Consolidated Annual Financial Statements 2020/2021

for Provincial Departments and Public Entities

Let's Grow Mpumalanga together

provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

MPUMALANGA
THE PLACE OF THE RISING SUN

Provincial Departments

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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 2021 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 Financial Statements being presented herewith, the financials for the Provincial Departments including the Legislature and the Provincial Revenue Fund as well as those for the Public Entities.

The Provincial Treasury is 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 modified 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 set of statements and 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);

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY (cont..)

- 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 the2019/20 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.

The CFS has been prepared in accordance with the Generally Recognized Accounting Practices (GRAP) established by National Treasury over time. The responsibility for the integrity and objectivity of the accompanying financial statements for the year ended 31 March 2021 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.

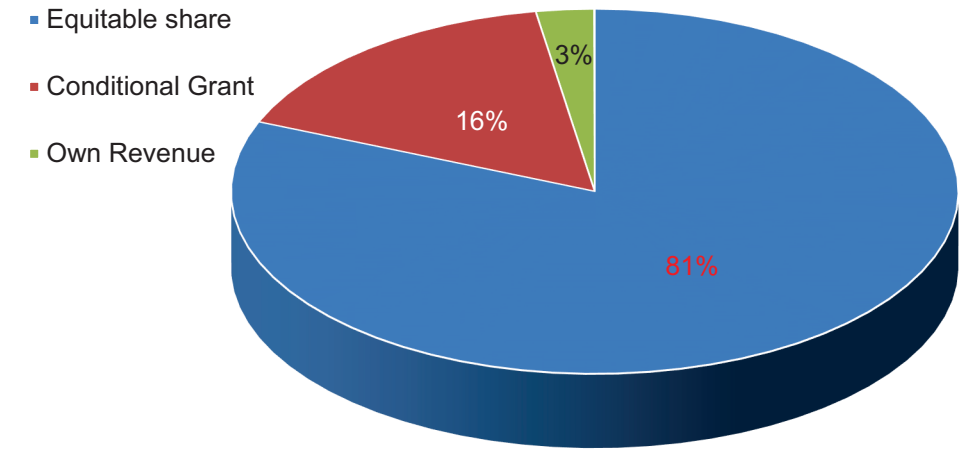
Provincial Legislature's assets are included in the consolidated financial statement at book value (accrual basis) while all other departments assets are consolidated at cost (modified cash standards).

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY (cont..)

PROVINCIAL PERFORMANCE

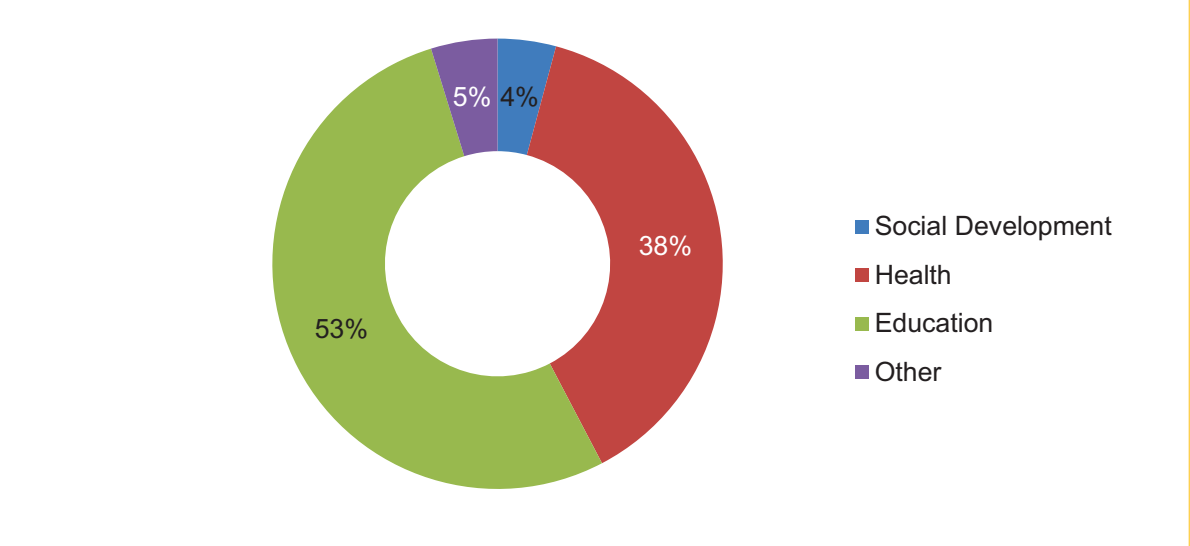
Appropriated budget

The total Provincial allocation for the financial year 2020/21 was R51 671billion; which consists of R41 969 billion of equitable share, R8 358 billion of conditional grants, R4 328 billion of own revenue and R 15 million for other.



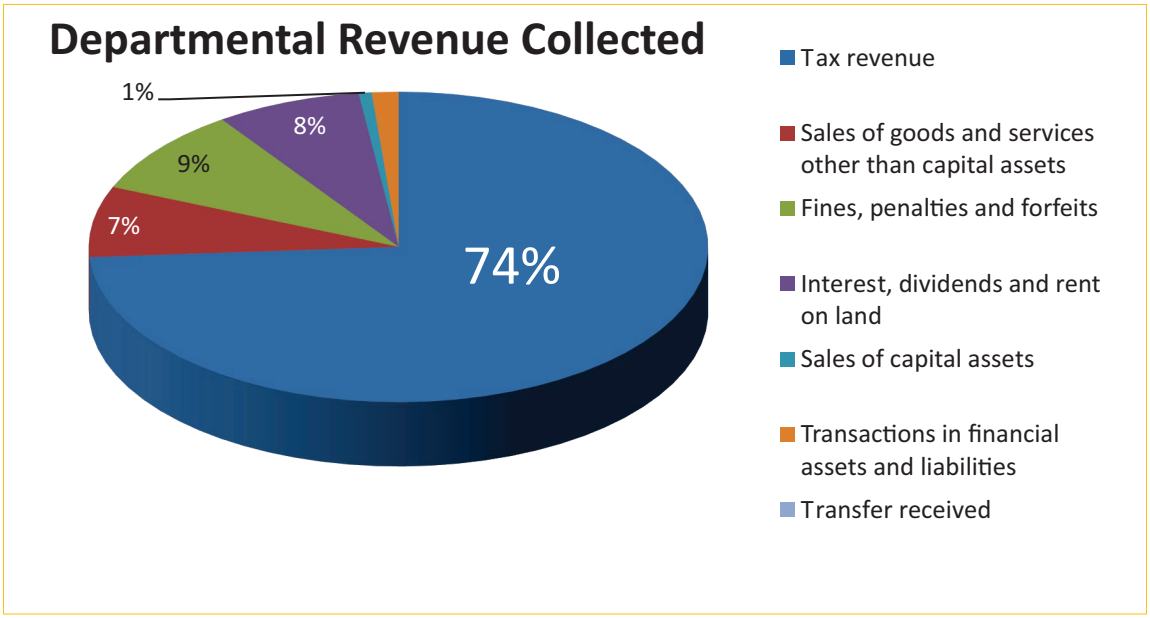
Provincial equitable share distribution

The Provincial equitable share was divided between the SHE (Social Development, Health and Education) departments; which were allocated R39 965 billion of the budget and the other departments were allocated R11 657 billion and the total amounting to R51 671 billion. The chart below indicates the percentage allocation.



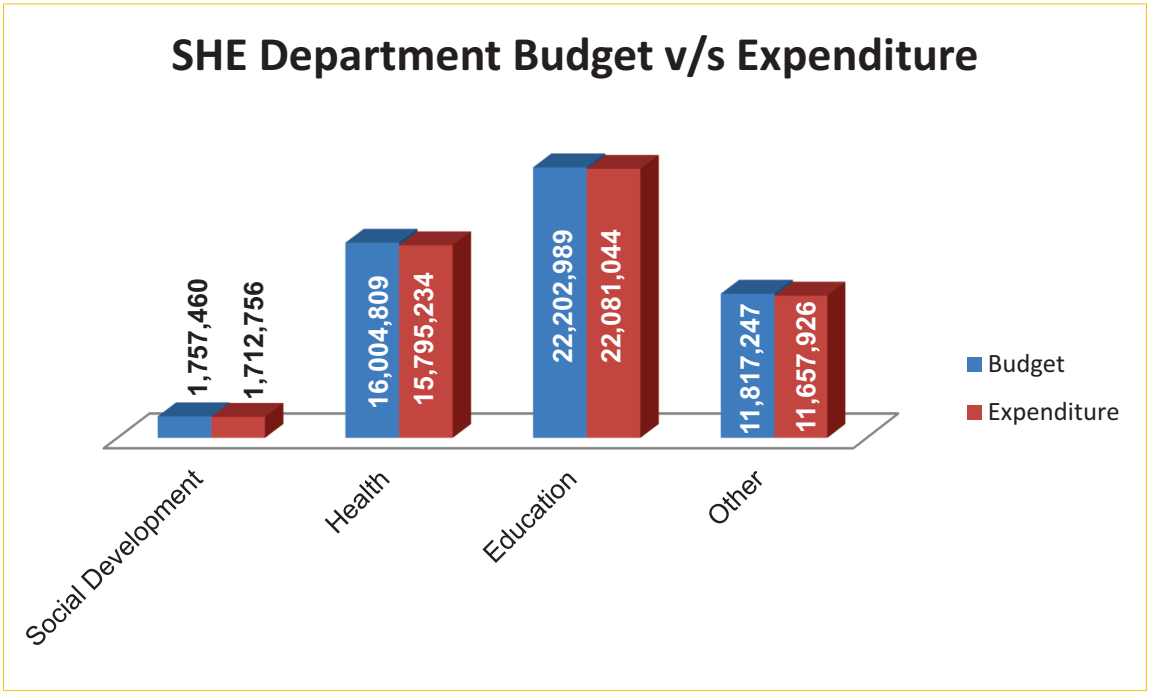
REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY (cont..)

