184 099)
Property, Plant and Equipment	(287 522)	(184 039)
Property, Plant and Equipment	(156)	(60)
Net deferred taxation asset	1 805 785	1 305 627

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for the year ended 31 March 2013

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national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA