

PROVINCIAL DEPARTMENTS



TABLE OF CONTENTS

Report of the Accounting Officer	4 - 9
Report of the Auditor-General	10 - 12
Consolidated Appropriation Statement.....	13 - 31
Consolidated Statement of Financial Performance	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes in Net Assets.....	34
Consolidated Cash Flow Statement	35
Accounting Policies	36 - 39
Notes to the Consolidated Financial Statements.....	40-63
Disclosure Notes to the Consolidated Financial Statements.....	64

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2019

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY

I hereby present the mandatory Consolidated Financial Statements (CFS) for Mpumalanga Provincial Government for the year ended 31 March 2019 as required by Section 19(1) (a) of the Public Finance Management Act (PFMA), (Act No. 1 of 1999) as amended. There are two sets of CFS being presented herewith, the CFS for the Provincial Departments including the Legislature and the Provincial Revenue Fund as well as the CFS for Public Entities.

The Provincial Treasury is still striving to improve public accountability. The CFS have been prepared annually to comply with the requirements of the PFMA. 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 cash basis of accounting, transactions and other events are recognized when cash is received or paid while disclosure notes, which are recognized on accrual basis, are provided in the Annual Financial Statements (AFS) such as contractual commitments, accruals, property plant and equipment, lease commitments, contingent liabilities etc. Under the accrual basis of accounting transactions and other events are recognized when incurred and not when cash is received or paid.

It is not presently possible to prepare a single consolidation for each economic entity. The Treasuries have agreed on the interim solution to split the economic entities into two parts – the consolidation of departments and the aggregation of the public entities. The two reports do not meet the definition of an economic entity and thus making it impossible to comply fully with the CFS requirements.

The entities within the CFS are usually under common control but have no controlling entity. These CFS are the aggregate of financial statements which does not meet the definition of an economic entity.

Currently, different government sectors apply different bases of accounting to prepare financial statements. Departments prepare financial statements on a modified cash basis of accounting, which consists of the cash basis of accounting, supplemented with additional disclosure items. Public entities prepare financial statements on the accrual basis. The two sets are prepared separately in view of different accounting basis used by these two groups of entities, and accordingly were prepared separately to ensure credible and meaningful presentation of financial statements.

Normally, consolidations are prepared for a group of entities under the control of a parent entity. Control is the power to

govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A parent entity is an enterprise that has one or more subsidiaries. Due to the matters set out above, entities are combined which do not necessarily obtain benefits from each other's activities. Furthermore, there is no parent with the power to govern the financial and operating policies of these entities or to obtain benefits from their activities. In the absence of control and inter-entity transactions, the CFS merely presents an aggregation of financial statements rather than a full consolidation.

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

- Presenting the combined monetary values of provincial government (assets, liabilities, revenue and expenditure);
- Improving the users' understanding of public sector financial management in order to enhance the achievements of the Government's social objectives and priorities; and
- Creating uniformity in the presentation and analysis of public sector financial statements.

Process

The implementation of the PFMA in 2000 resulted in improved reporting in provincial departments. Section 19 of the PFMA requires that the Provincial Treasury prepare and table Consolidated Annual Financial Statements for:

- (i) Provincial Departments in the Province;
- (ii) Public Entities under the control of the provincial executive of the Province;
- (iii) the Provincial Legislature and
- (iv) Provincial Revenue Fund.

The AFS of provincial departments are prepared using the modified cash basis of accounting whilst those of public entities are prepared using an accrual basis. Full compliance with Section 19 of the PFMA can only be achieved if a common basis of accounting is applied. Therefore it was decided that departments and public entities would be consolidated separately for the 2018/19 financial year.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2019

The decision was based on the approval by the Minister of Finance, who granted an exemption from the provision of the PFMA, section 19 (1) which requires Consolidated Financial Statements in respect of the institutions mentioned in that section.

The CFS has been prepared in accordance with the Generally Recognized Accounting Practices (GRAP) established by National Treasury overtime. The responsibility for the integrity and objectivity of the accompanying financial statements for the year ended 31 March 2019 and all statements contained in this report rests with the Branch: Financial Governance, a division led by the Provincial Accountant-General (PAG) within the Mpumalanga Provincial Treasury, which is responsible for the consolidations.

To improve the consolidation process, AFS templates are published much earlier for both departments and public entities. Departments were further introduced to quarterly reporting. 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 of Finance and on completion of the AFS template. Where required the PAG provided additional assistance to provincial departments and public entities.

In the process of improving the reporting template, the prior year figures could be affected, whereby the items have been consolidated, expanded or there were changes in accounting policies, estimates and errors.

Provincial Legislature's assets are included in the consolidated financial statement at book value (accrual basis) while all other departments assets are consolidated at cost (modified cash standards).

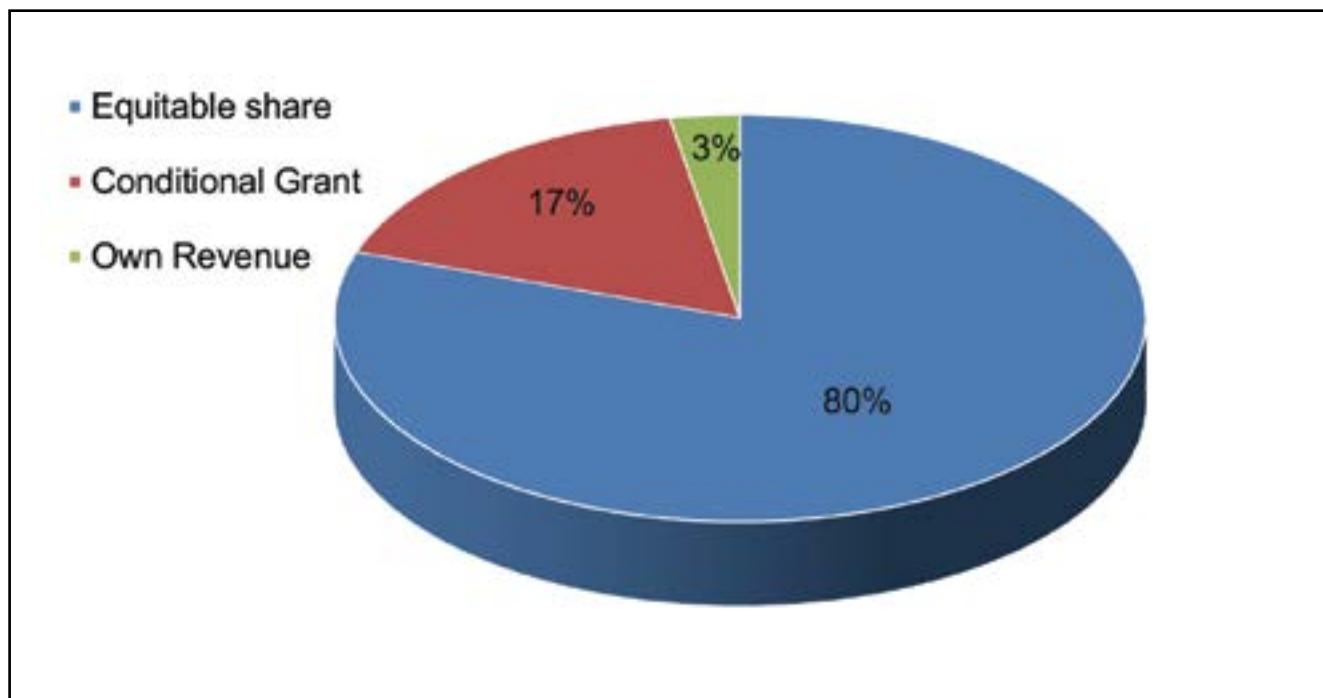
REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2019

PROVINCIAL PERFORMANCE

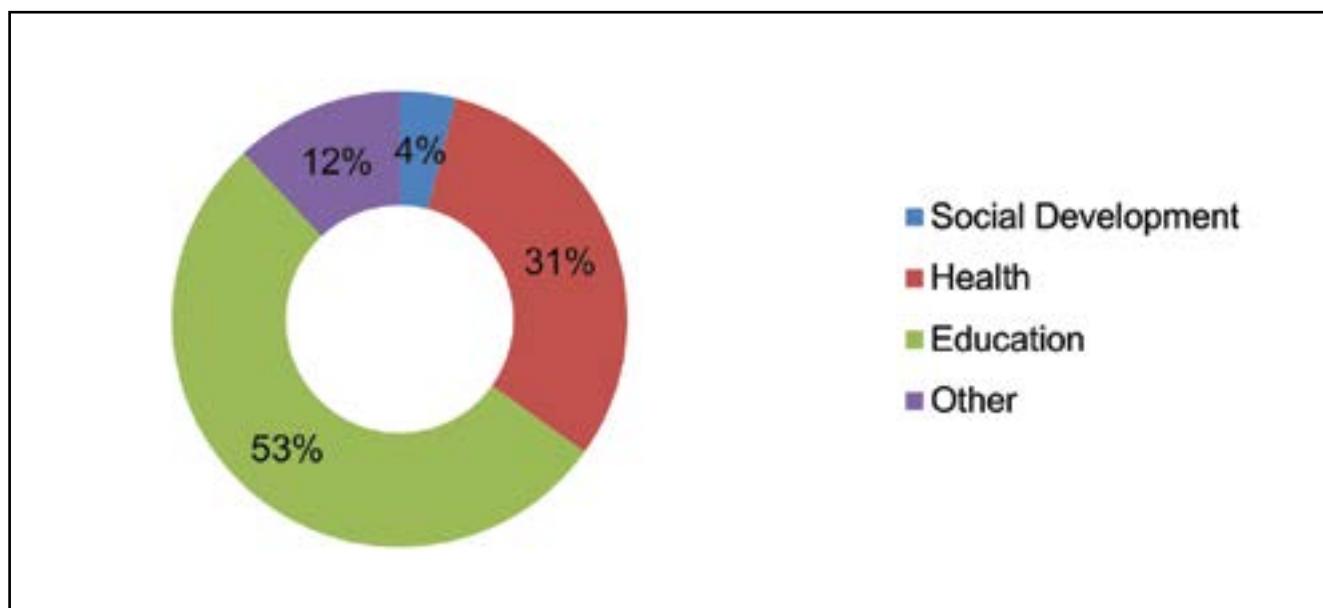
Appropriated budget

The total Provincial allocation for the financial year 2018/19 was R48 524 billion; which consists of R38 456 billion of equitable share, R8 128 billion of conditional grants, R1 334 billion of own revenue and R605 million for other.



Provincial equitable share distribution

The Provincial equitable share was divided between the SHE (Social Development, Health and Education) departments; which were allocated R35 579 billion of the budget and the other departments were allocated R12 876 billion and the total amounting to R48 456 billion. The chart below indicates the percentage allocation.

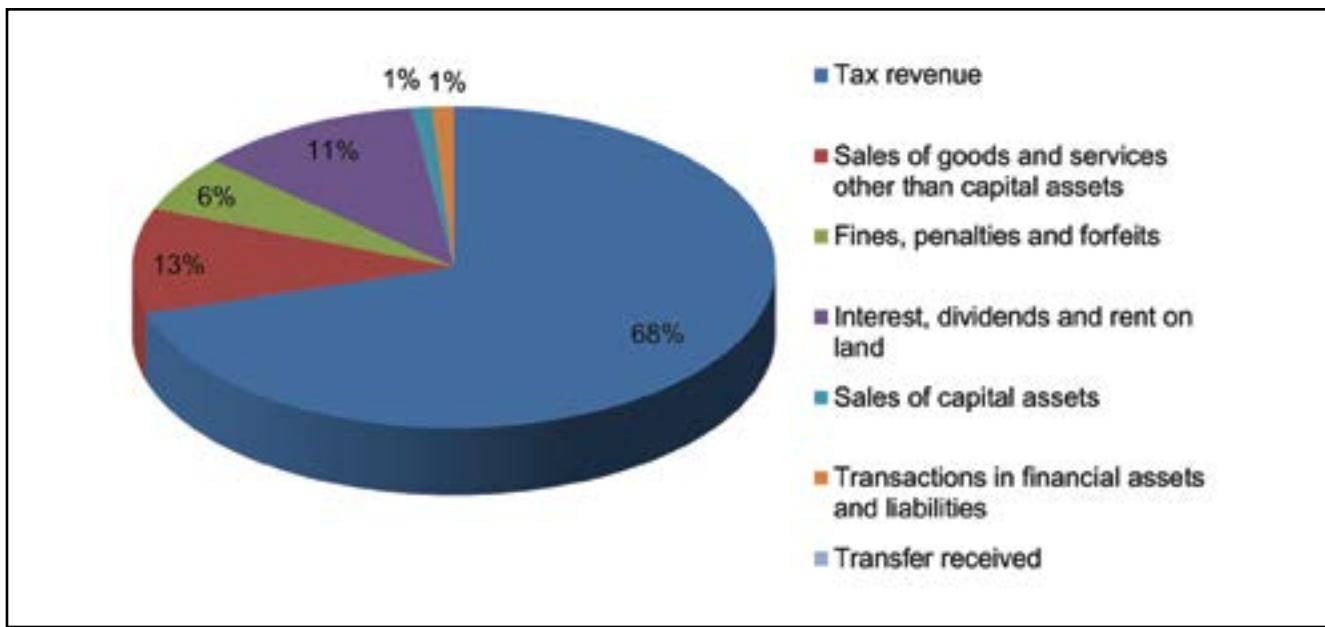


REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2019

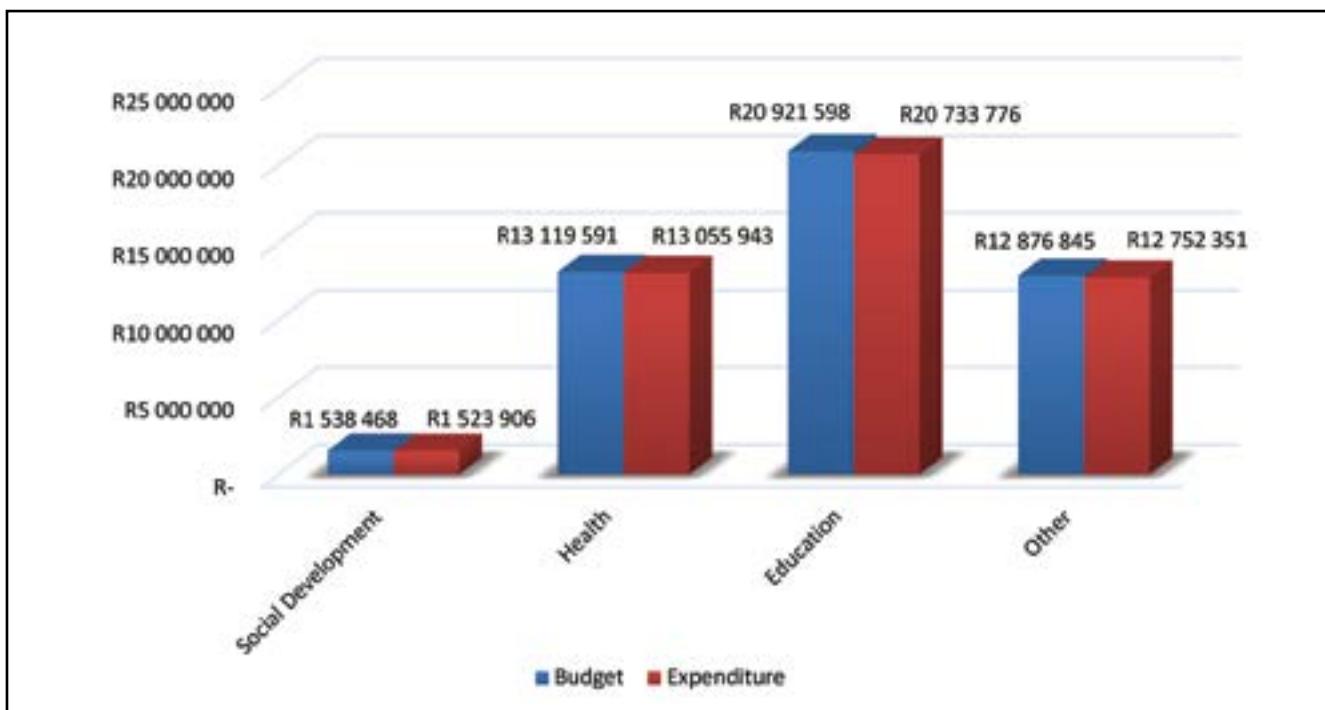
Revenue collected

The provincial departments collected R1 178 billion of revenue during the reporting period as compared to the R1 065 billion in 2017/18. There was 10,8 % under collection realized, which is R142 million against the revenue target of R1 320 billion.