Revenue collected



The provincial departments collected R1 485 billion of revenue during the reporting period as compared to the R1 320 billion in 2019/20. There was an underc ollection of R6 million from the revenue target of R1 491 billion.

Expenditure vs. Budget

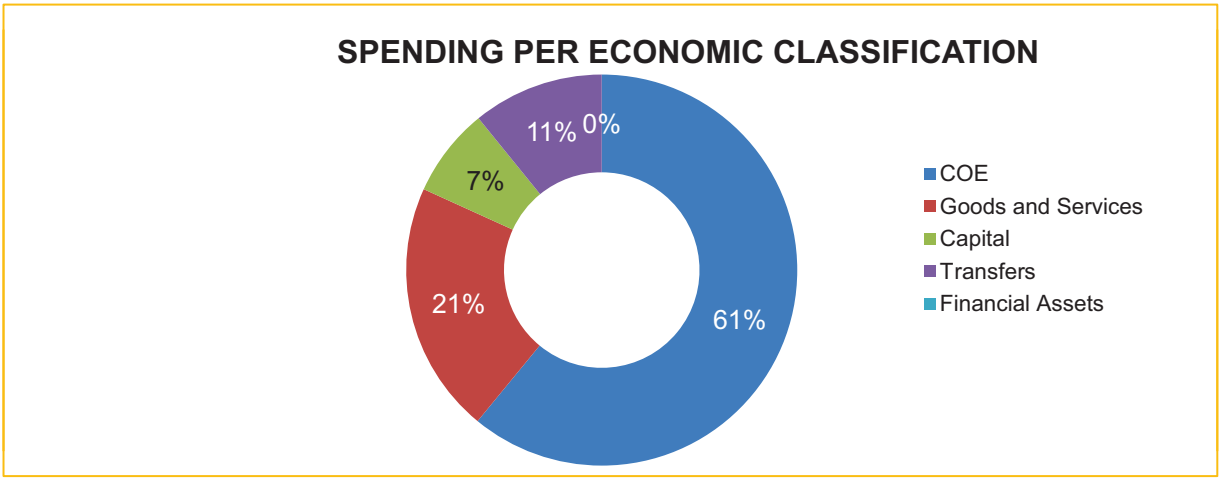


The provincial departments have spent on aggregate 990 % of the R51 246 billion allocated budget. Department of Social Development has spent 97.5% of the R1 757 billion budget allocated. The Department of Health has spent 99.8% of the R16 005 billion budget allocated

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY (cont..)

while the Department of Education spent 99.5% of the R22 202 billion and the other Departments spent 99% of the R11 817 billion total budget allocated.

Spending per economic classification



The Provincial Government spent R51 247 billion for the financial year 2020/21. Compensation of employees (COE) amounted to R31 235 billion, which is 61% 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 R10 677 billion, which is 21% of the total budget spent. Capital expenditure amounted to R3 772 billion while the transfers spending amounted to R5 561 billion and R 444 thousand was spend 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.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY

Public Entities as listed in schedule 3 of the PFMA

The Province had the following Public Entities for the period ended 2020/21:

- Mpumalanga Economic Growth Agency (MEGA)
- Mpumalanga Tourism and Parks Agency (MTPA)
- 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
HEAD: PROVINCIAL TREASURY
DATE: 31 / 10 / 2021

REPORT OF THE AUDITOR GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE

on Vote 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 16 to 51, which comprise the consolidated appropriation statement, consolidated statement of financial position as at 31 March 2021, 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 notes to theconsolidated 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 2021, 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 (Act No. 4 of 2020) (Dora).

Basis for opinion

Accrued departmental revenue

3. The financial statements of the Department of Community Safety, Security and Liaison included material misstatements. I was unable to obtain sufficient appropriate audit evidence for accrued departmental revenue, the related impairment and reclassifications due to the status of the accounting records and misstatements in the opening balance. The department did not maintain accurate and complete records of all transactions and events pertaining to accrued departmental revenue. I could not confirm the balance by alternative means.

4. Consequently, I was unable to confirm whether any adjustments were necessary to accrued departmental revenue of R1,9 billion (2019-20: R1,9 billion) disclosed in note 30 to the consolidated financial statements, impairment of accrued departmental revenue of R1,5 billion (2019-20: R1,5 billion) disclosed in note 30 to the consolidated financial statements,and the prior period error disclosed in note 42 to the consolidated financial statements.

Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). Myresponsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated financial statements section of my report.
6. I am independent of the departments in accordance with the International Ethics StandardsBoard for Accountants' *International code of ethics for professional accountants (includingInternational Independence Standards)* (IESBA code) as well as other ethical requirementsthat are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Unauthorised expenditure

9. As disclosed in note 12.1 to the consolidated financial statements, unauthorised expenditure to the amount of R961,8 million incurred over the years was still awaiting authorisation.

Irregular expenditure

10. As disclosed in note 31 to the consolidated financial statements, irregular expenditure to the amount of R10,9 billion incurred over the years was still awaiting condonation.

Fruitless and wasteful expenditure

11. As disclosed in note 32 to the consolidated financial statements, fruitless and wasteful expenditure to the amount of R53,9 million incurred over the years was still awaiting condonation.

Exemption

12. As disclosed in note 43 to the consolidated financial statements, the finance minister granted the provincial treasury an exemption from the provisions of section 19(1) of the PFMA, as section 19 of the PFMA can only be complied with if a common basis of accounting is applied. Given this exemption, the provincial treasury does not have to prepare a single set of consolidated financial statements for departments and entities.

Responsibilities of the accounting officer for the consolidated financial statements

13. 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.

14. 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 department or to ceaseoperations, 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 theseconsolidated 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.

Other information

17. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements and the auditor's report.

18. My opinion on the consolidated financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

20. If, based on the work I have performed, I conclude that there is a material misstatement inthis other information, I am required to report that fact.

21. I have nothing to report in this regard.

Internal control deficiencies

22. 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 thequalified opinion.

23. Management of the Department of Community Safety, Security and Liaison did not ensure tthat information was safeguarded and that the recording, reviewing and reporting processes and controls over current assets, revenue and disclosure notes in the financial statementswere adequate. The department did not implement adequate monitoring controls to ensurethat the annual financial statements submitted for auditing were free of material misstatements.

Auditor-General

Mbombela

18 October 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintainprofessional scepticism throughout my audit of the consolidated financial statements.

Consolidated financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as describedin 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 responsiveto those risks; and obtain audit evidence that is sufficient and appropriate to provide a basisfor 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 expressingan opinion on the effectiveness of the department's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
   - conclude on the appropriateness of the accounting officer's use of the going concern basisof accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of these departments 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of thisauditor's report. However, future events or conditions may cause a department to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 ininternal 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, actions taken to eliminate threats or the safeguards applied.

CONSOLIDATED APPROPRIATION PER VOTE									
	2020/21							2019/20	
	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	**237 697**	**-**	**-**	**237 697**	**235 461**	**2 236**	**99.1%**	**294 299**	**268 788**
Current payment	231 945	-	401	232 346	232 338	8	100.0%	282 636	258 324
Transfers and subsidies	1 252	-	(458)	794	788	6	99.2%	5 199	3 985
Payment for capital assets	4 500	-	-	4 500	2 279	2 221	50.6%	6 464	6 479
Payment for Financial assets	-	-	57	57	56	1	98.2%	-	-
PROVINCIAL LEGISLATURE	**372 023**	**-**	**-**	**372 023**	**339 884**	**32 139**	**91,4%**	**391 818**	**375 234**
Current payment	303 179	-	-	303 179	271 129	32 050	89,4%	328 777	315 918
Transfers and subsidies	59 867	-	-	59 867	59 867	-	100%	53 541	53 541
Payment for capital assets	8 977	-	-	8 977	8 888	89	99.0%	9 500	5 775
Payment for financial assets	-	-	-	-	-	-	0,0	-	-
PROVINCIAL TREASURY	**375 370**	**-**	**-**	**375 370**	**375 118**	**252**	**99.9%**	**354 892**	**354 262**
Current payment	367 550	-	-	367 550	364 779	2771	99.9%	325 611	325 593
Transfers and subsidies	6 955	-	-	6 955	6 941	14	99.8%	1 362	1 362
Payment for capital assets	865	-	-	865	3 398	(2533)	392.8%	27 919	27 307
Payment for Financial assets	-	-	-	-	-	-	0.0%	-	-
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	**550 088**	**-**	**-**	**550 088**	**549 981**	**107**	**100.0%**	**606 014**	**605 465**
Current payment	522 153	(40)	(333)	521 780	521 721	59	100.0%	543 597	543 050
Transfers and subsidies	19 523	-	-	19 523	19 476	47	99.8%	23 225	23 224
Payment for capital assets	8 412	-	333	8 745	8 744	1	100.0%	38 907	38 906
Payment for financial assets	-	40	-	40	40	-	100.0%	285	285