Expenditure vs. Budget

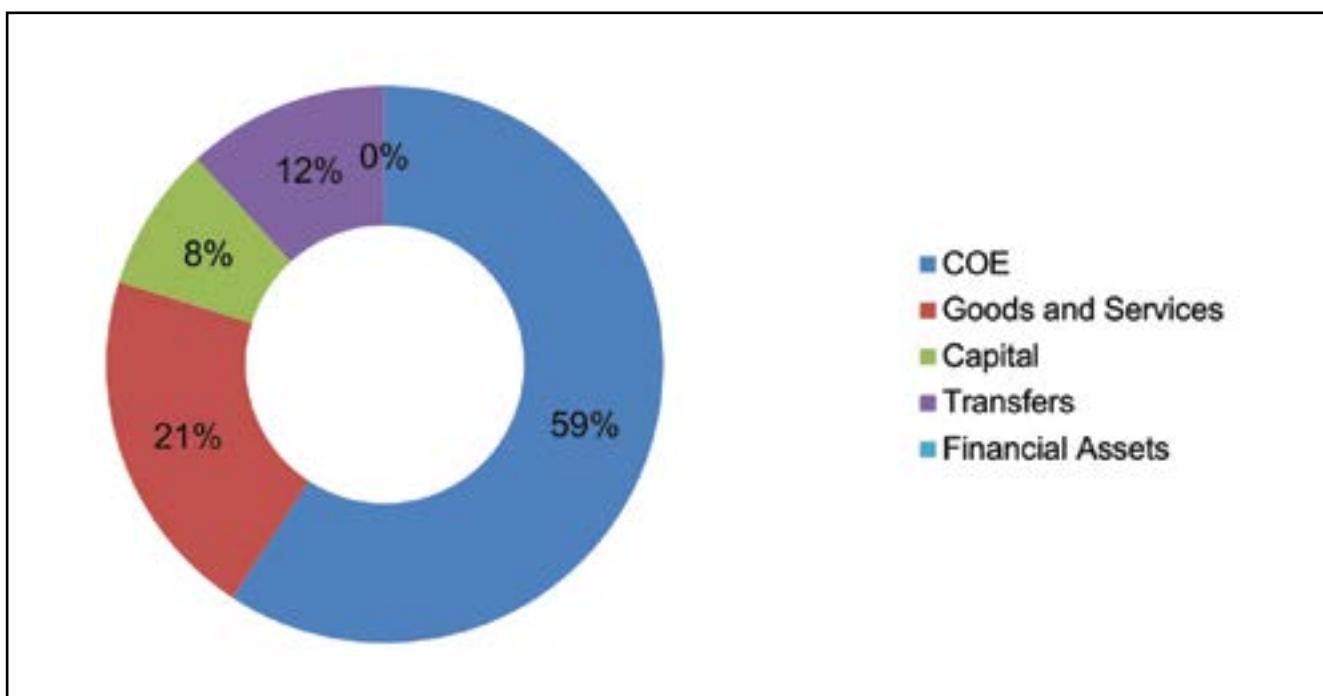
The provincial departments have spent on aggregate 99.0% of the R48 524 billion allocated budget. Department of Social Development has spent 99.1% of the R1 538 billion budget allocated. The Department of Health has spent 99.5% of the R13 119 billion budget allocated while the Department of Education spent 99.1% of the R20 921 billion and the other Departments spent 99.1% of the R12 876 billion total budget allocated.



REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2019

Spending per economic classification



The Provincial Government spent R48 006 billion for the financial year 2018/19. Compensation of employees (COE) amounted to R28 422 billion, which is 59% of the total expenditure of the Province. Departments of Education and Health are the biggest contributors to the COE costs. The expenditure on goods and services amounts to R9 880 billion, which is 21% of the total budget spent. Capital expenditure amounted to R4 047 billion while the transfers spending amounted to R5 642 billion and R14 million was spent on financial assets.

Public/Trading Entities

The public entity list per schedule 3 of the PFMA was used as a basis for public entities that were combined.

The Provincial Treasury, in fulfilling its oversight role, has put in place the following strategies as interventions to assist departments and entities in improving financial management and consequently audit outcomes. These strategies inter alia include the following:

- Engagements with departments and entities in various forums in order to address pressing issues.
- Continuous training on Annual financial statements and involvement of internal auditors in reviewing the financial statements before they are submitted to the Auditor-General.
- Monitors turnaround strategies of departments and public entities to improve audit outcomes.

Public Entities as listed in schedule 3 of the PFMA

The Province had the following Public Entities for the period ended 2018/19:

- Mpumalanga Economic Growth Agency (MEGA)
- Mpumalanga Tourism and Parks Agency (MTPA)

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2019

- Mpumalanga Economic Regulator (MER)
- Mpumalanga Regional Training Trust (MRTT)

The budgets for the public entities are included in their respective parent departments that own them. The entities report on performance and progress to their respective departments in terms of Section 32(2) of the PFMA.

Corporate Governance

The Provincial Treasury is responsible for the appointment of Audit Committees for the shared service departments and has monitoring responsibility even to the non-shared service departments. This is done in terms of Section 77 of the PFMA. All departments' audit functions reported to an Audit Committee for the year under review. The effective functioning of the Audit Committees is reported in the respective annual reports of the departments.

The Provincial Treasury provides to National Treasury and the public where necessary, monthly, quarterly and annual reports for the purpose of accountability, compliance and transparency.

SCOPA Resolutions

The Consolidated financial statement of the Province is the reflection of the departments and public entities' spending patterns. The resolutions by the Select Committee on Public Accounts (SCOPA) are addressed in the respective annual reports of the departments and public entities.

Approval

The Consolidated Financial Statements for the Departments and the Public Entities have been approved by the Accounting Officer.



MS GUGU MASHITENG

ACTING HEAD: PROVINCIAL TREASURY

DATE: 31/08/2019

REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2019

***REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON VOTE NO. 3:
PROVINCIAL TREASURY – CONSOLIDATED FINANCIAL STATEMENTS FOR PROVINCIAL DEPARTMENTS***

Report on the audit of the consolidated financial statements

Qualified opinion

1. I have audited the consolidated financial statements of the Mpumalanga provincial departments set out on pages 13 to 64, which comprise the consolidated appropriation statement, the consolidated statement of financial position as at 31 March 2019, the consolidated statement of financial performance, the consolidated statement of changes in net assets and the consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mpumalanga provincial departments as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as 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 the Division of Revenue Act of South Africa, 2018 (Act no. 1 of 2018) (Dora).

Basis for qualified opinion

Contingent liabilities

3. The financial statements of the Mpumalanga Department of Health included material misstatements. The department did not recognise claims against the state in accordance with MCS chapter 14, Provisions and contingent liabilities, as some claims were recorded at the incorrect amounts, resulting in contingent liabilities being overstated by R759,8 million as disclosed in note 23.1 to the financial statements.

Context for the opinion

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

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material underspending of the votes

8. As disclosed in the appropriation statement, the provincial government has materially underspent the budget by R475,7 million.

Unauthorised expenditure

9. As disclosed in note 11.1 to the consolidated financial statements, unauthorised expenditure of R910,2 million, incurred over the years, was still awaiting authorisation.

Irregular expenditure

10. As disclosed in note 29 to the consolidated financial statements, irregular expenditure of R9,4 billion, incurred over the years, was still awaiting condonation.

Fruitless and wasteful expenditure

11. As disclosed in note 30 to the consolidated financial statements, fruitless and wasteful expenditure of R36,6 million, incurred over the years, was still awaiting condonation.

REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2019

Restatement of corresponding figures

12. As disclosed in note 43 to the consolidated financial statements, the corresponding figures for 31 March 2018 have been restated as a result of an error in the consolidated financial statements of the provincial departments at, and for the year ended, 31 March 2019.

Exemption

13. As disclosed in note 45 to the consolidated financial statements, the minister of Finance granted the provincial treasury an exemption from the provisions of section 19(1) of the PFMA, as it can only be achieved if a common basis of accounting is applied. The exemption allows provincial treasury to not prepare a single set of consolidated financial statements for departments and entities.

Responsibilities of the accounting officer for the consolidated financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the MCS and the requirements of the PFMA and 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.
15. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the departments' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the departments or to cease operations, or has no realistic alternative but to do so.

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

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

Internal control deficiencies

18. I considered internal control relevant to my audit of the consolidated financial statements; however, my objective was not to express any form of assurance on it. The matter reported below is limited to the significant internal control deficiency that resulted in the basis for the qualified opinion.
19. Management did not prepare regular, accurate and complete financial reports that were supported and evidenced the reliable information.

Auditor-General

Mbombela

7 October 2019



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2019

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the departments' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

- conclude on the appropriateness of the accounting officers use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on these departments' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause departments to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

CONSOLIDATED APPROPRIATION PER VOTE									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
OFFICE OF THE PREMIER	318,792	-	-	318,792	302,587	16,205	94.9%	311,235	310,711
Current payment	308,031	(3,309)	-	304,722	288,858	15,864	94.8%	276,693	231,717
Transfers and subsidies	4,225	3,309	-	7,534	7,533	1	100%	4,696	4,381
Payment for capital assets	6,536	-	-	6,536	6,196	340	94.8%	29,776	29,771
Payment for Financial assets	-	-	-	-	-	-	0.0%	70	70
PROVINCIAL LEGISLATURE	346,146	-	-	346,146	332,569	13,577	96.1%	310,123	290,345
Current payment	284,122	-	-	284,122	271,141	12,981	95.4%	258,230	241,024
Transfers and subsidies	60,496	-	-	60,496	60,496	-	100.0%	42,948	42,948
Payment for capital assets	1,528	-	-	1,528	932	596	61.0%	8,945	6,373
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
PROVINCIAL TREASURY	331,670	-	-	331,670	331,518	152	100%	289,945	287,542
Current payment	317,425	-	87	317,512	317,385	127	100%	281,686	279,972
Transfers and subsidies	1,664	-	-	1,664	1,661	3	99.8%	968	981
Payment for capital assets	12,581	-	(87)	12,494	12,472	22	99.8%	7,291	6,589
Payment for Financial assets	-	-	-	-	-	-	0.0%	-	-
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	524,163	-	-	524,163	524,110	53	100.0%	515,044	514,865
Current payment	483,585	275	(120)	483,740	484,092	(352)	100.1%	440,210	440,163
Transfers and subsidies	32,825	666	120	33,611	33,607	4	100.0%	22,310	22,309
Payment for capital assets	7,753	(1,000)	-	6,753	6,353	400	94.1%	52,444	52,313
Payment for financial assets	-	59	-	59	58	1	98.3%	80	80

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

CONSOLIDATED APPROPRIATION PER VOTE									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS	1,209,254	-	-	1,209,254	1,199,908	9,346	99.2%	1,143,801	1,141,223
Current payment	1,009,658	(6,256)	(5,802)	997,600	995,619	1,981	99.8%	1,011,710	1,009,235
Transfers and subsidies	6,836	358	2,037	9,231	9,230	1	100%	7,211	7,160
Payment for capital assets	192,760	5,513	3,765	202,038	194,675	7,363	96.4%	124,880	124,828
Payment for financial assets	-	385	-	385	384	1	99.7%	-	-
ECONOMIC DEVELOPMENT AND TOURISM	1,160,452	-	-	1,1605,452	1,158,888	1,564	99.9%	1,125,492	1,109,847
Current payment	216,088	-	(4)	216,084	215,277	807	99.6%	201,877	186,498
Transfers and Subsidies	669,028	-	-	669,028	668,684	344	99.9%	613,040	612,774
Payment for capital assets	275,336	-	-	275,336	274,923	413	99.9%	310,575	310,575
Payment for financial assets	-	-	4	4	4	-	100%	-	-
EDUCATION	20,921,598	-	(71,916)	20,921,598	20,733,776	187,822	99.1%	19,479,078	19,208,576
Current payment	18,507,786	(24,471)	(71,916)	18,411,399	18,268,979	142,420	99.2%	17,200,178	16,974,603
Transfers and subsidies	1,423,891	(8,769)	15,208	1,430,330	1,413,277	17,053	98.8%	1,428,162	1,416,391
Payment for capital assets	989,921	33,240	56,708	1,079,869	1,042,497	37,372	96.5%	868,738	807,721
Payment for financial assets	-	-	-	-	9,023	(9,023)	0.0%	-	9,861
PUBLIC WORKS, ROADS AND TRANSPORT	5,303,752	215,472	(215,472)	5,303,752	5,204,769	98,984	98.1%	4,777,135	4,702,307
Current payment	3,307,159	-	(248,536)	3,058,623	3,051,868	6,755	99.8%	2,728,984	2,773,772
Transfers and subsidies	829,951	-	28,031	857,982	854,259	3,723	99.6%	812,000	811,908
Payment for capital assets	1,166,642	215,472	739	1,382,853	1,293,937	88,916	93.6	1,233,193	1,113,669
Payment for financial assets	-	-	4,294	4,294	4,704	(410)	109.5%	2,958	2,958

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

CONSOLIDATED APPROPRIATION PER VOTE									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
COMMUNITY SAFETY, SECURITY AND LIASON	1,254,293	-	-	1,254,293	1,244,382	9,911	99.2%	1,178,722	1,166,348
Current payment	1,231,557	-	(273)	1,231,284	1,228,202	3,082	99.7%	1,149,812	1,141,263
Transfers and subsidies	3,821	-	-	3,821	3,615	206	94.6%	1,361	1,328
Payment for capital assets	18,915	-	-	18,915	12,293	6,622	65.0%	27,549	23,757
Payment for financial assets	-	-	273	273	272	1	99.6%	-	-
HEALTH	13,119,591	-	-	13,119,591	13,055,943	63,648	99.5%	12,160,053	12,083,013
Current payment	11,576,519	-	(5,178)	11,571,341	11,577,331	(5,990)	100.1%	10,643,281	10,657,396
Transfers and subsidies	444,796	-	5,178	449,974	449,900	74	100%	349,614	368,261
Payment for capital assets	1,098,276	-	-	1,098,276	1,028,712	69,564	93.7%	1,167,158	1,057,356
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
CULTURE, SPORT AND RECREATION	478,738	-	-	478,738	475,580	3,158	99.3%	452,067	452,043
Current payment	373,958	-	1,600	375,558	380,931	(5,373)	101.4%	357,404	364,198
Transfers and subsidies	11,132	-	(1,600)	9,532	10,014	(482)	105.1%	10,131	10,088
Payment for capital assets	93,648	-	-	93,648	84,620	9,028	90.4%	84,532	77,755
Payment for financial assets	-	-	-	-	15	(15)	0%	-	2
SOCIAL DEVELOPMENT	1,538,468	-	-	1,538,468	1,523,906	14,562	99.1%	1,484,438	1,474,275
Current payment	915,106	-	(1,042)	914,064	911,344	2,720	99.7%	831,451	831,839
Transfers and subsidies	527,068	-	1,042	528,110	528,253	(143)	100.0%	517,536	508,557
Payment for capital assets	96,294	(17)	-	96,277	84,292	11,985	87.6%	135,451	133,879
Payment for financial assets	-	17	-	17	17	-	100.0%	-	-

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

CONSOLIDATED APPROPRIATION PER VOTE									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
HUMAN SETTLEMENTS	1,949,585	-	-	1,949,585	1,894,36	55,225	97.2%	1,839,988	1,839,96
Current payment	288,228	(242)	(721)	287,265	287,264	1	100.0%	246,106	246,106
Transfers and subsidies	1,658,857	299	(1,856)	1,657,300	1,601,963	55,337	96.7%	1,590,691	1,590,664
Payment for capital assets	2,500	(57)	2,577	5,020	5,133	(113)	102.3%	3,144	3,144
Payment for financial assets	-	-	-	-	-	-	0.0%	47	47
Subtotal	48,456,502	215,472	(215,472)	48,456,502	47,982,295	474,207	99.0%	45,085,121	44,581,056
Statutory Appropriation	26,678	-	-	26,678	25,210	1,468	94.5	24,970	24,970
Current payments	26,678	-	-	26,678	25,210	1,468	94.5%	24,970	24,970
Transfers and subsidies				-		-	0.0%		
Payment for capital assets				-		-	0.0%		
Total	48,483,180	215,472	(215,472)	48,483,180	48,007,505	475,675	99.0%	45,110,091	44,606,026
Reconciliation with Statement of Financial Performance									
Prior year unauthorised expenditure approved with funding				-			-		
Departmental receipts				1,178,758				1,091,967	
Local and foreign aid assistance				-			-		
Actual amounts per Statement of Financial Performance (Total Revenue)				49,661,938				46,207,695	
Actual amounts per Statement of Financial Performance Expenditure					48,007,505				44,606,026

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

CONSOLIDATED APPROPRIATED PER ECONOMIC CLASSIFICATION									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	38,845,900	(34,003)	(331,905)	38,479,992	38,303,501	176,491	99.5%	35,652,592	35,447,528
Compensation of employees	28,652,081	(15,331)	(115,647)	28,521,103	28,422,490	98,613	99.7%	26,729,224	26,583,937
Goods and services	10,193,819	(18,672)	(216,258)	9,958,889	9,880,491	78,398	99.2%	8,923,348	8,863,173
Interest on land	-	-	-	-	520	(520)	0.0%	20	418
Transfers & subsidies	5,674,590	(4,137)	48,160	5,718,613	5,642,492	76,121	98.7%	5,400,668	5,379,750
Provinces & municipalities	185,486	59	27,918	213,463	214,515	(1,052)	100.5%	188,323	188,245
Departmental agencies & accounts	542,503	(863)	(8)	541,632	541,442	190	100%	496,603	494,488
Higher education institutions	-	-	-	-	2	(2)	0.0%	-	-
Public corporations & private enterprises	835,809	-	(1,844)	833,965	830,525	3,440	99.6%	782,328	782,236
Non-profit institutions	2,018,762	(7,581)	(2,078)	2,009,103	1,979,646	29,457	98.5%	1,792,713	1,776,001
Households	2,092,030	4,248	24,172	2,120,450	2,076,362	44,088	97.9%	2,140,701	2,156,780
Payment for capital assets	3,962,690	253,151	63,702	4,279,543	4,047,035	232,508	94.6%	4,053,676	3,747,730
Buildings & other fixed structures	3,638,224	256,220	62,302	3,956,746	3,725,777	230,969	94.2%	3,548,950	3,327,469
Machinery & equipment	312,762	(3,069)	(1,177)	308,516	307,431	1,085	99.6%	460,900	376,746
Heritage assets	9,500	-	-	9,500	9,151	349	96.3%	-	-
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	2,204	2,577	4,781	4,676	105	97.6	43,876	43,515	
Payment for financial assets	-	461	4,571	5,032	14,477	(9,445)	287.7%	3,155	13,018
Payment for financial assets	-	461	4,571	5,032	14,477	(9,445)	287.7%	3,155	13,018
Total	48,483,180	215,472	(215,472)	48,483,180	48,007,505	475,675	99.0%	45,110,091	44,606,026

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

OFFICE OF THE PREMIER									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	308,031	(3,309)	-	304,722	288,858	15,864	94.8%	276,693	276,489
Compensation of employees	157,268	(4,258)	-	153,010	151,157	1,853	98.8%	143,578	143,507
Goods and services	150,763	949	-	151,712	137,701	14,011	90.8%	133,115	132,982
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	4,225	3,309	-	7,534	7,533	1	100.0%	4,696	4,381
Provinces & municipalities	26	-	-	26	26	-	100.0%	19	18
Departmental agencies & accounts	-	-	-	-	-	-	0.0%	-	-
Higher education institution	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4,199	3,309	-	7,508	7,507	1	100.0%	4,677	4,363
Payment for capital assets	6,536	-	-	6,536	6,196	340	94.8%	29,776	29,771
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	6,536	-	-	6,536	6,196	340	94.8%	1,615	1,611
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	28,161	28,160
Payment of financial assets	-	-	-	-	-	-	0.0%	70	70
Payment of financial assets	-	-	-	-	-	-	0.0%	70	70
Total	318,792	-	-	318,792	302,587	16,205	94.9%	311,235	310,711

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

PROVINCIAL LEGISLATURE									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	310,800	-	-	310,800	296,351	14,449	95.4%	283,200	265,994
Compensation of employees	192,854	-	-	192,854	189,840	3,014	98.4%	165,447	159,641
Goods and services	117,946	-	-	117,946	106,511	11,435	90.3%	117,753	106,353
Interest on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	60,496	-	-	60,496	60,496	-	100.0%	42,948	42,948
Provinces & municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies & accounts	-	-	-	-	-	-	0.0%	-	-
Public corporations & Private enterprise	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	60,496	-	-	60,496	60,496	-	100.0%	42,948	42,948
Households	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	1,528	-	-	1,528	932	596	61.0%	8,945	6,373
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	1,434	-	-	1,434	932	502	65.0%	8,636	6,373
Software & other intangible assets	94	-	-	94	-	94	0.0%	309	-
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets	-	-	-	-	-	-	0.0%	-	-
Total	372,824	-	-	372,824	357,779	15,045	96.0%	335,093	315,315

CONSOLIDATED APPROPRIATION STATEMENT
for the year ended 31 March 2019

PROVINCIAL TREASURY									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	317,425	-	87	317,512	317,385	127	100.0%	281,686	279,972
Compensation of employees	193,594	-	171	193,765	193,703	62	100.0%	169,764	169,718
Goods and services	123,831	-	(84)	123,747	123,682	65	99.9%	111,922	110,254
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	1,664	-	-	1,664	1,661	3	99.8%	968	981
Provinces & municipalities	17	-	(1)	16	16	-	100.0%	213	208
Departmental agencies & accounts	581	-	1	582	583	(1)	100.2%	544	546
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	1,066	-	-	1,066	1,062	4	99.6%	211	227
Payment for capital assets	12,581	-	(87)	12,494	12,472	22	99.8%	7,291	6,589
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	12,581	-	(87)	12,494	12,472	22	99.8%	7,282	6,580
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	9	9
Payment of financial assets	-	-	-	-	-	-	0.0%	-	-
Payment of financial assets	-	-	-	-	-	-	0.0%	-	-
Total	331,670	-	-	331,670	331,518	152	100.0%	289,945	287,542

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF CO-OPORATIVE GOVERNANCE AND TRADITIONAL AFFAIRS									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	483,585	275	(120)	483,740	484,092	(352)	100.1%	440,210	440,163
Compensation of employees	399,846	(1,825)	(5,258)	392,763	392,763	-	100.0%	372,923	372,913
Goods and services	83,739	2,100	5,138	90,977	91,329	(352)	100.4%	67,287	67,250
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	32,825	666	120	33,611	33,607	4	100.0%	22,310	22,309
Provinces & municipalities	95	(60)	120	155	155	-	100.0%	36	35
Departmental agencies & accounts	9	(9)	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	21,000	1,188	-	22,188	22,188	-	100.0%	21,488	21,488
Households	1,190	(453)	-	737	732	5	99.3%	786	786
Public corporations & private enterprises	10,531	-	-	10,531	10,532	(1)	100.0%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	7,753	(1,000)	-	6,753	6,353	400	94.1%	52,444	52,313
Buildings & other fixed structures	6,007	(214)	(343)	5,450	5,396	54	99.0%	19,392	19,262
Machinery & equipment	1,746	(786)	343	1,303	957	346	73.4%	33,052	33,051
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for Financial assets	-	59	-	59	58	1	98.3%	80	80
Financial transactions in assets	-	59	-	59	58	1	98.3%	80	80
Total	524,163	-	-	524,163	524,110	53	100.0%	515,044	514,865

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1,009,658	(6,256)	(5,802)	997,600	995,619	1,981	99.8%	1,011,710	1,009,235
Compensation of employees	599,698	(1,556)	(6,302)	591,840	590,654	1,186	99.8%	569,760	569,264
Goods and services	409,960	(4,700)	500	405,760	404,965	795	99.8%	441,950	439,971
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	6,836	358	2,037	9,231	9,230	1	100.0%	7,211	7,160
Provinces & municipalities	169	159	687	1,015	1,015	-	100.0%	12	11
Departmental agencies & accounts	1,600	(254)	-	1,346	1,345	1	99.9%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	5,067	453	1,350	6,870	6,870	-	100.0%	7,199	7,149
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	192,760	5,513	3,765	202,038	194,675	7,363	96.4%	124,880	124,828
Buildings & other fixed structures	177,256	6,143	2,450	185,849	178,645	7,195	96.1%	117,727	118,223
Machinery & equipment	15,504	(630)	1,315	16,189	16,021	168	99.0%	7,153	6,605
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	385	-	385	384	1	99.7%	-	-
Payments for financial assets	-	385	-	385	384	1	99.7%	-	-
Total	1,209,254	-	-	1,209,254	1,199,908	9,346	99.2%	1,143,801	1,141,223

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	216,088	-	(4)	216,084	215,277	807	99.6%	201,877	186,498
Compensation of employees	137,556	-	-	137,556	137,269	287	99.8%	129,412	128,335
Goods and services	78,532	-	(4)	78,528	78,008	520	99.3%	72,465	58,163
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	669,028	-	-	669,028	668,684	344	99.9%	613,040	612,774
Provinces & municipalities	-	-	7	7	7	-	100%	-	-
Departmental agencies & accounts	475,243	-	-	475,243	475,243	-	100%	440,331	440,331
Public corporations & private enterprises	193,309	-	-	193,309	193,232	77	100%	172,259	172,259
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	476	-	(7)	469	202	267	43%	450	184
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	275,336	-	-	275,336	274,923	413	99.9%	310,575	310,575
Buildings & other fixed structures	271,488	-	-	271,488	271,488	-	100.0%	307,000	307,000
Machinery & equipment	3,848	-	-	3,848	3,435	413	89%	3,575	3,575
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payments for financial assets	-	-	4	4	4	-	100%	-	-
Payments for financial assets	-	-	4	4	4	-	0.0%	-	-
Total	1,160,452	-	-	1,160,452	1,158,888	1,564	99.9%	1,125,492	1,109,847

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,307,159	(245,734)	(2,802)	3,058,623	3,051,868	6,755	99.8%	2,728,984	2,773,772
Compensation of employees	1,027,566	(24,949)	(575)	1,002,042	1,002,042	-	100.0%	992,706	992,316
Goods and services	2,279,593	(220,785)	(2,227)	2,056,581	2,049,826	6,755	99.7%	1,736,278	1,781,456
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	829,951	25,968	2,063	857,982	854,259	3,723	99.6%	812,000	811,908
Provinces and municipalities	183,030	27,035	-	210,065	210,064	1	100.0%	186,316	186,316
Departmental agencies & accounts	45	(9)	-	36	36	-	100.0%	43	43
Higher education institution	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	631,969	(1,241)	(603)	630,125	626,761	3,364	99.5%	610,063	609,971
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	14,907	183	2,666	17,756	17,398	358	98.0%	15,578	15,578
Payment for capital assets	1,166,642	215,472	739	1,382,853	1,293,937	88,916	93.6%	1,233,193	1,1113,999
Buildings & other fixed structures	1,083,625	217,051	8,062	1,308,738	1,222,212	86,526	93.4%	1,112,741	998,166
Machinery & equipment	83,017	(1579)	(7,323)	74,115	71,725	2,390	96.8%	120,452	115,503
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Software and other Intangible assets	-	-	-	-	-	-	0.0%	-	-
Payments for financial assets	-	4,294	-	4,294	4,704	(410)	109.5%	2,958	2,958
Payments for financial assets	-	4,294	-	4,294	4,704	(410)	109.5%	2,958	2,958
Total	5,303,752	-	-	5,303,752	5,204,768	98,983	98.1%	4,777,135	4,702,307

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF COMMUNITY SAFETY, SECURITY AND LIAISON									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1,231,557	-	(273)	1,231,284	1,228,202	3,082	99.7%	1,149,812	1,141,263
Compensation of employees	559,892	-	(9,035)	550,857	548,079	2,778	99.5%	505,182	505,060
Goods and services	671,665	-	8,762	680,427	680,123	304	100.0%	644,630	636,176
Interest and rent on land	-	-	-	-	-	-	0.0%	-	27
Transfers & subsidies	3,821	-	-	3,821	3,615	206	94.6%	1,361	1,328
Provinces & municipalities	212	-	70	282	278	4	98.6%	354	354
Departmental agencies & accounts	-	-	-	-	2	(2)	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	3,609	-	(70)	3,539	3,335	204	94.2%	1,007	974
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	18,915	-	-	18,915	12,293	6,622	65.0%	27,549	23,757
Buildings & other fixed structures	8,030	-	-	8,030	5,158	2,872	64.2%	16,452	14,185
Machinery & equipment	10,885	-	-	10,885	7,135	3,750	65.5%	11,097	9,572
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	273	273	272	1	99.6%	-	-
Payment for financial assets	-	-	273	273	272	1	99.6%	-	-
Total	1,254,293	-	-	1,254,293	1,244,382	9,911	99.2%	1,178,722	1,166,348

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF EDUCATION									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18,507,786	(24,471)	(71,916)	18,411,399	18,268,979	142,420	99.2%	17,200,178	16,974,603
Compensation of employees	16,565,306	(5,668)	(15,208)	16,544,430	16,457,703	86,727	99.5%	15,410,764	15,307,099
Goods and services	1,942,480	(18,803)	(56,708)	1,866,969	1,811,243	55,726	97%	1,789,414	1,667,449
Interest and rent on land	-	-	-	-	33	(33)	0.0%	-	55
Transfers & subsidies	1,423,891	(8,769)	15,208	1,430,300	1,413,277	17,053	98.8%	1,428,162	1,416,391
Provinces & municipalities	473	-	-	473	341	132	72.1%	448	437
Departmental agencies & accounts	50,049	-	-	50,049	50,049	-	100.0%	46,643	46,643
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	1,082,571	(8,769)	-	1,073,802	1,061,689	12,113	98.9%	1,027,297	1,018,098
Households	290,798	-	15,208	306,006	301,198	4,808	98.4%	353,774	315,213
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	989,921	33,240	56,708	1,079,869	1,042,497	37,372	96.5%	868,738	807,721
Buildings & other fixed structures	949,344	33,240	56,708	1,039,292	1,010,261	29,031	97.2%	821,447	757,075
Machinery & equipment	40,577	-	-	40,577	32,236	8,341	79.4%	47,291	50,646
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Software and other Intangible assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets	-	-	-	-	9,023	(9,023)	0.0%	-	9,861
Payment for financial assets	-	-	-	-	9,023	(9,023)	0.0%	-	9,861
Total	20,921,598	-	-	20,921,598	20,733,776	187,822	99.1%	19,497,078	19,208,576

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF HEALTH									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11,576,519	-	(5,178)	11,571,341	11,577,331	(5,990)	100.1%	10,643,281	10,657,396
Compensation of employees	7,708,843	-	(45,890)	7,662,953	7,662,953	-	100.0%	7,245,617	7,217,105
Goods and services	3,867,676	-	40,712	3,908,388	3,913,891	(5,503)	100.1%	3,397,664	3,439,974
Interest on land	-	-	-	-	487	(487)	0.0%	-	317
Transfers & subsidies	444,796	-	5,178	444,974	449,900	74	100%	349,614	368,261
Provinces & municipalities	1,083	-	-	1,083	2,326	(1,243)	214.8%	576	519
Departmental agencies & accounts	14,359	-	-	14,359	14,185	174	98.8%	7,031	6,925
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	326,364	-	-	326,364	308,946	17,418	94.7%	195,565	194,987
Households	102,990	-	5,178	108,168	124,443	(16,275)	115.0%	146,442	165,830
Payment for capital assets	1,098,276	-	-	1,098,276	1,028,712	69,564	93.7%	1,167,158	1,057,356
Buildings & other fixed structures	988,978	-	(4,034)	984,944	896,065	88,879	91.0%	969,695	936,812
Machinery & equipment	109,298	-	4,034	113,332	132,647	(19,315)	117.0%	197,463	120,544
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
Payment for financial assets assets	-	-	-	-	-	-	0.0%	-	-
Total	13,119,591	-	-	13,119,591	13,055,943	63,648	99.5%	12,160,053	12,083,013

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF CULTURE SPORT AND RECREATION									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	373,958	-	1,600	357,558	380,931	(5,373)	101.4%	357,404	364,198
Compensation of employees	184,261	-	(384)	183,877	182,954	923	99.5%	165,541	165,458
Goods and services	189,697	-	1,984	191,681	197,977	(6,296)	103.3%	191,843	198,721
Interest and rent on land	-	-	-	-	-	-	0.0%	20	19
Transfers & subsidies	11,132	-	(1,600)	9,532	10,014	(482)	105.1%	10,131	10,088
Provinces & municipalities	116	-	-	116	104	12	89.7%	75	73
Departmental agencies & accounts	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	10,431	-	(1,600)	8,831	8,981	(150)	101.7%	9,712	9,673
Households	585	-	-	585	929	(344)	158.8%	344	342
Payment for capital assets	93,648	-	-	93,648	84,620	9,028	90.4%	84,532	77,755
Buildings & other fixed structures	70,538	-	3,700	74,238	66,241	7,997	88.2%	56,806	50,497
Machinery & equipment	11,642	-	(3,700)	7,942	7,261	681	91.4%	12,397	11,930
Heritage assets	9,500	-	-	9,500	9,151	349	96.3%	-	-
Software and other Intangible assets	1,968	-	-	1,968	1,967	1	99.9%	15,329	15,328
Payments for financial assets	-	-	-	-	15	(15)	0.0%	-	2
Payments for financial assets	-	-	-	-	15	(15)	0.0%	-	2
Total	478,738	-	-	478,738	475,580	3,158	99.3%	452,067	452,043

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF SOCIAL DEVELOPMENT									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	915,106	-	(1,042)	914,064	911,344	2,720	99.7%	831,451	831,839
Compensation of employees	701,409	-	(6,458)	694,951	693,168	1,783	99.7%	666,881	661,872
Goods and services	213,697	-	5,416	219,113	218,176	973	99.6%	164,570	169,967
Financial transaction in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers & subsidies	527,068	-	1,042	528,110	528,253	(143)	100.0%	517,536	508,557
Provinces & municipalities	180	-	-	180	138	42	76.7%	187	187
Departmental agencies & accounts	617	(600)	-	17	1	16	5.9%	2,011	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	6	6
Non-profit institutions	517,900	-	(478)	517,422	517,346	76	100.0%	495,703	488,807
Households	8,371	600	1,520	10,491	10,768	(277)	102.6%	19,629	19,557
Payment for capital assets	96,294	(17)	-	96,277	84,292	11,985	87.6%	135,451	133,879
Buildings & other fixed structures	82,958	-	(4,241)	78,717	70,302	8,415	89.3%	127,643	126,202
Machinery & equipment	13,194	(17)	4,241	17,418	13,858	3,560	79.6%	7,790	7,659
Software and other Intangible assets	142	-	-	142	132	10	93.0%	18	18
Payment for financial assets	-	17	-	17	17	-	100.0%	-	-
Financial assets	-	17	-	17	17	-	100.0%	-	-
Total	1,538,468	-	-	1,538,468	1,523,906	14,562	99.1%	1,484,438	1,474,275