CONSOLIDATED APPROPRIATION PER VOTE									
	2020/21							2019/20	
	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	**1 132 909**	**-**	**-**	**1 132 909**	**1 091 226**	**41 683**	96.3%	**1 207 275**	**1 205 246**
Current payment	1 006 847	(8 150)	-	998 697	995 343	3 354	99.7%	1 054 397	1 056 860
Transfers and subsidies	9 738	850	-	10 588	10 587	1	100.0%	9 045	9 045
Payment for capital assets	116 324	7 300	-	123 624	85 296	38 328	69.0%	143 407	138 409
Payment for financial assets	-	-	-	-	-	-	0.0%	426	932
ECONOMIC DEVELOPMENT AND TOURISM	**1 082 647**	**-**	**-**	**1 082 647**	**1 072 286**	**10 361**	**99.0%**	**1 046 681**	**1 033 996**
Current payment	204 807	-	(10 000)	194 807	185 098	9 707	95.0%	226 694	215 082
Transfers and Subsidies	652 269	-	10 000	662 269	662 096	173	100.0%	690 224	690 224
Payment for capital assets	225 571	-	-	225 571	225 092	479	99.8%	129 651	128 578
Payment for financial assets	-	-	-	-	-	-	0.0%	112	112
EDUCATION	**22 202 989**	**-**	**-**	**22 202 989**	**22 081 044**	**121 945**	**99.5%**	**22 365 423**	**22 395 334**
Current payment	19 490 888	(4 701)	(2 200)	19 483 987	19 486 708	(2 721)	100.0%	19 684 948	19 714 817
Transfers and subsidies	1 981 724	(17 299)	2 200	1 966 625	1 878 884	87 741	95.5%	1 637 142	1 633 307
Payment for capital assets	730 377	22 000	-	752 377	715 452	36 925	95.1%	1 043 333	1 047 210
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
PUBLIC WORKS ROADS AND TRANSPORT	**4 627 010**	**-**	**-**	**4 627 214**	**4 583 227**	**43 987**	**99.0%**	**5 458 229**	**5 355 918**
Current payment	2 347 736	(1 501)	97	2 346 332	2 349 989	(3 657)	100.2%	2 911 612	2 911 551
Transfers and subsidies	1 042 756	251	102	1 043 109	1 045 989	(2 880)	100.3%	905 552	937 765
Payment for capital assets	1 236 518	1 004	5	1 237 527	1 187 003	50 524	95.9%	1 641 065	1 506 602
Payment for financial assets	-	246	-	246	246	-	100.0%	-	-
COMMUNITY SAFETY SECURITY AND LIASON	**1 422 464**	**-**	**-**	**1 422 464**	**1 419 579**	**2 885**	**99.8%**	**1 575 454**	**1 568 196**

CONSOLIDATED APPROPRIATION PER VOTE									
	2020/21							2019/20	
	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 payment	1 403 936	-	(356)	1 403 580	1 401 866	1 714	99.9%	1 548 989	1 540 155
Transfers and subsidies	3 346	-	307	3 653	3 548	105	97.1%	4 073	3 342
Payment for capital assets	15 182	-	-	15 182	14 117	1 065	93.0%	22 327	24 634
Payment for financial assets	-	-	49	49	48	1	98.0%	65	65
HEALTH	**16 004 809**	**-**	**-**	**16 004 809**	**15 795 234**	**209 575**	**98.7%**	**14 280 909**	**14 257 736**
Current payment	14 440 972	-	-	14 440 972	14 363 380	77 592	99.5%	12 908 944	12 892 325
Transfers and subsidies	118 104	-	-	118 104	126 659	(8 555)	107.2%	494 191	494 006
Payment for capital assets	1 445 733	-	-	1 445 733	1 305 195	140 538	90.3%	877 774	865 722
Payment for financial assets	-	-	-	-	-	-	0.0%	-	5 683
CULTURE SPORT AND RECREATION	**459 020**	**-**	**-**	**459 020**	**449 614**	**9 406**	**98.0%**	**486 385**	**482 786**
Current payment	331 861	-	(2 030)	329 831	356 958	(27 127)	108.2%	405 744	418 552
Transfers and subsidies	29 230	-	1 150	30 380	30 053	327	98.9%	16 532	16 451
Payment for capital assets	97 929	-	880	98 809	62 549	36 260	63.3%	65 109	47 783
Payment for financial assets	-	-	-	-	54	(54)	0%	-	-
SOCIAL DEVELOPMENT	**1 757 468**	**-**	**-**	**1 757 468**	**1 712 756**	**44 712**	**97.5%**	**1 646 592**	**1 635 807**
Current payment	1 050 304	-	1 158	1 051 462	1 069 293	(17 831)	101.7%	972 953	1 005 970
Transfers and subsidies	626 866	-	(1 158)	625 708	580 216	45 492	92.7%	556 305	541 488
Payment for capital assets	80 298	-	-	80 298	63 247	17 051	78.8%	117 334	88 349
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
HUMAN SETTLEMENTS	**1 558 011**	**-**	**-**	**1 558 011**	**1 541 550**	**16 461**	**98.9%**	**1 957 048**	**1 895 046**
Current payment	385 602	(1 039)	(67 911)	316 652	314 454	2 198	99.3%	311 220	300 168
Transfers and subsidies	1 136 063	1 039	95	1 137 197	1 136 066	1 131	99.9%	1 643 502	1 593 489

CONSOLIDATED APPROPRIATION PER VOTE									
	2020/21							2019/20	
	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
Payment for capital assets	36 346	-	67 816	104 162	91 030	13 132	87.4%	2 326	1 389
Payment for financial assets	-	-	-	-	-	-	0.0%		
Total	**51 782 505**	**-**	**-**	**51 782 709**	**51 246 960**	**535 749**	**99.0%**	**51 671 019**	**51 433 813**
Reconciliation with Statement of Financial Performance									
Prior year unauthorised expenditure approved with funding								-	
Departmental receipts				1 319 466				1 178 758	
Local and foreign aid assistance									
Actual amounts per Statement of Financial Performance (Total Revenue)				**53 102 175**				**52 849 777**	
Actual amounts per Statement of Financial Performance Expenditure					**51 246 960**				**51 433 813**

CONSOLIDATED APPROPRIATED PER ECONOMIC CLASSIFICATION									
	2020/21							2019/20	
	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	**42 087**	**(15 431)**	**(81 174)**	**41 991 175**	**41 913 056**	**78 119**	**99.8%**	**41 506 122**	**41 498 364**
Compensation of employees	31 059 063	38 229	105 415	31 202 707	31 238 360	(33 047)	100.1%	30 259 356	30 401 976
Goods and services	11 028 717	(53 660)	(186 589)	10 788 468	10 674 685	111 177	99.0%	11 246 766	11 091 503
Interest on land	-	-	-	-	11	(11)	0.0%	-	4 885
Transfers & subsidies	**5 687 693**	**(15 159)**	**12 034**	**5 684 568**	**5 561 170**	**123 398**	**97.8%**	**6 039 893**	**6 001 228**
Provinces & municipalities	332 284	(346)	331	332 269	362 738	(30 469)	109.2%	219 130	246 392
Departmental agencies & accounts	489 304	(874)	10 000	498 430	492 657	5 773	98.8%	580 748	580 712
Higher education institutions								-	-
Public corporations & private enterprises	903 245	-	-	903 245	873 451	29 794	96.7%	874 351	872 478
Non-profit institutions	2 428 750	(24 592)	418	2 404 576	2 284 815	119	95.0%	2 257 394	2 232 751
Households	1 534 110	10 653	1 285	1 546 048	1 547 509	(1 461)	100.1%	2 108 270	2 068 899
Payment for capital assets	**4 007 032**	**30 304**	**69 034**	**4 106 370**	**3 772 290**	**334 080**	**91.9%**	**4 124 116**	**3 927 144**
Buildings & other fixed structures	3 238 070	27 785	28 812	3 294 667	3 077 250	217 417	93.4%	3 607 778	3 459 186
Machinery & equipment	717 483	1 004	38 137	756 624	636 290	102 334	84.1%	514 209	458 307
Heritage assets	-	-	-	-	-	-	-	55	146
Biological or cultivated assets								-	-
Land & subsoil assets	30 000	-	-	30 000	30 013	(13)	100.0%	-	-
Software & other intangible assets	21 479	1 515	2 085	25 079	28 737	(3 658)	114.6%	2 074	9 505
Payment for financial assets	**-**	**286**	**106**	**392**	**444**	**(52)**	**113.3%**	**888**	**7 077**
Payment for financial assets	-	286	106	392	444	(52)	113.3%	888	7 077
Total	**51 782 505**	**-**	**-**	**51 782 505**	**51 246 960**	**535 545**	**99.0%**	**51 671 019**	**51 433 813**

	Note	2020/21 R'000	2019/20 R'000
OPERATING INCOME			
REVENUE DISCLOSED BY THE REVENUE FUND			
OPERATING INCOME			
Revenue from Taxes, Levies & Duties	2	1 316 492	1 159 213
Departmental Revenue	3	394 351	425 868
Other revenue	4	176 616	198 229
Receipts by National Departments from NRF	5	50 736 138	50 113 055
TOTAL REVENUE		**52 623 597**	**51 896 365**
REVENUE FUND EXPENDITURE		**(214 329)**	**(45 878)**
Appropriated Funds	7	(553 680)	(189 561)
Unspent conditional grants to be surrendered to National department		210 955	12 302
Other		128 396	131 381
EXPENDITURE DISCLOSED BY DEPARTMENTS			
Current expenditure		41 911 327	41 498 361
Compensation of employees	8	31 238 364	30 402 753
Goods and services	9	10 672 952	11 090 723
Interest and rent on land	10	11	4 885
Transfers and subsidies			
Transfer and subsidies	13	5 561 120	6 001 229
Total Transfers and subsidies		5 561 120	6 001 229
Expenditure for capital assets			
Tangible assets	11.1	3 745 331	3 917 642
Intangible assets	11.2	28 737	9 505
Total Expenditure for capital assets		3 774 068	3 927 147
Unauthorised expenditure approved funding		-	335
Payments for financial assets	14	444	7 077
TOTAL EXPENDITURE		**51 032 630**	**51 388 271**
SURPLUS FOR THE YEAR		**1 590 967**	**508 094**
Reconciliation of net surplus for the year			
Voted Funds		1 590 967	508 094
SURPLUS FOR THE YEAR		**1 590 967**	**508 094**