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

DEPARTMENT OF HUMAN SETTLEMENTS									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	288,228	(242)	(721)	287,265	287,264	1	100.0%	246,106	246,106
Compensation of employees	223,988	(2,024)	(1,759)	220,205	220,205	-	100.0%	191,649	191,649
Goods and services	64,240	1,782	1,038	67,060	67,059	1	100.0%	54,457	54,457
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers & subsidies	1,658,857	299	(1,856)	1,657,300	1,601,963	55,337	96.7%	1,590,691	1,590,664
Provinces & municipalities	85	(40)	-	45	45	-	100.0%	87	87
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	1,658,772	339	(1,856)	1,657,255	1,601,918	55,337	96.7%	1,590,604	1,590,577
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	2,500	(57)	2,577	5,020	5,133	(113)	102.3%	3,144	3,144
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	47	47
Machinery and Equipment	2,500	(57)	-	2,443	2,556	(113)	104.6%	3,097	3,097
Heritage assets	-	-	-	-	-	-	0.0%	-	-
Biological assets	-	-	-	-	-	-	0.0%	-	-
Intangible assets	-	-	-	-	-	-	0.0%	-	-
Software and other Intangible assets	-	-	2,577	2,577	2,577	-	100.0	-	-
Payments of financial assets	-	-	-	-	-	-	0.0%	47	47
Payments of financial assets	-	-	-	-	-	-	0.0%	47	47
Total	1,949,585	-	-	1,949,585	1,894,360	55,225	97.2%	1,839,988	1,839,961

CONSOLIDATED APPROPRIATION STATEMENT

for the year ended 31 March 2019

STATUTORY APPROPRIATION									
	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provincial Legislature	26,678	-	-	26,678	25,210	1,468	94.5%	24,970	24,970
TOTAL	26,678	-	-	26,678	25,210	1,468	94.5%	24,970	24,970

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

OPERATING INCOME	Note	2018/19	2017/18
		R'000	R'000
REVENUE DISCLOSED BY THE REVENUE FUND			
OPERATING INCOME			
Revenue from Taxes, Levies & Duties	2	1,033,139	920,368
Departmental Revenue	3	416,175	444,099
Other revenue	4	79,257	223,701
Receipts by National Departments from NRF	5	46,441,381	43,372,252
		47,969,952	44,957,420
REVENUE FUND EXPENDITURE			
Appropriated Funds	6	(475,675)	(428,915)
Unspent conditional grants to be surrendered to National department		97,460	50,410
Other		78,674	152,110
		(299,541)	(226,395)
EXPENDITURE DISCLOSED BY DEPARTMENTS			
Current expenditure			
Compensation of employees	7	28,422,490	26,583,937
Goods and services	8	9,880,491	8,863,173
Interest and rent on land	9	520	418
Total current expenditure		38,303,501	35,447,528
Transfers and subsidies			
Transfer and subsidies	12	5,642,493	5,397,750
Total Transfers and subsidies		5,642,493	5,397,750
Expenditure for capital assets			
Tangible assets	10.1	4,042,359	3,704,215
Intangible assets	10.2	4,676	43,515
Total Expenditure for capital assets		4,047,034	3,747,730
Unauthorised expenditure approved funding		-	75,150
Payments for financial assets	13	14,477	13,018
		47,707,964	44,454,781
TOTAL EXPENDITURE			
SURPLUS FOR THE YEAR			
Reconciliation of net surplus for the year			
Voted Funds		261,988	502,639
SURPLUS FOR THE YEAR		261,098	502,639

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		1,723,847	1,968,847
Unauthorised expenditure	11	910,222	910,222
Cash and cash equivalents	14	536,556	764,223
Other financial assets		-	160,000
Prepayments and advances	15	2,385	3,347
Receivables	16	274,684	131,055
Non-current assets		5,125	6,053
Investments		-	-
Receivables	16	5,125	6,053
TOTAL ASSETS		1,728,972	1,974,900
LIABILITIES			
Current liabilities		1,018,451	1,060,537
Voted funds to be surrendered to the Revenue Fund	17	-	-
Departmental revenue to be surrendered to the Revenue Fund	18	-	-
Bank overdraft	19	-	1,023
Payables	20	1,018,451	1,059,514
TOTAL LIABILITIES		1,018,451	1,060,537
NET ASSETS		710,521	914,363
Represented by:			
Recoverable revenue		17,973	8,128
Retained funds		692,548	906,235
TOTAL		710,521	914,363

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSESTS

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
Recoverable revenue			
Opening balance		8,128	8,475
Transfers		9,845	(347)
Irrecoverable amounts written off		8,639	9,861
Debts revised		(9,389)	(9,861)
Debts recovered		(1,600)	627
Debts raised		12,195	-974
Closing balance		<u>17,973</u>	<u>8,128</u>
Retained funds			
Opening balance		906,235	900,593
Transfer from voted funds to be surrendered		1,185	1,185
Utilised during the year		(1,185)	(1,777)
Other		(213,687)	6,234
Closing balance		<u>692,548</u>	<u>906,235</u>
TOTAL		<u>710,521</u>	<u>914,363</u>

CONSOLIDATED STATEMENT OF CASH FLOW STATEMENT

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND		48,452,603	45,177,349
Equitable Share		38,467,686	36,081,680
Conditional Grants		7,973,695	7,290,572
Provincial taxes		1,033,139	920,379
Departmental revenue collected		426,719	441,317
Surrenders from departments		472,107	294,850
Other revenue received by the Revenue Fund		79,257	148,551
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS		49,884,093	46,393,105
Annual appropriation funds received		48,429,824	45,060,151
Departmental revenue received		1,288,257	1,187,787
Interest received		166,012	145,167
PAYMENTS DISCLOSED BY NATIONAL REVENUE FUND		48,652,458	45,299,160
Annual appropriation		38,428,770	36,056,710
Conditional grants		7,973,695	7,290,572
Own funds appropriated		2,054,037	1,737,839
Other		195,956	214,039
Net (increase) /decrease in working capital		(136,786)	29,652
Surrendered to revenue fund		(1,978,110)	(1,653,202)
Current payments		(38,302,981)	(35,485,575)
Interest paid		(520)	(418)
Payment for financial assets		(14,477)	(13,018)
Transfers and subsidies paid		(5,615,815)	(5,372,780)
Net cash flow available from operating activities	21	3,635,549	3,775,953
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(4,047,034)	(3,747,730)
Proceeds from sale of capital assets		14,996	14,413
Other investing activities		160,000	-
Net cash flows from investing activities		3,872,038	3,733,317
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		9,845	(347)
Net cash flows from financing activities		9,845	(347)
Net (decrease) in cash and cash equivalents		(226,644)	42,289
Cash and cash equivalents at the beginning of the period		763,200	720,911
Cash and cash equivalents at end of period	22	536,556	763,200

ACCOUNTING POLICIES

for the year ended 31 March 2019

1. Summary of significant policies

The Annual 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 Annual 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), the Treasury Regulations for Departments and the Division of Revenue Act.

1.1. Presentation of the Consolidated Annual Financial Statements

Basis of preparation

The Annual 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. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

Presentation Currency

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

Rounding

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

1.2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National/ Provincial Expenditure. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the

statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and 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.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National/ Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

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.

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.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed

ACCOUNTING POLICIES

for the year ended 31 March 2019

using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

1.3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is made. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the payment is made.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when money is paid to the fund. No provision is made for medical benefits in the Annual Financial Statements of the department.

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and

employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the payment is made. The expense is classified as capital if the goods and services were used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the payment is made. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

Unauthorised expenditure

Unauthorised expenditure is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such

ACCOUNTING POLICIES

for the year ended 31 March 2019

expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure is defined as:

expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act
- Any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- It must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the payment is made.

Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is made.

1.4. Assets

Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments. Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.5. Liabilities

Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the

ACCOUNTING POLICIES

for the year ended 31 March 2019

Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

Contingent liabilities

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; ora present obligation that arises from past events but is not recognised because:

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

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

1.6. Net Assets

Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

1.7. Comparative figures

Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the departments may reasonably have available for reporting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
2 Revenue from Taxes, Levies and Duties		
Taxation	1,033,139	920,368
Total Taxation	<u>1,033,139</u>	<u>920,368</u>
Total Gross Revenue	<u>1,033,139</u>	<u>920,368</u>
Total	<u>1,033,139</u>	<u>920,368</u>
3 Departmental Revenue		
Sales of goods and services other than capital assets	155,991	167,903
Fines, penalties and forfeits	82,810	76,700
Interest, dividends and rent on land	146,061	159,267
Sales of capital assets	14,996	14,413
Transactions in financial assets and liabilities	<u>16,317</u>	<u>22,816</u>
Total revenue collected	<u>416,175</u>	<u>441,099</u>
4 Other Revenue		
Surrenders	-	75,150
Other revenue received	<u>79,257</u>	<u>148,551</u>
Total	<u>79,257</u>	<u>223,701</u>
5 Receipts by National Departments from NRF		
Annual Appropriation	46,414,703	43,347,282
Statutory appropriation	<u>26,678</u>	<u>24,970</u>
Total	<u>46,441,381</u>	<u>43,372,252</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
6. Appropriated funds		
Annual Appropriation	(10,432,625)	(9,327,611)
Statutory Appropriation	26,678	24,970
Conditional Grants	7,876,235	7,135,887
Own funds appropriated	<u>2,054,037</u>	<u>1,737,839</u>
Total Annual Appropriation	<u>(475,675)</u>	<u>(428,915)</u>
7. Compensation of employees		
Salaries and Wages		
Basic Salary	19,939,956	18,576,912
Performance Award	288,022	219,247
Service Based	122,678	127,542
Compensative/circumstantial	1,148,508	1,199,617
Periodic Payments	42,174	41,182
Other non-pensionable allowances	<u>3,021,359</u>	<u>2,846,834</u>
Total	<u>24,562,697</u>	<u>23,011,334</u>
Social Contributions		
Employer contributions		
Pension	2,496,024	2,325,283
Medical	1,356,321	1,240,466
UIF	382	360
Bargaining Council	<u>3,961</u>	<u>3,423</u>
Official unions and associations	<u>3,105</u>	<u>3,071</u>
Total	<u>3,859,793</u>	<u>3,572,603</u>
Total Compensation of employees	<u>28,422,490</u>	<u>26,583,937</u>
Average number of employees	<u>31,572</u>	<u>73,508</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
8. Goods and Services			
Administrative fees		260,367	244,551
Advertising		35,677	37,133
Minor Assets less than R5,000	8.1	20,233	11,061
Bursaries (employees)		23,199	26,219
Catering		60,959	57,124
Communication		159,757	141,670
Computer services	8.2	204,853	212,838
Consultants, contractors and agency/outsourced services		135,668	154,359
Audit cost – external	8.3	90,425	86,413
Infrastructure and planning services		73,581	89,228
Laboratory services		495,387	412,019
Legal Services		84,205	86,669
Contractors		257,158	284,620
Agency and support/outsourced services		806,704	735,103
Entertainment		166	-
Fleet services		257,297	258,094
Inventory	8.4	2,766,014	2,494,216
Consumables	8.5	273,431	234,328
Operating leases		289,188	311,938
Property payments	8.6	2,234,272	1,763,785
Rental and hiring		13,405	8,602
Transport provided as part of the departmental activities		454,148	446,476
Travel and subsistence	8.7	573,458	491,693
Venues and facilities		69,399	69,582
Training and staff development		167,769	127,776
Other operating expenditure	8.8	73,771	77,676
Total		9,880,491	8,863,173
8.1 Minor assets			
Tangible assets			
Machinery and equipment		20,233	11,061
Total		20,233	11,061
8.2 Computer services			
SITA computer services		92,544	107,984
External computer service providers		112,309	104,854
Total		204,853	212,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
8.3	Audit cost-external		
Regularity audits		85,693	85,455
Performance audits		4,667	-
Computer Audits		65	958
Total		90,425	86,413
8.4	Inventory		
Clothing material and accessories		23,360	20,301
Farming supplies		68,154	56,960
Food and food supplies		82,889	88,196
Fuel, oil and gas		23,325	17,045
Learning and teaching support material		335,188	363,178
Materials and supplies		128,530	104,868
Medical supplies		435,256	363,842
Medicine		1,621,386	1,400,817
Other supplies		47,926	79,009
Total		2,766,014	2,494,216
8.4.1	Other suppliers		
Ammunition and security suppliers		296	100
Assets for distribution		47,630	78,909
Machinery and equipment		5,049	3,866
School furniture		42,561	60,573
Other assets for distribution		20	14,470
Total		47,926	79,009
8.5	Consumables		
Consumable supplies		188,551	163,631
Uniform and clothing		37,682	35,018
Household supplies		117,213	86,924
Building material and supplies		1,755	779
Communication accessories		508	146
IT consumables		3,735	1,223
Other consumables		27,658	39,541
Stationery, printing and office supplies		84,880	70,697
Total		273,431	234,328
8.6	Property payments		
Municipal services		202,482	194,828
Property management fees		5,500	18,312
Property maintenance and repairs		1,306,041	924,825
Other		720,249	625,820
Total		2,234,272	1,763,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
8.7 Travel and subsistence		
Local	552,865	473,674
Foreign	20,593	18,019
Total	573,458	491,693
8.8 Other operating expenditure		
Professional bodies, membership and subscription fees	2,093	2,317
Resettlement costs	3,414	2,080
Other	68,264	73,279
Total	73,771	77,676
9. Interest and Rent on Land		
Interest paid	520	418
Total	520	418
10. Expenditure on capital assets		
10.1 Tangible assets		
Buildings and other fixed structures	3,725,776	3,327,494
Heritage Assets	9,151	-
Machinery and equipment	307,431	376,721
10.2 Software and other intangible assets	4,676	43,515
Computer software	4,676	43,515
Total	4,047,034	3,747,730
Analysis of funds utilized to acquire capital assets		
Tangible assets		
Voted funds	4,042,348	3,704,215
Buildings and other fixed structures	3,725,776	3,327,494
Heritage assets	9,151	-
Machinery and equipment	307,431	370,348
Special military assets	-	6,373
Total	4,042,358	3,704,215
Software and other intangible		
Voted Funds		
Computer software	4,676	43,515
Total	4,676	43,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
11. Unauthorized expenditure		
11.1 Reconciliation of unauthorised expenditure		
Opening balance	910,222	948,687
As restated	910,222	948,687
Unauthorised expenditure – current year	-	36,685
Amounts approved by Legislature (without funding)	(75,150)	
Current expenditure	-	(75,150)
Unauthorised expenditure awaiting authorisation/ written off	910,222	910,222
11.2 Analysis of unauthorised expenditure approved without funding and not derecognised		
Current	96,822	96,822
Total	96,822	96,822
11.3 Analysis of unauthorised expenditure awaiting authorisation per economic classification		
Current	769,305	769,305
Capital	18,654	18,654
Transfers and subsidies	25,441	25,441
Total	813,400	813,400
Total	910,222	910,222
11.3.1 Analysis of unauthorised expenditure awaiting authorisation per type		
Unauthorised expenditure relating to overspending of the vote or a main division within the vote	783,268	783,268
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	30,132	30,132
Total	813,400	813,400
12. Transfers and subsidies		
Provinces and municipalities	214,515	188,245
Departmental agencies and accounts	541,444	494,489
Public corporations and private enterprises	830,525	782,236
Non-profit institutions	1,979,646	1,776,002
Households	2,076,363	2,156,778
Total	5,642,493	5,397,750
13 Payment of financial assets		
Debts written off	14,205	13,018
Debt take overs	272	-
Total	14,477	13,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
14. Cash and cash equivalents			
Consolidated Paymaster General Account		516,524	630,635
Cash Receipts		3,374	(3)
Disbursements		(71,972)	(22,874)
Cash on hand		22,592	23,894
Cash with SARB		4,485	6,346
Exchequer Account		61,553	126,225
Total		536,556	764,223
15. Prepayments and Advances			
Travel and subsistence		282	169
Prepayments (Not expensed)	15.1	2,103	3,178
		2,385	3,347
15.1 Prepayments (Not expensed)			
Goods and services		2,103	-
		2,103	-
16. Receivables			
Claims recoverable	16.1	52,222	21,893
Trade receivables	16.2	-	96
Recoverable expenditure	16.3	2,427	5,100
Staff debt	16.4	40,585	38,342
Fruitless and wasteful expenditure	16.6	5,806	5,476
Other debtors	16.5	134,354	47,980
Voted funds to be surrendered to the Revenue Fund		(127,552)	(184,817)
Conditional Grants to be surrendered to the Revenue Fund		97,460	154,686
Unauthorised expenditure to be surrendered		30,132	30,132
Departmental Revenue to be surrendered to the Revenue Fund		44,375	18,220
Other		-	-
Total		279,809	137,108
16.1 Claims receivable			
National Departments		4,009	5,484
Provincial Departments		13,065	10,509
Public Entities		24,703	5,900
Local Governments		10,445	-
Closing balance		52,222	21,893
16.2 Trade Receivables			
Trade receivables		-	96
Total		-	96

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
16.3 Recoverable expenditure		
Agriculture, Rural Development, Land and Environmental	2	3
Community Safety, Security and Liaison	477	239
Co-Operative Governance and Traditional Affairs	9	53
Education	1,587	3,533
Office of the Premier	352	237
Provincial Legislature	-	315
Social Development	-	720
Closing balance	2,427	5,100
16.4 Staff debt		
Agriculture, Rural Development, Land and Environmental	523	210
Community Safety, Security and Liaison	55	144
Co-operative Governance and Traditional Affairs	33	57
Culture Sport and Recreation	317	-
Economic Development and Tourism	133	158
Education	16,920	20,675
Provincial Treasury	168	179
Health	19,044	15,645
Human Settlements, Social Development	1,184	828
Office of The Premier, Provincial Legislature, Public Works, Roads	2,208	446
Public works, Roads and Transport	-	-
Social Development	-	-
	40,585	38,342
16.5 Other debt		
Agriculture, Rural Development, Land and Environmental	861	728
Community Safety, Security and Liaison	229	401
Co-operative Governance and Traditional Affairs	10	15
Culture Sport and Recreation	116	88
Education	2,605	1,444
Provincial Treasury	593	612
Health	2,972	432
Office of The Premier	4,358	145
Provincial Legislature	38	-
Public Works and Transport	122,496	44,008
Social Development	76	107
Closing balance	134,354	47,980

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
16.6 Fruitless and wasteful expenditure			
Opening balance		5,476	5,477
Less amount recovered		(67)	(1)
Less amount written off		-	(1)
Transfer from note 32 Fruitless and wasteful expenditure		397	1
Closing balance		5,806	5,476
16.7 Impairment of receivables			
Estimate of impairment of receivables		16,855	13,652
Total		16,855	13,652
17. Voted Funds to be surrendered to the Revenue Fund			
Opening balance		-	-
Prior period errors		-	-
As restated		-	-
Transfer from Statement of Financial Performance		-	-
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/ not received		-	-
Paid during the year		-	-
Closing balance		-	-
18. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund			
18.1 Prior period error (affecting Voted funds to be surrendered)		-	-
Nature of prior period error			-
Relating to 2017/18			
19. Bank Overdraft			
Consolidated Paymaster General Account		-	1,023
Total		-	1,023
20. Payables			
20.1 Payables – current			
Amounts owed to other entities	21.1.1	2,199	7,069
Advances received	21.1.2	1,265	2,149
Clearing accounts	21.1.3	21,758	16,327
Other payables		15,601	36,519
Unauthorised expenditure not funded by Revenue Fund		880,168	880,168
Unused conditional grant to be transferred back to National Government		97,460	117,282
Total		1,018,451	1,059,514

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
20.1.1 Advances received		
Other institutions	1,265	2,149
Closing balance	<u>1,265</u>	<u>2,149</u>
20.1.2 Clearing accounts		
Agriculture, Rural Development, Land and Environmental	414	194
Co-operative Governance and Traditional Affairs	312	26
Education	14,367	8,366
Provincial Treasury	19	3,593
Health	4,823	3,604
Human Settlements	102	101
Public Works, Roads and Transport	1,721	419
Culture Sport and Recreation	-	5
Provincial Legislature	-	19
Total	<u>21,758</u>	<u>16,327</u>
20.1.3 Other payables		
Agriculture, Rural Development, Land and Environmental	1,364	-
Community Safety, Security and Liaison	12,184	24,121
Economic Development and Tourism	84	1,508
Education	921	705
Human Settlements	54	-
Public Works, Roads and Transport	577	9,693
Social Development	417	492
Total	<u>15,601</u>	<u>36,519</u>
21. Net cash flow from operating activities		
Net surplus as per Statement of Financial Performance	261,988	502,639
Add back non cash/cash movements not deemed operating activities	3,373,561	3,273,314
(Increase) / decrease in receivables – current	(116,507)	(26,241)
(Increase) / decrease in prepayments and advances	7,938	(167,397)
(Increase) / decrease in other current assets	-	75,150
Increase / (decrease) in payables – current	(21,241)	14,921
Proceeds from sale of capital assets	(34,818)	2,476
(Increase) / decrease in other financial assets	-	(67490)
Expenditure of capital assets	4,047,034	3,747,730
Surrenders to revenue fund	(1,978,110)	(1,653,202)
Own revenue included on the appropriation	290,507	255,400
Other non-cash items	1,178,758	1,091,967
Net cash flow generated by operating activities	<u>3,635,549</u>	<u>3,775,953</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
22. Reconciliation of cash and cash equivalents for cash flow purpose		2,149
Consolidated Paymaster General Account	578,077	755,837
Cash receipts	3,374	(3)
Disbursements	(71,972)	(22,874)
Cash on hand	27,077	30,240
Total Cash	<u>536,556</u>	<u>763,200</u>
Cash and cash equivalent for cash flow purpose	<u>536,556</u>	<u>763,200</u>
23. Contingent Liabilities and Contingent Assets		
23.1 Contingent liabilities		
Housing loan guarantees	614	838
Claims against the department	10,932,316	8,576,846
Other departments (interdepartmental unconfirmed balances)	51,226	28,216
Other	-	-
Total	<u>10,984,156</u>	<u>8,605,900</u>
23.2 Contingent Assets		
Safety and Security	55,290	-
Co-operative Governance and Traditional Affairs	13,249	13,249
Health	20,122	20,122
Human Settlements	4,860	4,860
Social Development	33,571	33,562
Total	<u>127,092</u>	<u>71,793</u>
24. Commitments		
Current expenditure		
Approved and contracted	1,778,273	819,977
Approved but not yet contracted	3,972	159
Total	<u>1,782,245</u>	<u>820,136</u>
Capital Expenditure(including transfers)		
Approved and contracted	4,301,727	3,717,537
Approved but not yet contracted	-	-
Total	<u>4,301,727</u>	<u>3,7117,537</u>
Total Commitments	<u>6,083,972</u>	<u>4,537,673</u>
25. Accruals not recognised		
Goods and services	324,772	460,983
Transfers and subsidies	1,156	8,497
Capital assets	60,220	35,771
Other	8,311	41,873
Total	<u>394,459</u>	<u>547,124</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Payables not recognised		
Goods and services	531,186	575,047
Transfers and subsidies	1,030	7,093
Capital assets	53,467	215,997
Other	33,621	21,968
Total	619,304	820,105
Confirmed balances		
Confirmed balances with departments	29,954	7,960
Confirmed balances with other government entities	3,558	34,353
Total	33,512	42,313
26. Employee benefits		
Leave entitlement	735,587	646,485
Service bonus (Thirteenth cheque)	836,599	777,576
Performance awards	225,837	204,676
Capped leave commitments	1,775,208	1,805,978
Other	46,133	27,481
Total	3,619,364	3,462,196
27. Lease Commitments		
27.1 Operating leases		
Building and other fixed structures		
Not later than 1 year	119,486	132,613
Later than 1 year and not later than 5 years	314,303	213,844
Later than five years	332,909	258,409
Total present value of lease liabilities	766,698	604,866
Machinery and equipment		
Not later than 1 year	66,363	59,008
Later than 1 year and not later than 5 years	49,614	69,512
Later than five years	-	-
Total present value of lease liabilities	115,977	128,520
27.2 Finance Lease expenditure		
Machinery and equipment		
Not later than 1 year	67,684	78,144
Later than 1 year and not later than 5 years	14,202	33,474
Later than five years	-	-
Total present value of lease liabilities	81,886	111,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
28. Accrued for departmental revenue		
Tax revenue	743,845	984,429
Sales of goods and services other than capital assets	215,466	155,872
Fines, penalties and forfeits	674,666	873,522
Transactions in financial assets and liabilities	532	406
Other	5,031	9,531
Total	1,639,540	2,023,760
 Analysis of receivables for departmental revenue		
Opening balance	2,023,760	1,957,539
Less: Amounts received	1,039,044	922,800
Add: Amounts recognised	2,064,434	1,147,917
Less: Amounts written-off/reversed as irrecoverable	1,409,610	158,896
Closing balance	1,639,540	2,023,760
 Accrued for departmental revenue written off		
Department Safety & Health: Debts written off	1,409,610	158,896
Total	1,409,610	158,896
 29. Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	9,437,182	10,896,675
Prior Period error	-	(3,109,874)
As restated	9,437,182	7,786,801
Add: Irregular expenditure –relating to prior year	195,728	152,139
Add: Irregular expenditure – current year	2,235,944	1,908,334
Less: Current year amount condoned	-	(4,579)
Less: Prior year amount condoned	(24,892)	(2,479)
Less amount not recoverable (not condoned)	(342)	(8)
Less: Amounts not condoned and not recoverable	(1,638)	(403,026)
Irregular expenditure awaiting condonation	11,841,982	9,437,182
 Analysis of awaiting condonation per age classification		
Current	2,226,729	1,919,245
Prior years	9,615,253	7,517,937
Total	11,841,982	9,437,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
29.1 Prior period error		
Relating to 2018/19		(3,109,874)
Normal procurement policies and procedures not followed		<u>(3,109,874)</u>
		(3,109,874)
30. Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	59,244	69,534
Prior period error	-	-
As restated	<u>59,244</u>	<u>69,534</u>
Fruitless and wasteful expenditure – relating to prior year	160	5
Fruitless and wasteful expenditure – relating to current year	10,514	1,528
Less: Amounts condoned	(32,709)	(11,822)
Less: Amounts transferred to receivables for recovery	(624)	(1)
Fruitless and wasteful expenditure awaiting condonement	<u>36,585</u>	<u>59,244</u>
Analysis of awaiting condonement per economic classification		
Current Year	23,564	50,064
Prior Years	13,021	9,180
Total	<u>36,585</u>	<u>59,244</u>
31. Related party transactions		
Revenue received (paid)		
Tax revenue	126,622	111,564
Total	<u>126,622</u>	<u>111,564</u>
Payments made		
Transfers	668,684	612,774
Total	<u>668,684</u>	<u>612,447</u>
Year end balances arising from revenue/payments		
Receivables from related parties	140,225	(39,471)
Payables to related parties	31,763	(45,395)
Total	<u>100,754</u>	<u>(13,632)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
32. Key management personnel - Description		
Political Office Bearers	20,141	19,442
Officials	1,978	1,979
Levels 15 to 16	29,278	36,065
Level 14	95,891	91,790s
Family members of key management	14,081	11,028
Total	169,529	167,889
Description		
Speaker to Parliament/the Legislature	1,978	1,941
Deputy Speaker to Parliament	1,597	1,528
Secretary to Parliament/ the Legislature	2,354	2,169
Deputy Secretary	2,046	1,650
Chief Financial Officer	1,776	1,559
Other	52,205	44,157
Total	61,956	53,004
33. Provisions		
Safety, Sports, Education, Health, Human Settlement, PWRT, Social Development	264,853	179,333
Education, Health	40,921	5,755
Health	47,545	37,885
Health	36,600	37,425
Total	389,919	260,398
34. Movable Tangible Capital Assets		
Movement in movable tangible capital assets per asset register for the year ended 31 March		
Opening balance		
Heritage Assets	1,330	1,342
Total	1,330	1,342
Machinery and equipment		
Transport assets	2,624,534	1,032,996
Computer equipment	3,362,906	316,929
Furniture and office equipment	924,258	223,591
Other machinery and equipment	1,820,708	1,394,625
Total	8,732,406	2,968,141
Specialised military assets	4,439	4,439
Total	4,439	4,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Biological assets	2,644	4,957
Total	2,644	4,957
 Total Movable Tangible Capital assets	 8,740,819	 2,978,879
 Machinery and equipment		
Transport assets	10,416,767	2,371
Computer equipment	(187,087)	4,297
Furniture and office equipment	621,894	1,254
Other machinery and equipment	9,683,353	37,159
Total	20,534,927	45,081
 Biological Assets		
Biological assets	965	42
Total	965	42
Total current year adjustment	20,535,892	45,123
 Additions		
Heritage Assets	59,429	-
Total	59,429	-
 Machinery and equipment		
Transport assets	105,723	2,464,888
Computer equipment	470,126	3,049,663
Furniture and office equipment	251,125	703,311
Mobile classrooms	-	-
Other machinery and equipment	391,740	478,110
Total	1,218,714	6,695,972
 Biological assets	295	134
Total	295	134
 Total additions	1,278,438	6,696,106
 Disposals		
Heritage assets	-	(12)
Total	-	(12)
 Machinery and equipment		
Transport assets	(56,886)	(875,721)
Computer equipment	(26,890)	(7,983)
Furniture and office equipment	(4,539)	(3,898)
Other machinery and equipment	(32,915)	(89,186)
Total	(121,230)	(976,788)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Biological assets	(1,483)	(2,489)
Total	(1,483)	(2,489)
 Total Disposals	 (122,713)	 (979,289)
 Closing balance	 	
Heritage Assets	60,759	1,330
Total	60,759	1,330
 Machinery and equipment	 	
Transport assets	13,090,138	2,624,534
Computer equipment	3,619,055	3,362,906
Furniture and office equipment	1,792,738	924,258
Mobile classrooms	-	-
Other machinery and equipment	11,862,886	1,820,708
Total	30,364,817	8,732,406
 Specialised military assets	 	
Total	4,439	4,439
 Biological assets	 	
Total	2,421	2,644
 Total Closing Balances	 30,432,436	 8,740,819
 35. Minor assets		
Opening balance		
Intangible assets	21	21
Heritage assets	25	29
Machinery and equipment	594,711	589,118
Biological assets	705	655
Total	595,462	589,823
 Current year adjustment to prior year balances		
Machinery and equipment	8	13,690
Biological assets	253	-
Total	261	13,690
 Additions		
Machinery and equipment	11,429	21,572
Biological assets	-	151
Total	11,429	21,723

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Disposal		
Intangible assets	(14)	-
Heritage assets	-	(4)
Machinery and equipment	(121,759)	(29,669)
Biological assets	(107)	(101)
Total	(121,880)	(29,774)
Closing balance		
Intangible assets	7	21
Heritage assets	25	25
Machinery and equipment	484,389	594,711
Biological assets	851	705
Total	485,272	595,462
Movable Assets written off for the year ended		
Machinery and equipment	3,969	3,253
Biological assets	857	95
Total	4,826	3,348
36. Intangible Capital Assets		
Opening balance		
Computer software	110,317	132,412
Recipes, Formulae, Prototypes, Designs, Models	4,388	4,388
Total	114,705	136,800
Current year adjustment to prior year balances		
Computer software	-	(22,122)
Total	-	(22,122)
Additions		
Computer software	4,676	27
Patents, Licences, Copyright, Brand names, Trademarks	-	-
Total	4,676	27
Disposals		
Computer software	(4,882)	-
Total	(4,882)	-
Closing balance		
Computer software	110,111	110,317
Patents, Licences, Copyright, Brand names, Trademarks	4,388	4,388
Total	114,499	114,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19	2017/18
	R'000	R'000
37. Immovable Tangible Capital Assets		
Opening balance		
Building and other fixed structures		
Dwellings	59,672,996	59,392,906
Dwellings	656,257	799,150
Non-residential buildings	10,198,949	10,519,472
Other	48,817,790	48,074,285
Total	59,672,996	59,392,906
Heritage assets		
Heritage Assets	6,793	6,793
Total	6,793	6,793
Land and subsoil assets		
Land	276,338	275,527
Total	276,338	275,527
Total opening balance	59,956,127	59,675,226
Current year fair value adjustment and prior period error		
Building and other fixed structures		
Dwellings	-	-
Non-residential buildings	-	1,752
Other	-	65,533
Total	-	67,285
Land and subsoil assets		
Land	-	-
Total	-	-
Total Current year adjustment to prior year balances	-	67,285
Additions		
Building and other fixed structures		
Dwellings	3,348,472	2,421,183
Non-residential buildings	29,839	25,554
Other	1,963,323	1,234,141
Total	3,348,472	2,421,183
Land and subsoil assets		
Heritage Assets	8,222	1,491
Total	8,222	1,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Land	1	-
Total	1	-
Total additions	3,356,695	2,422,674
Disposals		
Building and other fixed structures	(2,063,094)	(2,208,378)
Dwellings	(8,042)	(168,446)
Non-residential buildings	(1,749,529)	(1,556,416)
Other	(305,523)	(483,515)
Total	(2,063,094)	(2,208,378)
Land and subsoil assets		
Land	(51,490)	(680)
Total	(51,190)	(680)
Total disposals	(2,114,584)	(2,209,058)
Closing balance		
Building and other fixed structures	60,958,094	59,672,996
Dwellings	678,054	656,257
Non-residential buildings	10,417,742	10,198,949
Other	49,862,578	48,817,790
Total	60,958,578	59,672,996
Heritage assets		
Heritage Assets	15,015	6,793
Total	15,015	6,793
Land and subsoil assets		
Land	224,849	276,338
Total	224,849	276,338
Total closing balance	61,198,239	59,956,127

38. Capital Work in Progress at 31 March 2019

	Opening Balances 1 April 2018 R'000	Current Year WIP R'000	Ready for use (Assets to the AR/ Contract terminated) R'000	Closing Balance 31 March 2019 R'000
	R'000			
	R'000			
Heritage assets	-	-	-	-
Building and other fixed structures	3,589,371	3,547,784	(3,127,110)	4,010,045
Machinery and equipment	128,569	56,195	(38,133)	146,631
Intangible assets	15,328	-	-	15,328
	3,733,268	3,603,979	(3,165,243)	4,172,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Accruals and payables not recognised relating to Capital WIP		
Agriculture, Rural Development, Land and Environmental	2,764	59,392,906
Culture Sport and Recreation	16,521	23,160
Economic Development and Tourism	1,335	1,335
Education	48,368	108
Health	30,862	19,764
Social Development	8,254	2,224
	108,104	46,591