Consolidated Statement of Financial Position

as at 31 March 2021

	Note	2020/21 R'000	2019/20 R'000
ASSETS			
Current assets		**3 357 905**	**1 950 327**
Unauthorised expenditure	*12*	961 805	943 671
Cash and cash equivalents	*16*	1 814 306	830 136
Other financial assets	*14*	302 647	-
Prepayments and advances	*17*	177	219
Receivables	*18*	278 970	176 301
Non-current assets		**3 806**	**104 181**
Investments	*20*	-	100 000
Receivables	*18*	3 806	4 181
TOTAL ASSETS		**3 361 711**	**2 054 508**
LIABILITIES			
Current liabilities		**1 272 496**	**1 021 855**
Voted funds to be surrendered to the Revenue Fund	*21*	-	-
Departmental revenue to be surrendered to the Revenue Fund	*22*	-	-
Bank Overdraft	*23*	43 861	-
Payables	*24.1*	1 228 635	1 021 855
TOTAL LIABILITIES		**1 272 496**	**1 021 855**
NET ASSETS		**2 089 215**	**1 032 653**
Represented by:			
Recoverable revenue		9 138	7 482
Retained funds		2 080 077	1 025 171
TOTAL		**2 089 215**	**1 032 653**

Consolidated Statement of Net Assets

for the year ended 31 March 2021

	Note	2020/21 R'000	2019/20 R'000
Recoverable revenue			
Opening balance		**7 482**	**7 921**
Transfers		1 656	439
Irrecoverable amounts written off		-	(932)
Debts revised		-	(8)
Debts recovered		2 405	(142)
Debts raised		(749)	643
Closing balance		**9 138**	**7 482**
Retained funds			
Opening balance		1 025 171	754 616
Transfer from voted funds to be surrendered		-	515
Utilised during the year		(515)	(1 185)
Other		1 055 421	271 225
Closing balance		**2 080 077**	**1 025 171**
TOTAL		**2 089 215**	**1 032 653**

Consolidated Cash Flow Statements

for the year ended 31 March 2021

	Note	2020/21 R'000	2019/20 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND		**52 840 814**	**52 419 512**
Equitable Share		42 637 304	41 427 976
Conditional Grants		8 098 834	8 685 079
Provincial taxes		1 316 492	1 148 284
Departmental revenue collected		312 929	467 294
Surrenders from departments		298 639	514 996
Other revenue received by the Revenue Fund		176 616	175 883
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS		**53 426 337**	**53 176 941**
Annual appropriation funds received		51 729 347	51 604 320
Departmental revenue received		1 567 192	1 439 986
Interest received		129 798	132 635
PAYMENTS DISCLOSED BY NATIONAL REVENUE FUND		**51 870 223**	**51 748 175**
Annual appropriation		42 298 258	41 361 278
Statutory Appropriation		(500)	-
Conditional grants		8 098 834	8 685 079
Own funds appropriated		1 332 757	1 557 963
Other		140 874	143 855
Net (increase) /decrease in working capital		(24 642)	(60 763)
Surrendered to revenue fund		(2 008 946)	(2 081 094)
Current payments		(41 898 278)	
Interest paid		(11)	(4 885)
Payment for financial assets		(444)	(7 077)
Transfers and subsidies paid		(5 561 120)	(6 001 229)
Net cash flow available from operating activities	*28*	**4 903 487**	**4 144 640**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(3 774 068)	(3 927 482)
Proceeds from sale of capital assets		11 506	10 588
Other investing activities		(202 647)	(100 000)
(Increase)/decrease in non-current receivables		375	944
Net cash flows from investing activities		**(3 964 834)**	**(4 015 950)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		1 656	170 345
Net cash flows from financing activities		**1 656**	**170 345**
Net (decrease) in cash and cash equivalents		940 309	299 035
Cash and cash equivalents at the beginning of the period		830 136	531 101
Cash and cash equivalents at end of period	*28*	**1 770 445**	**830 136**

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 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.

Termination benefits

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

Medical benefits

The Mpumalanga Province 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 Mpumalanga Province 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 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 accounting officer.

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 consist 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 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; or a present obligation that arises from past events but is not recognised because:

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

Contingent liabilities are 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.

	2020/21 R'000	2019/20 R'000
2. Revenue from Taxes, Levies and Duties		
Taxation	1 316 492	1 159 213
Total Taxation	**1 316 492**	**1 159 213**
Total Revenue	**1 316 492**	**1 159 213**
3. Departmental Revenue		
Sales of goods and services other than capital assets	125 916	151 336
Fines, penalties and forfeits	100 925	113 557
Interest, dividends and rent on land	132 145	133 827
Sales of capital assets	11 506	10 587
Transactions in financial assets and liabilities	23 859	15 309
Transfer received	-	1 252
Total revenue collected	**394 351**	**425 868**
4. Other Revenue		
Surrenders	-	22 346
Other revenue received	176 616	175 883
Total	**176 616**	**198 229**
5. Receipts by National Departments from NRF		
Annual Appropriation	50 709 560	50 079 706
Statutory appropriation	26 578	33 349
Total	**50 736 138**	**50 113 055**
6. Aid assistance		
Donation received in kind (not included in the main note) (Treasury Regulation 21.2.4)		
Motor vehicles	8 280	-
Total	**8 280**	**-**
7. Appropriated funds		
Annual Appropriation	(9 800 827)	(10 483 357)
Statutory Appropriation	26 078	33 349
Conditional Grants	7 888 312	8 702 661
Own funds appropriated	1 332 757	1 557 786
Total Annual Appropriation	**(553 680)**	**(189 561)**

	2020/21 R'000	2019/20 R'000
8. Compensation of employees		
Salaries and Wages		
Basic Salary	21 568 316	21 365 997
Performance Award	143 896	250 471
Service Based	77 503	77 288
Compensative/circumstantial	1 441 532	1 103 649
Periodic Payments	185 005	56 601
Other non-pensionable allowances	3 441 808	3 362 129
Total	**26 858 060**	**26 216 135**
Social Contributions		
Employer contributions		
Pension	2 706 369	2 680 318
Medical	1 661 198	1 498 014
UIF	396	374
Bargaining Council	3 990	3 689
Official unions and associations	3 131	3 148
Insurance	5 220	1 075
Total	**4 380 304**	**4 186 618**
Total Compensation of employees	**31 238 364**	**30 402 753**
Average number of employees	**38 133**	**73 517**

		2020/21 R'000	2019/20 R'000
9. Goods and services			
Administrative fees		302 575	285 740
Advertising		89 121	50 394
Minor Assets less than R5,000	*8.1*	20 440	20 582
Bursaries (employees)		24 554	25 705
Catering		28 907	70 297
Communication		168 196	190 815
Computer services	*8.2*	317 106	227 966
Consultants, contractors and agency/outsourced services		71 118	81 291
Audit cost – external	*8.3*	112 448	99 176
Infrastructure and planning services		113 358	77 124
Laboratory services		547 286	582 498
Legal Services		101 290	179 852
Contractors		363 555	303 519
Agency and support/outsourced services		788 021	840 793
Entertainment		1 055	-
Fleet services		222 636	251 408
Inventory	*8.4*	3 103 319	3 122 255
Consumables	*8.5*	1 175 995	392 582
Operating leases		289 497	292 579
Property payments	*8.6*	1 882 156	2 498 518
Rental and hiring		5 085	13 913
Transport provided as part of the departmental activities		367 171	486 921
Travel and subsistence	*8.7*	387 971	658 898
Venues and facilities		44 061	90 324
Training and staff development		78 855	185 830
Other operating expenditure	*8.8*	67 176	61 743
Total		**10 672 952**	**11 090 723**

9.1 Minor assets

Tangible assets			
Machinery and equipment		20 440	20 563
Transport assets		-	19
Total		**20 440**	**20 582**

9.2 Computer services

SITA computer services		99 816	116 463
External computer service providers		217 290	111 503
Total		**317 106**	**227 966**

	2020/21 R'000	2019/20 R'000
9.3 Audit cost-external		
Regularity audits	112 448	93 925
Performance audits	-	4 901
Computer Audits	-	350
Total	**112 448**	**99 176**
9.4 Inventory		
Clothing material and accessories	17 449	16 922
Farming supplies	56 416	82 260
Food and food supplies	78 579	83 656
Fuel, oil and gas	14 404	18 605
Learning and teaching support material	343 523	408 778
Materials and supplies	180 463	143 565
Medical supplies	490 077	497 125
Medicine	1 851 346	1 748 748
Other supplies	71 062	122 596
Total	**3 103 319**	**3 122 255**
9.4.1 Other suppliers		
Ammunition and security suppliers	-	596
Assets for distribution	42 600	57 589
Machinery and equipment	42 600	57 541
+845Other assets for distribution	-	48
Other	28 462	64 411
Total	**71 062**	**122 596**
9.5 Consumables		
Consumable supplies	**1 094 490**	**282 010**
Uniform and clothing	117 342	42 152
Household supplies	404 226	185 845
Building material and supplies	11 842	14 074
Communication accessories	23	130
IT consumables	2 215	7 182
Other consumables	558 842	32 627
Stationery, printing and office supplies	81 505	110 572
Total	**1 175 995**	**392 582**
9.6 Property payments		
Municipal services	290 213	244 113
Property management fees	22 187	17 545
Property maintenance and repairs	891 431	1 298 805
Other	678 325	938 055
Total	**1 882 156**	**2 498 518**