Capital work in progress at 31 March 2018

	Opening Balances R'000	Prior Period Error R'000	Current Year WIP R'000	Ready for Use (Assets to the AR/Contract terminated) R'000	Closing Balance 31 March 2019 R'000
	R'000	R'000	R'000	R'000	R'000
Heritage assets	-	-	-	-	-
Building and other fixed structures	2,391,615	59,744	2,999,195	(1,861,183)	3,589,371
Machinery and equipment	82,648	-	53,564	(7,733)	128,569
Intangible assets	-	-	15,328	-	15,328
	2,474,263	59,744	3,068,177	(1,868,916)	3,733,268

39. Immovable Assets

Assets subjected to transfer in terms of S42 of the PFMA- 2017/18

Building and other Fixed Structures		
Dwellings	-	-
Non-residential buildings	2,013,283	816,688
Other	135,757	72,648
	2,149,040	883,336

Heritage Assets

Heritage Assets	15,015	-
Total	2,164,055	889,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

40. Age analysis on ongoing projects

	Number of projects		2018/19 R'000
	Planned construction not started	Planned construction started	
0 – 1 Year	84	190	2,343,369
1 – 3 Years	31	98	2,769,129
3 – 5 Years	1	2	567,841
Longer than 5 years	2	-	263,609
	118	290	5,943,948

	Number of projects		2017/19 R'000
	Planned construction not started	Planned construction started	
0 – 1 Year	98	479	1,995,804
1 – 3 Years	14	364	2,802,785
3 – 5 Years	1	3	719,921
Longer than 5 years	1	1	137,994
	114	847	961

41. Reconciliation of note 35 & 38 to expenditure on Capital Assets per Statement of Financial Performance

	2018/19 R'000	2017/18 R'000
Capital expenditure additions per note 37	1,278,438	6,696,106
Capital expenditure additions per note 39	4,676	27
Capital expenditure additions per note 41	3,356,695	2,422,674
Total additions per disclosure notes	4,639,809	9,118,807
Total reconciling items	79,368	-
Non Cash Movement	(3,135,936)	-
Capital Work in Progress-current costs	3,344,880	-
Received but not paid/(Paid current year but received prior year)	(129,576)	-
Capital expenditure per statement of financial performance	4,719,177	9,118,807

42. Agent-principal arrangements
Departments acting as principal

Community Safety, Security and Liaison	204,352	184,158
Education	24,705	20,539
Health	198,704	213,454
Total	427,761	418,151

Revenue received for agency activities	
Community Safety, Security and Liaison	60,436
Total	60,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19	2017/18
	R'000	R'000
43. Prior period errors		
Commitments (eg. finance lease)		
Culture sport and recreation	-	75,680
Education	-	19,492
Community Safety, Security and Liaison	-	515,654
	<hr/>	<hr/>
	-	610,826
Expenditure (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)		
Health	-	(26,736)
Social Development	-	3,748
Public Works	-	(36,962)
	<hr/>	<hr/>
Net effect on the note	-	(59,950)
Assets (e.g. Receivables, investment accrued departmental revenue, movable tangible assets, etc.)		
Culture Sport and Recreation	-	4,471
Agriculture, Rural Development, Land and Environmental	-	(65,129)
Co-operative governance and traditional affairs	-	4
Community Safety, Security and Liaison	-	39,131
Education	-	1,748
Social Development	-	(24,291)
Health	-	53,878
Net effect on the note	-	9 812
Liabilities (e.g., Payables current, investment accrued departmental revenue, movable tangible assets, etc.)		
Community Safety, Security and Liaison	-	127,370
Culture, sport and recreation	-	6,298
Economic development and tourism	-	(90,790)
Social Development		7,530
Health		(101,180)
Net effect on the note		(50,772)
Irregular expenditure		
Social Development	-	9,283
Health	-	(3,195,003)
Co-operative governance and traditional affairs	-	(2,153)
Net effect on the note		(3,187,873)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

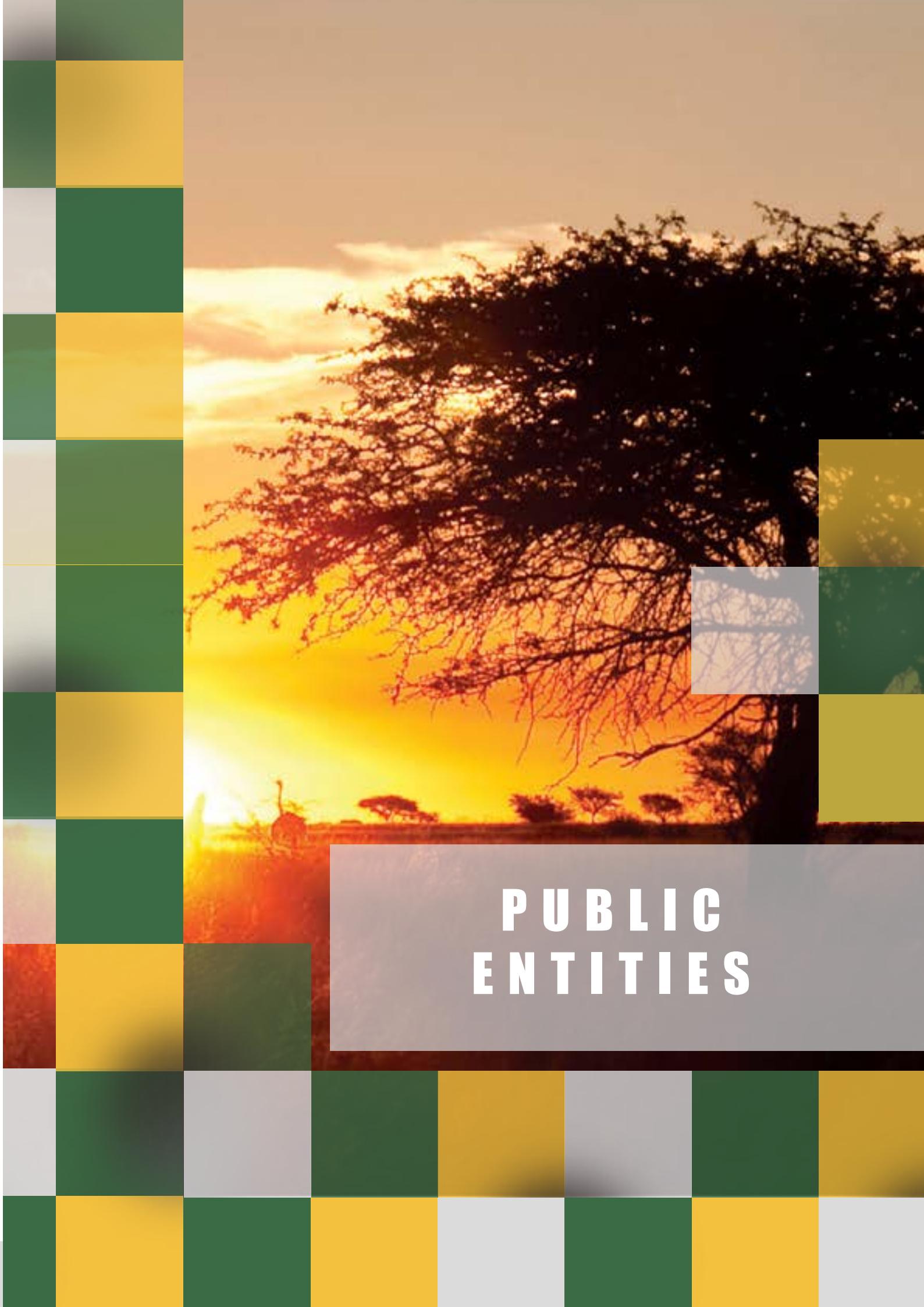
	2018/19 R'000	2017/18 R'000
Key management personnel		
Office of the premier	-	1,613
Public works, roads and transport	-	5,891
Co-operative governance and traditional affairs	-	1,077
Social Development	-	3,748
Culture sport and recreation	-	1,665
Net effect on the note	<hr/> <hr/>	<hr/> <hr/>
	13,994	
Accruals		
Office of the premier	-	2,946
Culture sports and recreation	-	23,160
Co-operative governance and traditional affairs	-	1,259
Public Works	<hr/>	<hr/>
	16,416	
Net effect on the note	<hr/> <hr/>	<hr/> <hr/>
	43,781	
Operating lease		
Culture sports and recreation	-	35,055
Net effect on the note	<hr/>	<hr/>
	35,055	
Employee benefits		
Co-operative governance and traditional affairs	-	(5)
Net effect on the note	<hr/> <hr/>	<hr/> <hr/>
	(5)	
Work in progress		
Education	-	110
Economic Development and Tourism	-	(14,150)
Co-operative governance and traditional affairs	-	(970)
Net effect on the note	<hr/> <hr/>	<hr/> <hr/>
	(15,010)	
44. Inventory		
Opening balance	-	250
Add/(less): adjustment to prior year balances	-	-
Add: addition/purchases-Cash	-	976
(Less): Disposals	-	(83)
(Less): Issued	-	(938)
	<hr/> <hr/>	<hr/> <hr/>
	205	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

45. Exemption

The Annual Financial Statements (AFS) of provincial departments are prepared using the modified cash basis of accounting whilst those of public entities are prepared using an accrual basis. Full compliance with Section 19 of the PFMA can only be achieved if a common basis of accounting is applied. Therefore it was decided that departments and public entities would be consolidated separately for the 2018/19 financial year. The decision was based on the approval by the Minister of Finance, who granted an exemption from the provision of the PFMA, section 19 (1) which requires consolidated financial statements in respect of the institutions mentioned in that section

A landscape photograph of a savanna at sunset. In the foreground, the silhouette of a large acacia tree is visible against a bright orange and yellow sky. The horizon shows a line of smaller trees and shrubs. The left side of the image features a vertical color bar with a repeating pattern of dark green, light yellow, and light grey squares.

PUBLIC ENTITIES



TABLE OF CONTENTS

Report of the Auditor-General	68 - 70
Consolidated Statement of Financial Position	71 - 72
Consolidated Statement of Financial Performance	73
Consolidated Statement of Changes in Net Assets.....	74 - 75
Consolidated Cash Flow Statement	76
Accounting Policies	77 - 85
Notes to the Consolidated Annual Financial Statements	86 – 107

REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2019

**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON VOTE
NO. 03: CONSOLIDATED FINANCIAL STATEMENTS FOR PUBLIC ENTITIES**

Report on the audit of the consolidated financial statements

Qualified opinion

1. I have audited the consolidated financial statements of the Mpumalanga public entities set out on pages 71 to 107, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of financial performance, consolidated statement of changes in net assets and consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mpumalanga public entities as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA).

Basis for qualified opinion

Other financial assets

3. The financial statements of the Mpumalanga Economic Growth Agency included material misstatements. I was unable to obtain sufficient appropriate audit evidence for other financial assets because the public entity did not provide contracts, and disbursement and payment confirmations, to confirm that loans and related interest has been properly accounted for in the financial statements. I could not confirm the correctness of the loan amounts and related interest by alternative means, as the public entity's record system did not permit this. Consequently, I was unable to determine whether any adjustment was necessary relating to other financial assets, stated at R95,8 million (2017-18: R113,6 million) in note 4 to the financial statements, and interest earned – outstanding receivables of R39,9 million (2017-18: R33,6 million) included in revenue, as disclosed in note 19 to the financial statements.

Context for the opinion

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

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Fruitless and wasteful expenditure

8. As disclosed in note 37.1 to the consolidated financial statements, fruitless and wasteful expenditure of R3,6 million, incurred over the years, was still awaiting condonation.

Irregular expenditure

9. As disclosed in note 37.2 to the consolidated financial statements, irregular expenditure of R787,9 million, incurred over the years, was still awaiting condonation.

Uncertainty relating to the future outcome of exceptional litigation

10. With reference to note 39 to the consolidated financial statements, the public entities are defendants in claims against

REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2019

them. The public entities are opposing these claims and the ultimate outcome of these matters cannot presently be determined; therefore, no provision for any liability that may result has been made in the consolidated financial statements.

Restatement of corresponding figures

11. As disclosed in note 42 to the consolidated financial statements, the corresponding figures for 31 March 2018 have been restated as a result of an error in the consolidated financial statements of the public entities at, and for the year ended, 31 March 2019.

Exemption

12. As disclosed in note 44 to the consolidated financial statements, the minister of Finance granted the provincial treasury an exemption from the provisions of section 19(1) of the PFMA, as it can only be achieved if a common basis of accounting is applied. The exemption allows provincial treasury to not prepare a single set of consolidated financial statements for departments and entities.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the SA Standards of GRAP and the requirements of the 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.
14. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the public entities' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entities or to cease operations, or has no realistic alternative but to do so.

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

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

Internal control deficiencies

17. I considered internal control relevant to my audit of the consolidated financial statements, however, my objective was not to express any form of assurance thereon. The matter reported below is limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion.
18. The entity did not formulate and implement a record management policy and related procedures to ensure that all documentation was properly maintained and controlled.

Audit for - General

Mbombela

7 October 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2019

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entities' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on these public entities' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause public entities to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		417,870	481,494
Cash and cash equivalents	1	281,608	253,493
Trade and other receivables from exchange transactions	2	54,857	79,544
Other receivables from non-exchange transactions, including taxes, fines, transfer	3	15,403	10,284
Other current financial assets	4	13,821	57,878
VAT receivables		1,604	29,828
Inventories	5	48,145	46,968
Prepayments	6	2,432	3,499
Non-Current assets		1,611,760	1,495,418
Other non-current financial assets	4	82,019	55,699
Investments in Associates	33	2,319	1,962
Intangible Assets	8	9,416	8,826
Investments property	9	409,507	391,993
Biological Assets	10	12,530	946
Property, plant and equipment	7	1,060,686	1,000,709
Heritage assets	11	35,283	35,283
TOTAL ASSETS		2,029,630	1,976,912
LIABILITIES			
Current liabilities		363,154	325,622
Trade and other payables	13	265,111	231,991
Taxes and transfer payable		17,752	16,046
Other current financial liabilities	17	39,918	48,103
Current provisions	14	28,914	23,721
Current portion of unspent conditional grants and receipts	12	11,262	5,340
Short-term Borrowings		197	319
Current portion of finance leases liabilities		-	102
Non-current liabilities		11,044	10,743
Finance lease liabilities	16	-	-
Other non-current financial liabilities	17	4,816	4,816
Non-current provisions	15	6,228	5,927

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
TOTAL LIABILITIES		374,198	336,365
NET ASSETS		1,655,432	1,640,547
Capital And Reserves			
Revaluation Reserves		585,968	515,325
Share capital (Contributions from owners)		70,015	70,015
Other Reserves		16,329	16,329
Accumulated Surplus/deficit		983,120	1,038,878
Total Net Asset and liabilities		2,029,630	1,976,912

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

	Note	2018/19	2017/18
		R'000	R'000
Revenue			
Non-exchange revenue		729,760	632,289
Government grants and subsidies	21	525,786	488,245
Transfers and Sponsorships	22	-	-
Legislative and Oversight functions	41	203,974	144,044
Exchange revenue		305,840	345,378
Sale of goods and rendering of services	23	187,269	217,251
Rental of facilities and equipment	18	35,911	35,977
Interest earned-external investments	20	7,329	9,823
Interest earned – outstanding receivables	19	39,887	33,634
Other income	24	35,444	48,693
TOTAL REVENUE		1,035,600	977,667
EXPENDITURE			
Compensation of employees	25	(539,073)	(471,752)
Bad debts		(67,795)	(62,737)
Depreciation/amortisation and impairment	27	(46,644)	(43,296)
Repairs and maintenance	26	(6,283)	(17,326)
General expenses	29	(438,821)	(455,366)
Contracted services		(28,664)	(32,191)
Finance Costs	28	(1,004)	(1,331)
Non Profit institutions and donor project expenses		-	-
TOTAL EXPENDITURE		(1,128,284)	(1,083,999)
Other gain / losses		21,657	(14,713)
Gain /Loss on sale of assets	30	(533)	(638)
Impairment (loss)/Reversal of impairment loss		(3,504)	(4,408)
Gain /Loss on fair value adjustment	31	25,694	(9,667)
Gain/Loss on revaluation of assets	32	-	-
(DEFICIT)/SURPLUS FOR THE PERIOD		(71,027)	(121,045)

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2019

Notes	Revaluation Reserve	Contributed Capital	Other reserves	Accumulated Surplus/ (deficit)	TOTAL: Net Assets
	R'000	R'000	R'000		R'000
Balance at 31 March 2017	523,409	70,015	-	1,104,854	1,698,279
- Changes in accounting policy				-	-
- correction of prior year error	(6,936)	-	-	(8,892)	(15,829)
Balance at April 2017 – Restated balance	516,473	70,015	-	1,095,962	1,682,450
Net of Tax Surplus/ (deficit) on revaluation of Property, Plant and Equipment	13,477				13,477
Transfers to/from other reserves	(14,625)	-	16,329	35,172	36,876
Surplus/(deficit) for the period	-	-	-	(121,045)	(121,045)
Transfer to/from accumulated surplus/(deficit)	-	-	-	18,050	18,050
Other movements				10,739	10,739
Balance at 1 April 2018	515,325	70,015	16,329	1,038,878	1,640,547
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment	38,970	-	-	-	38,970
Correction of prior period error	-	-	-	-	-

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2019

Notes	Revaluation Reserve	Contributed Capital	Other reserves	Accumulated Surplus/(deficit)	TOTAL: Net Assets
	R'000	R'000	R'000		R'000
Transfer to/from other reserve	35,070	-	-	11,872	46,942
Surplus/(deficit) for the period	-	-	-	(71,027)	(71,027)
Transfers to /from accumulated surplus/(deficit)	-	-	-	-	-
Contributions introduced	-	-	-	-	-
Other movements	(3,397)	-	-	3,397	-
Balance at 31 March 2018	585,968	70,015	16,329	983,120	1,655,432

STATEMENT OF CASH FLOW

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		1,165,561	1,085,641
Transfers and subsidies		457,638	437,618
Sale of goods and rendering of services		526,360	458,717
Interest, dividends and rent on land		10,643	18,136
Grants		98,569	44,500
Other receipts		72,351	126,670
Cash payments		(1,110,379)	(1,142,714)
Compensation of employees		(709,297)	(691,405)
Goods and services		(400,093)	(449,978)
Interest and rent on land		(989)	(1,331)
Other payments		-	-
Net cash flow from operating activities	34	55,182	(57,073)
CASH FLOW FROM INVESTING ACTIVITIES			
		(18,781)	(40,481)
Purchase of Property, Plant and Equipment		(23,175)	(34,758)
Purchase of intangible Assets		(571)	(491)
Purchase of investment Property		(4,343)	(8,493)
Proceeds on Disposal of Property, Plant and Equipment		2,789	202
Proceeds on Disposal of Biological Assets		946	20,150
Proceeds from sale of Investments		8	325
Loans granted to associates		-	(17,416)
Loan repayments received from associates		5,565	-
Acquisition of investment		-	-
Additional movements		-	-
Net cash used in investing activities		(18,781)	(40,481)
CASH FLOW FROM FINANCING ACTIVITIES			
		(8,288)	11,405
Repayments of borrowings		(1,274)	(4,249)
Proceeds from borrowings		(6,910)	15,700
Finance lease payments		(104)	(46)
Net cash used in financing activities		(8,288)	11,405
Net increase/decrease in cash and cash equivalents		28,113	(86,149)
Cash and cash equivalents at the beginning of the year		253,493	294,689
Effect of exchange rate movement on cash balances		2	44,953
Cash and cash equivalents at end of the year	1	281,608	253,493

ACCOUNTING POLICIES

for the year ended 31 March 2019

1. Presentation

The Annual Financial Statements have been prepared in accordance with Statements of Generally Recognized Accounting Practice and the Public Finance Management Act, Act No. 1 of 1999 as amended (PFMA).