	2020/21 R'000	2019/20 R'000
9.7 Travel and subsistence		
Local	387 615	648 124
Foreign	356	10 774
Total	**387 971**	**658 898**
9.8 Other operating expenditure		
Professional bodies, membership and subscription fees	2 591	1 682
Resettlement costs	1 709	3 195
Other	62 876	56 866
Total	**67 176**	**61 743**
10. Interest and Rent on Land		
Interest expense	11	4 885
Total	**11**	**4 885**
11. Expenditure on capital assets		
11.1 Tangible assets	**3 745 331**	**3 917 642**
Buildings and other fixed structures	3 078 980	3 459 184
Heritage Assets	-	146
Machinery and equipment	636 338	458 312
Land and subsoil assets	30 013	-
11.2 Software and other intangible assets	**28 737**	**9 505**
Computer software	28 737	9 505
Total	**3 774 068**	**3 927 147**
Analysis of funds utilized to acquire capital assets		
Tangible assets		
Voted	**3 745 331**	**3 917 642**
Buildings and other fixed structures	3 078 980	3 459 184
Heritage assets	-	146
Machinery and equipment	636 338	458 312
Special military assets	30 013	-
Total	**3 745 331**	**3 917 642**
Software and other intangible		
Voted Funds		
Computer software	28 737	9 505
Total	**28 737**	**9 505**

	2020/21 R'000	2019/20 R'000
11.3 Finance lease expenditure included in Expenditure for capital assets		
Machinery and equipment	19 687	43 578
Total	**19 687**	**43 578**
12. Unauthorized expenditure		
12.1. Reconciliation of unauthorised expenditure		
Opening balance	943 671	910 222
As restated	943 671	910 222
Unauthorised expenditure – current year	18 134	55 795
Amounts approved by Legislature (without funding)	-	(335)
Capital expenditure	-	(335)
Less: Amounts written off	-	(22 011)
Unauthorised expenditure awaiting authorisation/ written off	**961 805**	**943 671**
12.2. Analysis of unauthorised expenditure awaiting authorisation per economic classification		
Current	847 702	820 363
Capital	1 380	1 380
Transfers and subsidies	112 723	121 928
Total	**961 805**	**943 671**
12.3. Analysis of unauthorised expenditure awaiting authorisation per type		
Unauthorised expenditure relating to overspending of the vote or a main division within the vote	845 674	817 052
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	116 131	126 619
Total	**961 805**	**943 671**
13. Transfers and subsidies		
Provinces and municipalities	362 735	246 392
Departmental agencies and accounts	492 661	580 713
Public corporations and private enterprises	873 451	872 478
Non-profit institutions	2 284 761	2 232 751
Households	1 547 512	2 068 895
Total	**5 561 120**	**6 001 229**

		2020/21 R'000	2019/20 R'000
14. Payment of financial assets			
Material losses through criminal conduct		246	-
Theft		246	-
Debts written off		150	7,012
Debt take overs		48	65
Total		**444**	**7,077**
15. Cash and cash equivalents			
Consolidated Paymaster General Account		537 487	305 155
Cash Receipts		17 642	900
Disbursements		(60 616)	(64 678)
Cash on hand		34 328	18 082
Cash with SARB		5 376	5 676
Exchequer Account		1 280 089	565 001
Total		**1 814 306**	**830 136**
16. Prepayments and Advances			
Travel and subsistence		177	219
Prepayments (Not expensed)	*16.1*	-	-
Total		**177**	**219**
16.1. Prepayments (Not expensed)			
Goods and services		-	2 103
Less: Amount expensed in current year			
Goods and services		-	(2 103)
Total		**-**	**-**
17. Receivables			
Claims recoverable	*17.1*	72 134	30 145
Trade receivables	*17.2*	61	-
Recoverable expenditure	*17.3*	2 201	2 551
Staff debt	*17.4*	54 453	43 718
Fruitless and wasteful expenditure	*17.6*	250	4 831
Other debtors	*17.5*	68 471	103 144
Voted funds to be surrendered to the Revenue Fund		(282 658)	(74 976)
Conditional Grants to be surrendered to the Revenue Fund		231 559	34 996
Unauthorised expenditure to be surrendered		53 536	35 402
Departmental Revenue to be surrendered to the Revenue Fund		82 769	671
Total		**282 776**	**180 482**

	2020/21 R'000	2019/20 R'000
Current		
Claims recoverable	72 134	30 145
Trade receivable	61	-
Recoverable expenditure	2 201	-
Staff debt	51 328	2 551
Fruitless and wasteful expenditure	250	40 520
Other receivables	67 790	4 831
Total Current	**193 764**	**78 047**
Non-current		
Fruitless and wasteful expenditure	3 125	3 198
Total Non-current	**3 125**	**3 198**

17.1. Claims receivable

National Departments	3 342	-
Provincial Departments	19 029	8 437
Public Entities	29 468	21 708
Local Governments	20 295	-
Closing balance	**72 134**	**30 145**

17.2. Trade Receivables

Trade receivables	61	-
Total	**61**	**-**

17.3. Recoverable expenditure

Agriculture, Rural Development, Land and Environmental	4	-
Community Safety, Security and Liaison	75	212
Co-Operative Governance and Traditional Affairs	17	176
Economic Development and Tourism	2	-
Education	1 537	1 525
Human Settlement	1	-
Office of the Premier	565	638
Closing balance	**2 201**	**2 551**

	2020/21 R'000	2019/20 R'000
17.4. Staff debt		
Agriculture, Rural Development, Land and Environmental	474	661
Community Safety, Security and Liaison	176	-
Co-operative Governance and Traditional Affairs	59	53
Culture Sport and Recreation	304	308
Education	27 666	19 925
Provincial Treasury	191	204
Health	22 442	19 533
Human Settlements, Social Development	273	202
Office of the Premier,	1 456	1 509
Other departments	1 412	1 313
	54 453	**43 718**
17.5. Other debt		
Agriculture, Rural Development, Land and Environmental	526	372
Community Safety, Security and Liaison	266	4 020
Co-operative Governance and Traditional Affairs	2	3 051
Culture Sport and Recreation	7	88
Economic Development and Tourism	5	2
Education	5 423	3 399
Provincial Treasury	577	580
Health	8 569	1 227
Office of The Premier	424	503
Public Works and Transport	52 539	89 281
Social Development	133	133
Provincial Legislature	-	488
Closing balance	**68 471**	**103 144**
17.6. Fruitless and wasteful expenditure		
Opening balance	4 831	5 806
Less amount recovered	-	(80)
Less amount written off	-	(5 476)
Transfer from note 32 Fruitless and wasteful expenditure	(4 581)	4 581
Closing balance	**250**	**4 831**
17.7. Impairment of receivables		
Estimate of impairment of receivables	29 833	26 180
Total	**29 833**	**26 180**

		2020/21 R'000	2019/20 R'000
18. Investment			
Non-Current Investments			
Domestic		-	100 000
Total		**-**	**100 000**
19. 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		**-**	**-**
20. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund			
20.1. Prior period error (affecting Voted funds to be surrendered)			
Nature of prior period error			
Relating to 2017/18			(4 581)
Total			**(4 581)**
21. Bank Overdraft			
Consolidated Paymaster General Account		43 861	-
Total		**43 861**	**-**
22. Payables			
22.1. Payables – current			
Amounts owed to other entities		2 499	4 977
Advances received	*22.1.1*	1 994	1 994
Clearing accounts	*22.1.2*	25 388	26 386
Other payables	*22.1.3*	25 763	15 281
Unauthorised expenditure not funded by Revenue Fund		962 212	960 915
Unused conditional grant to be transferred back to National Government		210 779	12 302
Total		**1 228 635**	**1 021 855**
22.1.1 Advances received			
Other institutions		1 994	1 994
Closing balance		**1 994**	**1 994**

	2020/21 R'000	2019/20 R'000
22.1.2. Clearing accounts		
Agriculture, Rural Development, Land and Environmental	447	75
Co-operative Governance and Traditional Affairs	227	3,965
Culture Sport and Recreation	83	325
Education	17 392	17,037
Health	3 763	4,069
Human Settlements	92	208
Public Works, Roads and Transport	3 384	707
Total	**25 388**	**26,386**
22.1.3. Other payables		
Agriculture, Rural Development, Land and Environmental	5 154	405
Community Safety, Security and Liaison	17 948	11 482
Culture Sport and Recreation	2	72
Economics De4velopment and Tourism	-	1 288
Education	1 152	747
Provincial Treasury	34	-
Human Settlements	36	69
Office of The Premier	14	7
Public Works, Roads and Transport	771	658
Social Development	652	553
Total	**25 763**	**15 281**

23. Net cash flow from operating activities

Net surplus as per Statement of Financial Performance	1 590 967	508 094
Add back non cash/cash movements not deemed operating activities	3 312 520	3 636 546
Increase in receivables – current	(351 316)	121 671
Decrease in prepayments and advances	42	2 166
Decrease in other current assets	-	22 346
Increase / (decrease) in payables – current	206 780	93 365
Proceeds from sale of investments	(11 506)	(10 588)
Loss from sale of capital assets	(515)	-
Expenditure of capital assets	3 774 068	3 927 147
Surrenders to revenue fund	(2 008 946)	(2 081 094)
Voted funds not requested/not received	(2)	-
Own revenue included on the appropriation	218 078	262 375
Other non-cash items	1 485 837	1 299 158
Net cash flow generated by operating activities	**4 903 487**	**4 144 640**

	2020/21 R'000	2019/20 R'000

24. Reconciliation of cash and cash equivalents for cash flow purpose

Consolidated Paymaster General Account	1 773 715	870 156
Cash receipts	17 642	900
Disbursements	(60 616)	(64 678)
Cash on hand	39 704	23 758
Total Cash	**1 770 445**	**830 136**
Cash and cash equivalent for cash flow purpose	**1 770 445**	**830 136**

25. Contingent Liabilities and Contingent Assets

25.1 Contingent liabilities

Housing loan guarantees	438	435
Claims against the department	10 972 585	10 473 220
Other departments (interdepartmental unconfirmed balances)	8 005	16 031
0ther	-	-
Total	**10 981 028**	**10 489 686**

25.2 Contingent Assets

Co-operative governance & traditional affairs	13 336	13 249
Economic Development and Tourism	400	400
Human Settlement	4 860	4 860
Social Development	297	33 701
Total	**18 893**	**52 210**

26. Commitments

Capital expenditure		
Approved and contracted	3 979 041	6 289 016
Approved but not yet contracted	166 144	109 491
Machinery and equipment	10	-
Total	**4 145 195**	**6 398 507**

27. Accruals and Payables not recognised

27.1 Accruals not recognized

Goods and services	390 332	201 923
Transfers and subsidies	88 937	132 373
Capital assets	61 051	191 979
Other	2 666	1 150
Total	**542 986**	**527 425**

	2020/21 R'000	2019/20 R'000
27.1.1 Accruals less than 30 days		
Accruals not recognised		
Goods and services	345 528	-
Transfer and subsidies	1 036	-
Capital assets	41 115	-
Other	2 426	-
Total	**390 105**	**-**
27.1.2 30+ Days		
Accruals not recognised		
Goods and services	44 804	-
Transfers and subsidies	87 901	-
Capital assets	19 936	-
Other	240	-
Total	**152 881**	**-**
27.2 Payables not recognised		
Goods and services	509 869	139 648
Transfers and subsidies	10 958	6 195
Capital assets	260 793	62 643
Other	74 470	110 394
Total	**856 090**	**318 881**
27.2.1 Accruals less than 30 days		
Payables not recognised		
Goods and services	295 581	-
Transfers and subsidies	10 044	-
Capital assets	256 770	-
Other	74 356	-
Total	**636 751**	**-**
27.2.2 30+ Days		
Payables not recognised		
Goods and services	214 288	-
Transfers and subsidies	914	-
Capital assets	4 023	-
Other	114	-
Total	**219 339**	**-**
Confirmed balances		
Confirmed balances with departments	24 889	3 812
Confirmed balances with other government entities	2 132	20
Total	**27 021**	**3 832**

	2020/21 R'000	2019/20 R'000
28. Employee benefits		
Leave entitlement	998 763	719 934
Service bonus (Thirteenth cheque)	909 178	902 052
Performance awards	79 265	117 345
Capped leave commitments	1 553 746	1 729 838
Other	39 588	30 498
Total	**3 580 540**	**3 499 667**
29. Lease Commitments		
29.1 Operating leases		
Building and other fixed structures		
Not later than 1 year	133 848	122 765
Later than 1 year and not later than 5 years	426 956	409 263
Later than five years	358 327	457 836
Total present value of lease liabilities	**919 131**	**989 864**
Machinery and equipment		
Not later than 1 year	52 850	67 421
Later than 1 year and not later than 5 years	47 386	41 026
Total present value of lease liabilities	**100 236**	**108 447**
29.2 Finance Lease expenditure		
Machinery and equipment		
Not later than 1 year	9 965	35 506
Later than 1 year and not later than 5 years	4 006	9 683
Total present value of lease liabilities	**13 971**	**45 189**
30. Accrued for departmental revenue		
Tax revenue	532 773	481 580
Sales of goods and services other than capital assets	220 201	283 050
Fines, penalties and forfeits	1 067 207	1 036 846
Interest, dividends and rent on land	68 871	60 891
Sales of capital assets	-	40
Transactions in financial assets and liabilities	715	3 009
Other	4 035	9 116
Total	**1 893 802**	**1 874 532**
Analysis of receivables for departmental revenue		
Opening balance	1 874 533	1 596 508
Less: Amounts received	559 763	646 072
Add: Amounts recognised	1 359 476	1 654 062
Less: Amounts written-off/reversed as irrecoverable	780 444	729 966
Closing balance	**1 893 802**	**1 874 532**

	2020/21 R'000	2019/20 R'000
Accrued departmental revenue written off		
Department of Community Safety, Security & Liaison	667 314	729 966
Health	111 97 62	-
Total	**779 290**	**729 966**
Impairment of accrued departmental revenue		
Estimate of impairment of accrued departmental revenue	1 538 401	1 495 886
Total	**1 538 401**	**1 495 886**

31. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	9 288 417	10 432 352
Prior Period error	1 358 899	1 431 972
As restated	10 647 316	11 864 324
Add: Irregular expenditure –relating to prior year	504 719	47 989
Add: Irregular expenditure – current year	2 808 345	2 305 568
Less: Prior year amounts condoned	(2 629 243)	(3 538 031)
Less: Current year amount condoned	(362 740)	-
Less: Prior year amount not condoned	(54 905)	(32 534)
Less: Amount recoverable (not condoned)	-	-
Less: Amounts written off	(12 004)	-
Irregular expenditure awaiting condonation	**10 901 488**	**10 647 316**
Analysis of awaiting condonation per age classification		
Current	2 462 593	2 352 842
Prior years	8 438 895	8 294 474
Total	**10 901 488**	**10 647 316**
Prior period error		
Nature of prior period error		
Relating to 2020/21(affecting the opening balance)	7 438	-
Total	**7 438**	**-**

32. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	35 436	32 632
Prior period error	3 666	3 953
As restated	39 102	36 585
Fruitless and wasteful expenditure – relating to prior year	(2 854)	-
Fruitless and wasteful expenditure – relating to current year	18 982	9 135
Less: Amounts condoned	(3)	(4 878)
Less: Amounts transferred to receivables for recovery	(1 309)	(1 740)
Fruitless and wasteful expenditure awaiting condonement	**53 918**	**39 102**

	2020/21 R'000	2019/20 R'000
33. Related party transactions		
Tax revenue (paid)	150 828	151 251
Total	**150 828**	**151 251**
Payments made		
Transfers and subsidies	662 097	690 224
Total	**662 097**	**690 224**
Year end balances arising from revenue/payments		
Receivables from related parties	51 938	9 386
Payables to related parties	(61 879)	-
Total	**(9 941)**	**9 386**
In kind goods and services provided/received		
Social Development	1 037	-
34. Key management personnel		
Description		
Political Office Bearers	20 277	22 472
Officials:		
Levels 15 to 16	32 676	23 244
Level 14 (include CFO if at lower lever)	95 416	103 221
Level 11 to13	50 862	48 219
Family members of key management	7 881	5 409
Total	**207 112**	**202 565**
Description		
Speaker to Parliament/the Legislature	742	-
Deputy Speaker to Parliament	-	12 608
Chief Financial Officer	12 660	12 623
Total	**13 402**	**25 231**
35. Provisions		
Retention	417 552	538 118
Provision for litigation	272 348	100 352
Total	**689 900**	**638 470**

36. Movable Tangible Capital Assets

a. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	**278 473**	**-**	**8 541**	**14 433**	**272 581**
Heritage assets	278 473	-	8 541	14 433	272 581
MACHINERY AND EQUIPMENT	**36 317 387**	**(14 319)**	**8 668 523**	**802 847**	**44 168 744**
Transport assets	16 940 020	-	158 476	567 463	16 531 033
Computer equipment	4 757 289	-	6 283 135	160 565	10 879 859
Furniture and office equipment	2 481 920	-	701 223	40 546	3 142 597
Other machinery and equipment	12 138 158	(14 319)	1 525 689	34 273	13 615 255
SPECIALISED MILITARY ASSETS	**4 439**	**-**	**-**	**-**	**4 439**
Specialised military assets	4 439	-	-	-	4 439
BIOLOGICAL ASSETS	**306 510**	**185**	**9 622**	**13 778**	**302 539**
Biological assets	306 510	185	9 622	13 778	302 539
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**36 906 809**	**(14 134)**	**8 686 686**	**831 058**	**44 748 303**