The following are the principle accounting policies of the entity/group which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except as modified for the revaluation of land and buildings, plant and equipment, investment properties and marketable securities.

1.2 Currency

These financial statements are presented in South African Rand (R) since that is the currency in which the majority of the entity/group's transactions are denominated.

1.3 Revenue recognition

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

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

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

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

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

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

1.4 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance

with, a requirement of any applicable legislation, including:

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

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

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

1.5 Borrowing costs

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

1.6 Foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occurred.

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

1.7 Retirement benefit costs

The entity/group operates both defined

ACCOUNTING POLICIES

for the year ended 31 March 2019

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

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

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

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

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

1.7.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheque and performance bonuses. The cost of short term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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

1.7.2 Term employee benefits

1.7.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an

expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by not later than 31 March of each year).

1.7.3 Post employment retirement benefits

The entity provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer entity.

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

1.8 Taxation

The charge for current tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for the current period. It is calculated by using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is accounted for by using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability that affects neither accounting profit nor taxable profit at the time of the transaction.

ACCOUNTING POLICIES

for the year ended 31 March 2019

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

1.9 Extraordinary items

All items of income and expense arising in the ordinary course of business are taken into account in arriving at income before taxation. Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity/group or company, they are separately disclosed and appropriate explanations are provided.

1.10 Property, plant and equipment

Land and buildings

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

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

On the subsequent sale or retirement of a revalue property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the income statement.

Properties in the course of construction

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss where the

recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the entity/group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property, plant and equipment

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

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

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

1.11 Investment property

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

1.12 Intangible assets

Patents and trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years.

The directors assess the carrying value of each intangible asset annually and revisions are made where it is considered necessary.

Internally generated intangible assets (Research and development costs)

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised on a straight-line basis

ACCOUNTING POLICIES

for the year ended 31 March 2019

over their useful lives, which is usually no more than five years.

1.13 Impairment

At each balance sheet date, the entity/group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a re-valued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.14 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the entity and enterprises controlled by the entity (i.e. its subsidiaries) up to 31 March each year. Entities are considered controlled as per the Public Finance Management Act definition of "ownership control".

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair value of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the entity/group.

All inter-entity transactions and balances between group enterprises are eliminated on consolidation.

1.15 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the entity/group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis following an assessment of its foreseeable life. Current estimates of goodwill's useful life do not exceed 20 years.

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

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

Negative goodwill represents the excess of the entity/group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition. Negative goodwill is presented as a deduction from assets and is released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable, acquired, depreciable assets. To the extent that such goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is released to income immediately.

ACCOUNTING POLICIES

for the year ended 31 March 2019

1.16 Investments in associates

An associate is an enterprise in which the entity/group has significant influence, through participation in the financial and operating policy decisions of the investee, but not control, and which it intends to hold as long-term investment.

The results and assets and liabilities of associates are incorporated in these financial statements by using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

Where a group enterprise transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the entity/group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

1.17 Interests in joint ventures

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

Jointly controlled operations

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

Jointly controlled assets

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

Jointly controlled entities

Joint venture arrangements, which involve the establishment of a separate entity in which each venture has an interest, are referred to as jointly controlled entities. Investments in jointly controlled entities are accounted for by way of the proportionate consolidation method whereby the entity/group's proportionate share of the assets, liabilities, income and expenses of joint ventures are consolidated, on a line-by-line basis with similar items in the financial statements of the entity/group.

Where the entity/group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the entity/group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of joint venture are included from the effective dates of their acquisition and up to the effective dates of their disposal.

1.18 Biological assets

Biological assets and agricultural produce at the time of harvest are measured at their fair value less estimated point-of-sale costs.

The fair value of pine trees is determined based on market prices of pine trees of similar age, dimensions, and quality. The fair value of timber at the time of felling is determined based on market prices in the local area.

1.19 Borrowings

In terms of section 66(3)(c) of the Public Finance Management Act, 1999, Public Entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

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

1.20 Leasing

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing; all other leases are classified as operating leases.

ACCOUNTING POLICIES

for the year ended 31 March 2019

The entity/group as a lessor

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

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

The entity/group as a lessee

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

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

1.21 Inventories

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

Cost is determined on the following bases:

Raw materials and consumable stores are valued at average cost.

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

1.22 Receivables

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

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

potentially irrecoverable are included in the disclosure notes.

1.23 Long-term construction contracts

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

Where the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense.

1.24 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the entity/group's balance sheet when the entity/group becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The entity/group's principle financial assets are investments and loans, accounts receivable and cash and cash equivalents.

- ***Trade receivables***

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

ACCOUNTING POLICIES

for the year ended 31 March 2019

- *Investments*

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

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

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

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

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

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

Equity instruments

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

Financial liabilities

The entity/group's principle financial liabilities

are interest bearing borrowings, accounts payable and bank overdraft.

All financial liabilities are measured at amortised cost, comprising original debt less principle payments and amortisation, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

- **Borrowings**

In terms of section 66(3)(c) of the Public Finance Management Act, 1999, a Public Entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

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

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

- **Convertible debentures**

Convertible debentures are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible debentures and the fair value assigned to the liability component is assigned to the equity component of the instrument, representing the embedded option to convert the liability into equity of the entity/group.

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

ACCOUNTING POLICIES

for the year ended 31 March 2019

interest paid is added to the carrying value of the convertible debenture.

- ***Trade payables***

Trade and other payables are stated at their nominal value.

- ***Derivative financial instruments***

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

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

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

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

1.25 Provisions

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

Provisions for restructuring costs are recognised when the entity/group has a detailed formal plan for the restructuring and the entity/group has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Restructuring provisions only include the direct expenditure that are necessarily entailed by

the restructuring and not associated with the ongoing activities of the enterprise.

Provision was made for the entity/group's estimated liability on all products still under warranty at balance sheet date. This is based on service histories.

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

1.26 Payables

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

1.27 Government grants

Government grants are recognised when it is probable that future economic benefits will flow to the public entity/constitutional institution/trading entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

1.28 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.29 Public Private Partnerships (PPP)

A PPP is a contractual arrangement whereby the entity and other parties undertake an economic activity that is subject to joint control. Investments in Public Private Partnerships are accounted for by the equity method from their most recently audited financial statements or unaudited management accounts as at financial year-end.

1.30 Cash and cash equivalent

Investment must include a selection of counterparties through credit risk analyses, an establishment of investment limits per institution and investment instrument and the monitoring of investments against limits. The policy should contain the reassessment of investment policies on a regular basis, counter-party credit risk

ACCOUNTING POLICIES

for the year ended 31 March 2019

based on credit ratings and the assessment of investment instruments based on liquidity requirements.

1.31 Changes in accounting estimates and errors

When an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

- (a) this fact; and
- (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

1.32 Equity Fund Investment Account

Government grants received for the Equity Fund Account are included in non-current liabilities as deferred income and are credited to the income statement in line with the movement of the Equity fund investment

resulting from annual revaluations. Equity Fund interest/dividends received and direct expenses paid is transferred to the Equity Fund Account.

1.33 Financial risk factors

(i) Interest rate risk

The companies' finance income is substantially dependent on changes in market interest. The company has significant investments in money market instruments at variable market related interest rates.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through adequate government grants, in providing for final closure costs subsequent to year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
1. Cash and Cash Equivalent			
Cash and cash equivalent consist of the following			
Cash on hand		5	3
Cash at bank		281,603	253,490
Call deposit		-	-
		281,608	253,493

2 Trade and Other Receivables from Exchange Transaction

2019	Gross Balance R'000	Provision for Doubtful debt R'000	Net Balance R'000
Balance as at 31 March 2019			
Other Receivables	277,071	(222,214)	54,857
Total	277,071	(222,214)	54,857

2018	Gross Balance R'000	Provision for Doubtful debt R'000	Net Balance R'000
Balance as at 31 March 2019			
Other Receivables	262,636	(183,092)	79,544
Total	262,636	(183,092)	79,544

Ageing of Trade and Other Receivables from Exchange Transactions**(Net of Provision for Doubtful Debts)**

Current (0 – 30 days)	11,073	5,748
31 – 60 days	18,594	3,680
61 – 90 days	1,483	890
91 – 120 days	(3,197)	760
121+ days	26,904	68,466
Total	54,857	79,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
Reconciliation of the doubtful debts provision			
Balance at the beginning of the year		(183,092)	(141,639)
Contributions to provisions		664	1,990
Doubtful debts written off against provision		-	-
Increase/ (Decrease due to change in estimate		(39,785)	(40,255)
Change due to correction of errors		-	(3,188)
Balance at end of year		(222,213)	(183,092)
Summary of Debtors classification			
Other trade receivables			
Current (0-31DAYS)		11,073	5,748
31-60 Days		18,594	3,680
61-90 Days		1,483	890
91-120 Days		(3,197)	976
121-365 Days		249,118	251,342
Total debtor		277,071	262,636
Less: provision		(222,214)	(183,092)
Total debtor		54,857	79,544
3. Other receivables from non-exchange transaction			
Other debtors		4,473	682
Provincial government		-	-
Prepayments		10,930	9,602
Total other debtors		15,403	10,284
4. Other financial assets			
4.1 Non-current			
Other non-current financial assets		82,019	55,699
4.2 Current			
Other current financial assets		13,821	57,878
Total		95,840	113,577

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19		2017/18	
		R'000	R'000	Industrial/ Commercial R'000	National Government R'000
5. Inventories					
Consumable stores					
Work in Progress			45,020		44,448
Carrying value of inventories			48,145		46,968
Inventory carried at Net Realisable Value					
Consumable stores			2,226		1,758
Raw materials			899		762
Work in progress			45,020		44,448
			48,145		46,968
6. Prepayments					
Prepaid expenses				2,432	3,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

7 Property, plant and equipment

7.1 Reconciliation of carrying value

	2019		
	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000
Land	49,204	-	49,204
Building	744,146	(280,549)	463,597
Capital work in progress (Building)	-	-	-
Vehicles	38,920	(18,526)	20,394
Infrastructure	584,305	(112,953)	471,352
Capital Work in Progress	56	-	56
Finance Lease Assets	151	(151)	-
Furniture & Fittings	18,204	(10,934)	7,270
Plant, Machinery & Equipment	37,220	(16,683)	20,537
Office Equipment	6,234	(3,290)	2,944
Computer equipment	21,391	(9,977)	11,414
Other Assets	19,432	(5,514)	13,918
Total	1,519,263	(458,577)	1,060,686

	2018		
	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000
Land	47,885	-	47,885
Building	660,357	(262,928)	397,429
Capital work in progress (Building)	4,685	-	4,685
Vehicles	36,381	(17,655)	18,726
Infrastructure	576,717	(100,906)	475,811
Capital Work in Progress	-	-	-
Finance Lease Assets	151	(69)	82
Furniture & Fittings	17,243	(10,140)	7,103
Plant, Machinery & Equipment	35,818	(14,143)	21,675
Office Equipment	5,703	(2,838)	2,865
Computer equipment	17,496	(7,840)	9,656
Other Assets	19,307	(4,515)	14,792
Total	1,421,744	(421,035)	1,000,709

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019

7.2 Reconciliation of property plant and equipment - 2019

	Carrying Value						Discontinued Operations	Carrying Value
	Opening Balance	Addition	Disposals	Transfers	Depreciation	Impairment	Revaluation	R'000
Land	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Building	47,885	-	-	-	-	-	1,319	-
Capital Work in Progress	397,429	9,220	(1,564)	7,260	(15,842)	43,437	22,834	49,204
Vehicles	4,685	817	-	(5,502)	-	-	-	463,597
Infrastructure	18,726	4,009	(1,471)	-	(2,240)	-	-	-
	475,811	1,798	-	42	(21,116)	14,817	1,370	20,394
							-	471,352
Capital Work in progress (infrastructure)	-	56	-	-	-	-	-	56
Finance Lease Assets	82	-	-	-	-	(82)	-	-
Furniture & Fittings	7,102	1,070	(41)	-	-	(861)	-	7,270
Plant, Machinery & Equipment	21,675	1,409	(40)	35	(2,542)	-	-	20,537
Office Equipment	2,865	530	-	-	-	(451)	-	2,944
Computer equipment	9,657	3,772	(78)	258	(2,205)	-	-	11,414
Other Assets	14,792	131	(7)	-	(998)	-	-	13,918
Total	1,000,709	22,813	(3,201)	2,093	(46,337)	43,437	38,970	2,203
								1060,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019

7.2 Reconciliation of property plant and equipment - 2018

	Carrying Value						Discontinued Operations			Prior Year Errors	Carrying Value
	Opening Balance	Addition	Disposals	Transfers	Depreciation	Impairment	Revaluation	R'000	R'000	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000					
Land	47,325	-	-	560	-	-	-	-	-	-	47,885
Building	394,762	4,713	(1,247)	9,628	(15,609)	4,531	-	-	651	-	397,429
Vehicles	9,646	1,310	-	-	(1,893)	-	-	-	-	9,663	18,726
Capital Work in Progress(Building)	581	-	4,104	-	-	-	-	-	-	-	4,685
Infrastructure	469,197	1,089	-	9,527	(19,303)	1,824	13,477	-	-	-	475,811
Capital Work in Progress	7,034	10,966	-	(18,000)	-	-	-	-	-	-	-
Finance Lease Assets	151	-	-	-	(69)	-	-	-	-	-	82
Furniture & Fittings	5,639	195	(20)	-	(785)	633	-	-	20	1,421	7,103
Plant, Machinery & Equipment	10,312	12,762	(229)	130	(2,314)	40	-	-	156	818	21,675
Office Equipment	2,795	493	(4)	-	(419)	-	-	-	-	-	2,865
Computer equipment	5,558	3,057	(864)	-	(1,852)	-	-	-	773	2,984	9,656
Other Assets	15,527	174	(13)	-	(896)	-	-	-	-	-	14,792
Total	968,527	34,757	(2,376)	5,950	(43,138)	7,027	13,477	(1,600)	23,477	1,011,176	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

8. Intangible assets

8.1 Reconciliation of carrying value

	2019				2018	
	Accumulated		Carrying	Accumulated		Carrying
	Cost	Amortisation & Impairment		Cost	Amortisation & Impairment	
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	3,212	(2,227)	986	2,325	(1,929)	396
Other	8,430	-	8,430	8,430	-	8,430
Total	11,642	(2,227)	9,416	10,755	(1,929)	8,826

8.2 Reconciliation of intangible assets -2019

	Carrying Value Opening	Carrying Value Closing			
		Balance	Additions	Amortisation	Impairment
		R'000	R'000	R'000	R'000
Computer software	396	888		(298)	-
Other	8,430	-		-	-
Total	8,826	888		(298)	-
					9,416

8.3 Reconciliation of intangible assets -2018

	Carrying Value Opening	Carrying Value Closing			
		Balance	Additions	Amortisation	Impairment
		R'000	R'000	R'000	R'000
Computer software	381	-		173	(158)
Other	8,430	-		-	-
Total	8,811	-		172	(158)
					8,826