Movable Tangible Capital Assets under investigation **Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:**	**Number**	**Value**
		R'000
Machinery and equipment	170	6 663

b. ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year	Total
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	**24 886**	**51**	**(15 913)**	**(483)**	**8 541**
Heritage assets	24 886	51	(15 913)	(483)	**8 541**
MACHINERY AND EQUIPMENT	**8 625 397**	**78 331**	**(35 600)**	**1 230**	**8 669 358**
Transport assets	146 948	28 983	(16 983)	-	**158 948**
Computer equipment	6 289 709	7 971	(15 913)	1 456	**6 283 223**
Furniture and office equipment	701 616	9	-	(169)	**701 456**
Other machinery and equipment	1 487 124	41 368	(2 704)	(57)	**1 525 731**
BIOLOGICAL ASSETS	**25 722**	**296**	**(15 913)**	**(483)**	**9 622**
Biological assets	25 722	296	(15 913)	(483)	**9 622**
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	**8 676 005**	**78 678**	**(67 426)**	**264**	**8 687 521**

c. DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Sold for cash	Non-cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	**4 371**	**10 062**	**14 433**	**1 198**
Heritage assets	4 371	10 062	14 433	1 198
MACHINERY AND EQUIPMENT	**740 574**	**35 008**	**775 582**	**221 784**
Transport assets	520 408	30 911	551 319	220 374
Computer equipment	155 961	3 025	158 986	211
Furniture and office equipment	39 061	217	39 278	39
Other machinery and equipment	25 144	855	25 999	1 160
BIOLOGICAL ASSETS	4 584	9 194	13 778	1 217
Biological assets	4 584	9 194	13 778	1 217
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	**749 529**	**54 264**	**803 793**	**224 199**

d. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	**269 556**	**(727)**	**32 689**	**23 045**	**278 473**
Heritage assets	269 556	(727)	32 689	23 045	278 473
MACHINERY AND EQUIPMENT	**30 123 922**	**21 766**	**6 245 560**	**73 861**	**36 317 387**
Transport assets	13 001 779	3 786	3 967 385	32 930	16 940 020
Computer equipment	3 502 298	504	1 265 721	11 234	4 757 289
Furniture and office equipment	1 759 392	2 170	724 757	4 399	2 481 920
Other machinery and equipment	11 860 453	15 306	287 697	25 298	12 138 158
SPECIALISED MILITARY ASSETS	**4 439**	**-**	**-**	**-**	**4 439**
Specialised military assets	4 439	-	-	-	4 439
BIOLOGICAL ASSETS	**271 312**	**-**	**59 941**	**24 016**	**307 237**
Biological assets	271 312	-	59 941	24 016	307 237
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**30 669 229**	**21 039**	**6 338 190**	**120 922**	**36 907 536**

Prior period error

Nature of prior period error	
Relating to: 2019/20 affecting the opening balances	5 369
Relating to 2018/19	5 768
Total	**11 137**

37. Minor Assets

a. MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	7	25	477 027	729	**477 788**
Value adjustments	-	-	7 873	14	**7 859**
Additions	-	-	78 377	270	**78 647**
Disposals	-	-	(10 241)	(98)	**(10 339)**
Total Minor Assets	**7**	**25**	**553 036**	**887**	**553 955**

b. MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	7	25	482 168	746	**482 940**
Prior period error	-	-	(1)	-	**(1)**
Additions	-	-	23 937	125	**24 062**
Disposals	-	-	(29 071)	(142)	(29 213)
	7	**25**	**477 027**	**729**	**477 788**

c. MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2021

	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000
Assets written off	822	-	822
	822	**-**	**822**

d. MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2020

	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000
Assets written off	880	36	916
	880	**36**	**916**

38. Intangible Capital Assets

a. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	107 251	-	24 210	132	131 329
Recipes, Formulae, Prototypes, Designs, Models	4 388	-	-	-	4 388
Services and Operating Rights	7 270	-	-	-	7 270
Total Intangible Capital Assets	**118 909**	**-**	**24 210**	**132**	**142 987**

Intangible Capital Assets under investigation

Included in the above total of the intangible capital assets as per assets register, are assets which are under investigation:

	Number	Value R'000
Software	7	201

b. ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	25 276	25 679	(26 745)	-	24 210
Total Additions to Intangible Capital Assets	**25 276**	**25 679**	**(26 745)**	**-**	**24 210**

c. DISPOSALS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Sold for cash	Non-cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
Software	-	132	132	-
Total Disposals to Intangible Capital Assets	**-**	**132**	**132**	**-**

d. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Software	102 737	4 514	-	107 251
Recipes, formulae, prototypes, designs, models	4 388	-	-	4 388
Services and Operating Rights	7 270	-	-	7 270
Total Intangible Capital Assets	**114 395**	**4 514**	**-**	**118 909**

39. Immovable Tangible Capital Assets

a. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	59 125 068	2 317 902	(485 463)	60 957 507
Dwellings	430 564	58 006	-	488 570
Non-residential buildings	6 929 795	228 201	(434 230)	6 723 766
Other fixed structures	51 764 708	2 031 695	(51 233)	53 745 170
HERITAGE ASSETS	15 161	-	(8 368)	23 529
Heritage assets	15 161	-	(8 368)	23 529
LAND AND SUBSOIL ASSETS	245 542	30 013	-	275 555
Land	245 542	30 013	-	275 555
Total Immovable Tangible Capital Assets	**59 385 771**	**2 347 915**	**(477 095)**	**61 256 591**

b. ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	2 352 102	1 664 960	(2 311 731)	(31 618)	1 673 713
Dwellings	132 832	7 453	(74 397)	-	65 888
Non-residential buildings	890 165	217 846	(880 307)	-	227 704
Other fixed structures	1 329 114	1 439 661	(1 357 027)	(31 618)	1 380 121
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	30 013	-	-	-	30 013
Land	30 013	-	-	-	30 013
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	**2 382 115**	**1 664 960**	**(2 311 731)**	**(31 618)**	**1 703 726**

c. DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Sold for cash	Non-cash disposal	Total disposals
	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**-**	**485 463**	**485 463**
Non-residential buildings	-	434 230	434 230
Other fixed structures	-	51 233	51 233
HERITAGE ASSETS	-	(8 368)	(8 368)
Heritage assets	-	(8 368)	(8 368)
TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS	**-**	**477 095**	**477 095**

d. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**58 113 912**	**(301 321)**	**2 241 215**	**(928 738)**	**59 125 068**
Dwellings	430 404	160	44 313	(44 313)	430 564
Non-residential buildings	7 764 986	(432 394)	147 660	(550 458)	6 929 795
Other fixed structures	49 918 521	130 913	2 049 241	(333 967)	51 764 708
HERITAGE ASSETS	**15 161**	**-**	**-**	**-**	**15 161**
Heritage assets	15 161	-	-	-	15 161
LAND AND SUBSOIL ASSETS	**215 529**	**-**	**30 013**	**-**	**245 542**
Land	215 529	-	30 013	-	245 542
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**58 344 602**	**(301 321)**	**2 271 228**	**(928 738)**	**59 385 771**

e. CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2021

	Opening Balance 2020	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 2021
	R'000	R'000	R'000	R'000
Heritage assets	-	15 913	-	15 913
Buildings and other fixed structures	6 883 113	2 273 021	(1 523 988)	7 627 431
Machinery and equipment	97 172	656 536	(1 084 455)	(330 747)
Intangible assets	37 457	21 806	(24 114)	35 149
TOTAL	**7 017 742**	**2 967 276**	**2 632 557**	**7 347 746**

Age analysis on ongoing projects

Age analysis	Number of projects Planned, construction not started	Planned, construction started	2021 Total R'000
0 to 1 year	8	43	341 091
1 to 3 year(s)	390	536	3 181 076
3 to 5 years	6	6	1 961 484
Longer than 5 years	2	1	281 080
Total	**408**	**539**	**5 764 731**

f. CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2020

	Opening Balance 2019	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 2020
	R'000	R'000	R'000	R'000	R'000
Heritage assets	-	-	-	-	-
Buildings and other fixed structures	4 049 816	453 528	3 345 246	(965 477)	6 883 113
Machinery and equipment	146 631	-	31 899	(81 358)	97 172
Intangible assets	32 750	-	9 221	(4 514)	37 457
Total	**4 229 197**	**453 528**	**3 386 366**	**(1 051 349)**	**7 017 742**

Age analysis on ongoing projects

Age analysis	Number of projects Planned, construction not started	Planned, construction started	2020 Total R'000
0 to 1 year	295	307	666 378
1 to 3 year(s)	7	56	2 691 248
3 to 5 years	2	10	2 191 592
Longer than 5 years	3	-	264 036
Total	**307**	**373**	**5 813 254**

	2020/21 R'000	2019/20 R'000
Accruals and payables not recognised relating to Capital WIP work-in-progress	**242 475**	**58 178**

40. Section 42 Immovable Assets

BUILDINGS AND OTHER FIXED STRUCTURES	**395 182**	**780 449**
Non-residential buildings	372 260	768 012
Other fixed structures	22 922	12 437
HERITAGE ASSETS	**6 793**	**15 161**
Heritage assets	6 793	15 161
TOTAL	**401 975**	**795 610**

41. Agent Principal arrangements

41.1 Department acting as a Principal

Community Safety, Security and Liaison	154 030	212 362
Health	275 579	204 739
Education	9 259	29 028
Total	**438 868**	**446 129**

41.2 Department acting as an Agent

Revenue received for agency activities		
Community Safety, Security and Liaison	64 693	65 280
Total	**64 693**	**65 280**

42. Prior Period Error

	2019 / 2020		
	Amount before error correction	Prior period error	Restated amount
Correction of prior period errors	**R'000**	**R'000**	**R'000**
Revenue: (e.g. Annual appropriation, Departmental revenue, Aid assistance, etc.)	6 700 388	565 966	7 266 354
Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)	1 724 412	(519 609)	1 204 803
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)	3 893 338	145 121	4 038 459

	Amount before error correction	2019 / 2020 Prior period error	Restated amount
Correction of prior period errors	**R'000**	**R'000**	**R'000**
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)	10 092 108	54 269	10 146 377
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc.)	6 520 658	(6 081)	6 514 577

43. 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 2020/20 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.

Public Entities

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REPORT OF THE AUDITOR GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE
on Vote 3: Provincial Treasury - Consolidated Financial Statements for Public Entitiess

Report on the audit of the consolidated financial statements

Qualified opinion

1. I have audited the consolidated financial statements of the Mpumalanga public entities setout on pages 59 to 92, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of financial performance, consolidated statementof changes in net assets and consolidated cash flow statement for the year then ended, aswell as 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 2021, and their financial performance and cash flows for the year then ended in accordancewith the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Financial Management Act 1 of1999 (PFMA).