9. Investment property carried at Fair Value

Reconciliation of carrying value

	2019				2018	
	Fair Value		Carrying	Fair Value		Carrying
	Cost	Adjustments		Value	Cost	
	R'000	R'000	R'000	R'000	R'000	R'000
Total	409,507	-	409,507	391,993	-	391,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

9.1 Reconciliation of Investment Property – 2019

	Carrying Value Opening Balance R'000	Additions R'000	Transfers R'000	Disposal	Fair Value Adjustment R'000	Carrying Value Closing Balance R'000
Other	391,993	4,377	-	-	13,137	409,507
Total	391,993	4,377	-	-	13,137	409,507

9.2 Reconciliation of Investment Property – 2018

	Carrying Value Opening Balance R'000	Additions R'000	Transfers R'000	Disposal	Fair Value Adjustment R'000	Carrying Value Closing Balance R'000
Other	400,387	8,493	(5,949)	-	(10,938)	391,993
Total	400,387	8,493	(5,949)	-	(10,938)	391,993

10. Biological Assets

10.1 Reconciliation of carrying value

	2019		2018	
	Cost R'000	Carrying Value R'000	Carrying Value	
			Cost R'000	Carrying Value R'000
Trees in lantation		12,530	12,530	946
Total		12,530	12,530	946

10.2 Reconciliation of Biological Assets - 2019

	Gains/ losses from changes in fair value less estimated sales costs			
	Carrying Value Opening Balance R'000	Decreases due to harvest/ sales R'000	value less estimated sales costs R'000	Carrying Value Closing Balance R'000
				Carrying Value
Trees in lantation	946	(966)	12,550	12,530
Total	946	(966)	12,550	12,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

10.3 Reconciliation of Biological Assets - 2018

	Carrying Value Opening Balance R'000	Decreases due to harvest/ sales R'000	Gains/ losses from changes in fair value less estimated point of sales costs R'000	Carrying Value Closing Balance R'000
Trees in lantation	20,150	(20,150)	946	946
Total	20,150	(20,150)	946	946

11. Heritage Assets

11.1 Reconciliation of carrying value

	2019				2018		
	Cost R'000	Accumulated Amortisation & Impairment R'000		Carrying Value R'000	Cost R'000	Accumulated Amortisation & Impairment R'000	
		Accumulated Amortisation R'000	Impairment R'000			Carrying Value R'000	Carrying Value R'000
Other	35,283	-	35,283	35,283	-	35,283	35,283
Total	35,283	-	35,283	35,283	-	35,283	35,283

11.2 Reconciliation of Heritage Assets – 2019

	Carrying Value					Carry Value R'000
	Opening Balance R'000	Additions R'000		Disposals R'000	Revaluations R'000	
		Additions R'000	Disposals R'000	Revaluations R'000	Depreciation R'000	
Other	35,283	-	-	-	-	35,283
Total	35,283	-	-	-	-	35,283

11.3 Reconciliation of Heritage Assets – 2018

	Carrying Value					Carry Value R'000
	Opening Balance R'000	Additions R'000		Disposals R'000	Revaluations R'000	
		Additions R'000	Disposals R'000	Revaluations R'000	Depreciation R'000	
Other	35,283	-	-	-	-	35,283
Total	35,283	-	-	-	-	35,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
12. Unspent Conditional Grants and Receipts			

Current portion of unspent conditional grants and receipts

11,262

5,340

Trade and Other Payables from Exchange Transactions

Trade creditors	122,993	140,872
Payments received in advance	-	-
Staff leave accrual	3,333	3,881
Other creditors	136,196	81,521
Retentions	2,589	5,717
Total	265,111	231,991

14. Current Provisions

14.1 Reconciliation of movement in provisions – 2019

	Performance Bonus R'000	Provision for Leave Pay R'000	Other Provisions R'000	Current Portion of Other Non-Current Provision R'000	Total R'000
Opening balance	5,830	11,975	5,537	379	23,721
Provisions raised	7,295	-	-	587	7,882
Amounts used	(5,558)	980	(1,498)	(478)	(6,554)
Unused Amounts					
Reversed	(272)	-	-		(272)
Change in Provision due to change in Estimate inputs	-	-	1,157	-	1,157
Other movements	-	353	2,627	-	2,980
Closing balance	7,295	13,308	7,824	488	28,914

14.2 Reconciliation of movement in provisions – 2018

	Performance Bonus R'000	Provision for Leave Pay R'000	Other Provisions R'000	Current Portion of Other Non-Current Provision R'000	Total R'000
Opening balance	2,842	12,127	5,603	400	20,972
Provisions raised	2,988	-	-	-	2,988
Amounts used	-	(10,153)	(1,776)	(21)	(11,950)
Change in Provision due to change in Estimate inputs	-	-	1,710	-	1,710
Unwinding of Time value of Money	-	-	-	-	-
Other movements	-	10,001	-	-	10,001
Closing balance	5,830	11,975	5,537	379	23,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

15. Non- Current Provisions**15.1 Reconciliation of movement in provisions – 2019**

	Provision for long-service awards R'000	Other Non- Current provisions R'000	Total R'000
Opening balance	5,567	360	5,927
Provisions raised	93	538	631
Unwinding of time value of money	59	8	67
Transfer to current Provision	(2)	-	(2)
Amount used	(105)	-	(105)
Other movements	(290)	-	(290)
Closing balance	5,322	906	6,228

15.2 Reconciliation of movement in provisions – 2018

	Provision for long-service awards R'000	Other Non- Current provisions R'000	Total R'000
Opening balance	4,935	353	5,288
Provisions raised	26	-	26
Unwinding of time value of money	59	8	67
Unused amounts reversed		-	-
Amount used	(115)	-	(115)
Transfer to current Provision	935	-	935
Other movements	(274)	-	(274)
Closing balance	5,566	361	5,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

2018

	Minimum lease payments R'000	Future charges R'000	Finance R'000	Present value of Minimum lease payments R'000
Amounts payable under finance leases				
Within one year	102	-	-	102
Within two to five years	-	-	-	-
	102	-	-	102
Less: amount due for settlement within 12 months (current portion)	(102)			
	(102)	-	-	-
Total	-	-	-	-

	Notes	2018/19		2017/18	
		R'000	R'000	R'000	R'000
17. Other Current financial liabilities					
Other non-current financial liabilities			4,816	4,816	
Other current financial liabilities			39,918	48,103	
18 Rental of facilities and equipment					
Rental of facilities			35,911	35,977	
Other rentals			-	-	
			35,911	35,977	
19 Interest Earned- Outstanding Receivables					
Interest earned- Outstanding receivables			39,887	33,634	
20. Interest earned – External Investments					
Bank			3,307	2,046	
Financial assets			4,022	7,777	
Other			-	-	
Total			7,329	9,823	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

21 Government Grants and Subsidies

21.1 Reconciliation of movement in Grant - 2019

	Balance unspent at beginning of the year	Current year receipts	Conditions met transferred to revenue	Conditions still to be met- remain liabilities
	R'000	R'000	R'000	R'000
Other Government Grant and subsidies	102,149	633,450	525,786	209,813
Total	102,149	633,450	525,786	209,813

21.2 Reconciliation of movement in Grant - 2018

	Balance unspent at beginning of the year	Current year receipts	Conditions met transferred to revenue	Conditions still to be met- remain liabilities
	R'000	R'000	R'000	R'000
Other Government Grant and subsidies	-	590,394	488,245	102,149
Total	-	590,394	488,245	102,149

Notes	2018/19	2017/18
	R'000	R'000
22. Transfers and Sponsorships		
Gifts, donations and sponsorships received	-	-
23. Sales of goods and rendering of services		
Revenue from Exchange Transactions – Sales of goods and services	187,269	217,251
24. Other income		
Other income	35,367	48,404
Revenue from Exchange Transactions – Sundry income	-	-
Bad debt recoveries	77	289
Total	35,444	48,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
25. Employee Related Costs			
Salaries and wages		455,814	385,589
Contributions for UIF, pensions and medical aid		53,335	51,421
Salaries- Employees- Allowances		813	727
Salaries-Accounting Authority-Basic remuneration		1,265	1,415
Overtime payments		10,393	9,743
Performance and other bonuses		9,197	14,800
Provision for performance Bonus		174	141
Long-service awards		-	854
Employee benefits expensed - other		(94)	-
Other employee related costs		6,830	7,044
Provision for Long Service Awards		-	-
Provision for leave pay		1,346	319
Other long term employee related provisions		-	(301)
Total		539,073	471,752
26. Repairs and maintenance			
Property, plant and equipment			
Land		-	-
Building		4,463	15,519
Vehicles		1,463	1,082
Infrastructure		66	484
Office equipment		129	121
Computer equipment		162	120
Total		6,283	17,326
27. Depreciation and Amortisation Expense			
Property, plant and equipment		46,346	43,138
Intangible assets		298	158
Total		46,644	43,296
28. Finance cost			
Borrowings		937	942
Finance leases		-	-
Other financial liabilities		67	389
Total		1,004	1,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
29. General Expenses			
Advertising		4,075	2,201
Admin fees		9,014	7,764
Audit fees		12,062	8,728
Bank charges		846	813
Bursaries		309	-
Cleaning		-	-
Conferences and delegations		-	-
Consumables		-	-
Consulting fees		1,333	1,042
Cost of sales		59,423	86,233
Entertainment		173	191
Electricity		19,840	20,488
Fuel and oil		3,991	3,004
Insurance		11,073	8,722
Legal expenses		-	-
Licence fees - Vehicles		141	172
Licence fees – computers		1,803	1,535
Membership fees		-	-
Parking		433	445
Postage		49	112
Printing and stationery		1,210	1,027
Professional fees		-	-
Rental of buildings		7,262	6,052
Rental of office equipment		2,865	2,866
Security costs		25,423	22,083
Stock and material		-	-
Subscription and publication		4,123	2,961
Telephone costs		4,725	4,061
Training		1,224	1,285
Transport claims		8,384	9,909
Travel and subsistence-Local		2,945	2,404
Water		312	429
Other		255,783	260,839
Total		438,821	455,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
30. Gain/ Loss / (Reversal of Sale of Assets)			
Property, plant and equipment		(533)	(638)
Total Gain / (loss) / (Reversal of Sales Assets)		(533)	(638)
31. Profit / (Loss) on Fair Value Adjustment			
Investment property carried at fair value		12,550	946
Biological assets carried at fair value		13,136	(10,938)
Other fair value adjustment gain/(loss)		8	325
Total Profit /(Loss) on fair Value Adjustment		25,694	(9,667)
32. Profit/ (Loss) on Revaluation Assets			
Gain/ (Loss) on revaluation on other financial assets		-	-
Equity		-	-
33. Investments in associates			
Non-Current Assets		2,319	1,962
Equity		2,319	1,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
34. Cash flows from operating activities			
Surplus/(deficit) for the year			
Continuing operations		(71027)	(121,045)
Adjustments for:			
(Gain)/loss on sale of tangible assets		582	675
Depreciation		46,640	43,294
Contribution to provisions- current		-	-
Contribution to provisions- non-current		(199)	615
Fair value adjustment		-	-
Fair value losses on financial instruments		(25,694)	9,667
Finance cost		1,004	1,009
Finance income		(4,022)	(7,778)
Dividend income		-	-
Movements in other employee benefit items		5	(59)
Movement in rehabilitation liability		546	8
Share of (income)/loss from associates and joint Ventures		(357)	21
Increase/decrease in provisions		5,146	3,851
Increase in provision for post-retirement benefit obligation		(123)	(116)
Impairment loss/ (reversal of impairment loss)		3,504	-
Other non-cash item		(2,358)	(8,052)
Operating surplus before working capital changes:		(46,353)	(77,910)
(Increase)/decrease in inventories		(1,178)	(241)
(Increase)/decrease in trade and other receivables		50,552	2,168
(Increase)/decrease in prepayments		-	-
(Increase)/decrease in conditional grants and receipts		2,134	(3,984)
(Increase)/decrease in deferred income		-	-
Increase/(decrease) in trade and other payables		34,805	15,734
Movement in payments made and received in advance		-	-
Other working capital movements		15,222	7,159
Net cash flow from operating activities		55,182	(57,074)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
35. Change in Accounting Policy			
Change in other financial assets		(8,274)	
Change in trade and other receivables		(3,188)	
		11,462	
36. Change in Estimate			Value impact of change in estimate R'000
Machinery		818	
Furniture		1,421	
Vehicles		9,663	
Computer equipment		2,984	
		14,886	
37. Fruitless and Wasteful Expenditure and Irregular Expenditure			
37.1 Fruitless and Wasteful Expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance		(61)	2,172
Fruitless and wasteful expenditure current year		674	793
Fruitless and wasteful expenditure condoned or written off relevant authority			(61)
Fruitless and wasteful expenditure closing balance		3,578	2,904
37.2 Irregular Expenditure			
Reconciliation of irregular expenditure			
Opening balance		669,979	278,452
Prior period error			-
Irregular expenditure current year		292,478	160,357
Irregular expenditure prior year			139
Condoned or written off by relevant authority		(174,533)	-
Transfer to receivable for recovery- not condoned			231,031
Irregular expenditure awaiting condoned		787,924	669,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19	2017/18
	R'000	R'000
38. Capital commitments		
38.1 Commitments in respect of capital expenditure		
Approved and contracted for		
Infrastructure	1,258,781	102,955
Other	8,338	8,338
	1,267,119	111,293
Approved but not yet contracted for		
Community	22,693	20,414
	22,693	20,414
Total		
This expenditure will be financed from:		
Government Grants	1,281,474	123,369
Own resources	8,338	8,338
	1,289,812	131,707
38.2 Operational Commitments		
Commitments in respect of operational expenditure:		
Approved and contracted for		
Services	8,674	20,533
Other	22,045	23,940
	30,719	44,473
This expenditure will be financed from:		
Government Grants	22,045	23,940
Own resources	8,674	20,533
	30,719	44,473
38.3 Operating Leases		
Lessee		
Up to 1 year	3,881	4,418
1 to 5 years	3,213	2,223
	7,094	6,641
Lessor		
Up to 1 year	23,481	28,380
1 to 5 years	23,553	35,077
More than 5 years	325	20
	47,359	63,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
39. Contingent Liabilities		
Court proceedings - MEGA	9,584,687	11,278,727
- G-Tech Electronics, an information technology contractor initiated a claim for loss of income based on verbal agreement. MEGA is awaiting new trial date to be set. Marley tiles instituted action against MEGA for losses incurred during the electricity cut-off by Tshwane Municipality. Musa Masango and Associates instituted action proceedings against MEGA. Bicanon (Pty) Ltd has instituted legal proceeding for breach of contract.		
Total contingent liabilities	9,584,687	11,278,727

40. Risk Management

40.1 Financial Assets carried at amortised cost

The financial carried at amortised cost expose the entity to credit risk.

The value of the maximum exposure to credit risk as follows for each of classes of financial assets at amortised cost:

Cash and cash equivalents	281,608	253,493
Trade and other receivables from exchange transactions	54,857	79,544
Other receivables from non-exchange transactions	15,403	10,284
Other current financial assets	13,821	57,878
Other non-current financial assets	82,019	55,699

40.2 Liquidity risk - 2019

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
	R,000	R,000	R,000	R,000
	-	-	-	-
Gross finance lease obligations	-	-	-	-
Trade and other payables	28,830	16,796	22,625	-
Other	-	1,029	5,197	3,929

2018	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
	R,000	R,000	R,000	R,000
	-	-	-	-
Gross finance lease obligations	-	-	-	-
Trade and other payables	33,131	16,432	45,847	-
Other	-	936	5,537	4,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
41. Legislative and oversight functions		
Statutory Appropriation	203,974	144,044
	203,974	144,044

42. Non- Current Provisions

The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

	Amount before correction R'000	Prior period error R'000	Restated amount R'000
MEGA			
Depreciation			
Revenue	196,362	1,159	197,521
Other operating income	17,436	(79)	17,357
Other operating expenses	(352,809)	(23,486)	(376,296)
Net effect on Surplus/(Deficit) for the year	(139,011)	(22,406)	(161,418)

The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

	Amount before correction R'000	Prior period error R'000	Restated amount R'000
Property, Plant and Equipment			
MEGA	-	14,887	14,887
MTPA	435,080	(8,205)	426,875
Provisions			
MTPA	10,496	10,496	10,496
Accruals			
MEGA	8,442	172	8,614
Net effect on statement of Financial Position	443,522	17,350	460,872

The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

	Amount before correction R'000	Prior period error R'000	Restated amount R'000
Accumulated surplus			
MEGA	523,398	(16,458)	506,939
Net effect on Statement of Changes in Net Assets	523,398	(16,458)	506,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
43. Related parties		
Departments	280,284	265,780
Entities	22,488	21,975
Directors key management	12,713	3,545
Related party balances	315,485	291,300

Departments	725,616	602,402
Entities	379,149	354,361
Directors key management	17,087	7,692
Related party transactions	1,121,852	964,455

44. Exemption

The Annual Financial Statements (AFS) of provincial departments are prepared using the modified cash basis of accounting whilst those of public entities are prepared using an accrual basis. Full compliance with Section 19 of the PFMA can only be achieved if a common basis of accounting is applied. Therefore it was decided that departments and public entities would be consolidated separately for the 2018/19 financial year. The decision was based on the approval by the Minister of Finance, who granted an exemption from the provision of the PFMA, section 19 (1) which requires consolidated financial statements in respect of the institutions mentioned in that section.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019