Basis for qualified opinion

Other financial assets

3. The financial statements of the Mpumalanga Economic Growth Agency (MEGA) included material misstatements. I was unable to obtain sufficient appropriate audit evidence for other financial assets as the entity did not provide loan agreements to confirm that loans and therelated interest had been accounted for properly in the financial statements. I could not confirm the correctness of the loan amounts and related interest by alternative means, as the entity's record keeping system did not permit this. Consequently, I was unable to determinewhether any adjustment was necessary relating to other financial assets of R50,4 million (2019-20: R70,1 million), as disclosed in note 4 to the consolidated financial statements, and interest earned of R42 million (2019-20: R41,3 million), as disclosed in note 20 to the consolidated 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 my report.

5. I am independent of the public entities in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirementsthat are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilitiesin accordance with these requirements and the IESBA code.

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 impairments

8. As disclosed in note 2 to the consolidated financial statements, material impairments of R312,3 million (2019-20: R275 million) were incurred as a result of the provision for the impairment of trade and other receivables from exchange transactions.

Fruitless and wasteful expenditure

9. As disclosed in note 36.1 to the consolidated financial statements, fruitless and wasteful expenditure to the amount of R219 000 was incurred during the year.

Irregular expenditure

10. As disclosed in note 36.2 to the consolidated financial statements, irregular expenditure tothe amount of R97,9 million incurred over the years was still awaiting condonation.

Uncertainty relating to the future outcome of exceptional litigation

11. With reference to note 38 to the consolidated financial statements, the Mpumalanga Tourism and Parks Agency (MTPA) isa defendant in claims against it. The entity is opposing the claims and the ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the consolidated financial statements.

Restatement of corresponding figures

12. As disclosed in note 43 to the consolidated financial statements, the corresponding figures for 31 March 2020 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 2021.

Non-adjusting events

13. I draw attention to note 44 to the consolidated financial statements, which deals with subsequent events and specifically legal action that was taken by MEGA against Afrimat forthe expungement of the entity's 40% shareholding in Nkomati Anthracite Mine through a business rescue process. On 16 August 2021, an out-of-court agreement was reached thatAfrimat would allocate R11 million worth of shares, amounting to 196 429 shares, to the entity to replace the shares in Nkomati.

Exemption

14. As disclosed in note 46 to the consolidated financial statements, the finance minister granted the provincial treasury an exemption from the provisions of section 19(1) of the PFMA, as section 19 of the PFMA can only be achieved if a common basis of accounting is applied. The exemption allows the 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

15. 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.

16. 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 financialstatements

17. My objectives are to obtain reasonable assurance about whether the consolidated financialstatements 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 thatna 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.

18. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

Other information

19. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements and the auditor's report.

20. My opinion on the consolidated financial statements does cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

21. In connection with my audit, my responsibility is to read the other information and, in doingso, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. If based on the work I have performed, I conclude that there is a material misstatement in this other information, Iam required to reportthat fact. Ihave nothing to report in this regard.

Internal control deficiencies

23. 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 matters reportedbelow are limited to the significant internal control deficiencies that resulted in the basis forthe qualified opinion.

24. MEGA did not formulate and implement a record management policy and related procedures to ensure that all documentation was properly maintained, controlled and easily retrievable.

Auditor-General

Mbombela
30 September 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintainprofessional scepticism throughout my audit of the consolidated financial statements.

Financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as describedin 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 responsiveto those risks; and obtain audit evidence that is sufficient and appropriate to provide a basisfor 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 expressingan 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 basisof accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entities to continue as going concerns. If I conclude that a material uncertainty exists, I am required to draw attention inmy auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of thisauditor's report. However, future events or conditions may cause public entities to cease operating as going concerns
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 ininternal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate w ith them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

	Notes	2020/21 R'000	2019/20 R'000
ASSETS			
Current assets		**302 247**	**326 575**
Cash and cash equivalents	*1*	162 547	192 039
Trade and other receivables from exchange transactions	*2*	63 238	61 517
Other receivables from non-exchange transactions, including taxes, fines, transfer	*3*	1 068	1 639
Other current financial assets	*4*	10 124	16 344
Inventories	*5*	47 680	48 459
Statutory Receivables	*6*	17 590	6 577
Non-Current assets		**1 676 448**	**1 768 279**
Other non-current financial assets	*4*	40 309	53 797
Investments in Associates	*34*	8 156	3 100
Intangible Assets	*8*	9 455	9 359
Investments property	*9*	452 960	478 870
Biological Assets	*10*	15 185	30 919
Property, plant and equipment	*7*	1 115 100	1 156 950
Heritage assets	*11*	35 283	35 283
TOTAL ASSETS		**1 978 694**	**2 094 853**
LIABILITIES			
Current liabilities		**344 693**	**313 164**
Trade and other payables from exchange transaction	*13*	231 949	208 243
Taxes and transfer payable	*14*	26 056	18 894
Other current financial liabilities	*18*	48 522	52 255
Current provisions	*16*	20 366	20 731
Current portion of unspent conditional grants and receipts	*12*	16 969	12 238
Short-term Borrowings	*15*	123	96
Service Concession Arrangement	*40*	708	708
Non-current liabilities		**10 466**	**11 171**
Other non-current financial liabilities	*18*	6 941	7 649
Non-current provisions	*17*	3 525	3 522
TOTAL LIABILITIES		**355 159**	**324 335**
NET ASSETS		**1 623 536**	**1 770 518**
Revaluation Reserves		654 680	667 622
Share capital (Contributions from owners)		70 015	70 015
Accumulated Surplus/deficit		898 841	1 032 881
Total Net Asset and liabilities		**1 978 695**	**2 094 854**

Consolidated Statement of Financial Performance

for the year ended 31 March 2021

	Notes	2020/21 R'000	2019/20 R'000
Revenue			
Non-exchange revenue		**702 750**	**751 408**
Government grants and subsidies	*22*	523 394	543 860
Legislative and Oversight functions	*39*	179 356	207 548
Exchange revenue		**263 320**	**276 614**
Sale of goods and rendering of services	*23*	156 635	162 863
Rental of facilities and equipment	*19*	41 166	36 411
Interest earned-external investments	*21*	2 582	8 222
Interest earned – outstanding receivables	*20*	42 025	41 339
Other income	*24*	20 912	27 779
TOTAL REVENUE		**966 070**	**1 028 022**
EXPENDITURE			
Employee related cost	*25*	(559 654)	(568 165)
Bad debts		(69 128)	(101 666)
Depreciation & amortisation and impairment	*27*	(57 963)	(57 034)
Repairs and maintenance	*26*	(8 359)	(5 413
General expenses	*30*	(399 765)	(427 731)
Contracted services	*28*	(3 855)	(3 774)
Finance Costs	*29*	(639)	(703)
TOTAL EXPENDITURE		**(1 099 363)**	**(1 164 486)**
Other gain / losses		**(14 047)**	**61 720**
Loss on sale of assets	31	(11 971)	(113)
Impairment loss/Reversal of impairment loss	32	(1 586)	(12 730)
Gain on fair value adjustment	33	(490)	74 563
DEFICIT FOR THE PERIOD		**(147 341)**	**(74 744)**

Consolidated Statement of Net Assets

for the year ended 31 March 2021

	Notes	Revaluation Reserve	Contributed Capital	Accumulated Surplus/ (deficit)	TOTAL: Net Assets
		R'000	R'000		R'000
Balance at 31 March 2019		**602 008**	**70 015**	**1 085 991**	**1 758 014**
- correction of prior year error		(507)	-	(874)	(1 381)
Balance at April 2019 – Restated balance		**601 501**	**70 015**	**1 085 117**	**1 756 633**
Transfers to/from other reserves		(16 836)	-	16 836	-
Net of Tax Surplus/(deficit) on revaluation of property, Plant & Equipment		82 135	-	-	82 135
Surplus/(Deficit) for the period as per Statement of Financial Performance		-	-	(74 744)	(74 744)
Transfer to/from accumulated surplus/(deficit)		4 220	-	5 778	9 998
Other movements		(3 398)	-	(108)	(3 506)
Balance at 1 April 2020		**667 622**	**70 015**	**1 032 881**	**1 770 518**
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment		**-**	**-**	**-**	**-**
Transfer to/from other reserve		(15 189)	-	6 865	(8 324)
Surplus/(Deficit) for the period as per Statement of Financial Performance		-	-	(147 341)	(147 341)
Transfers to /from accumulated surplus/(deficit)		8 683	-	-	8 683
Other movements		(6 435)	-	6 435	-
Balance at 31 March 2021		**654 680**	**70 015**	**898 841**	**1 623 536**

Consolidated Cash Flow Statements

for the year ended 31 March 2021

	Notes	2020/21 R'000	2019/20 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		**956 159**	**1 144 230**
Transfers and subsidies		444 534	478 639
Sale of goods and rendering of services		154 054	156 498
Interest, dividends and rent on land		4 307	11 718
Grants		252 669	275 228
Other receipts		100 595	222 147
Cash payments		**(1 007 970)**	**(1 277 333)**
Compensation of employees		(608 638)	(772 860)
Goods and services		(283 047)	(359 989)
Interest and rent on land		(8 677)	(9 006)
Other payments		(107 608)	(135 478)
Net cash flow from operating activities	*35*	**(51 811)**	**(133 103)**
CASH FLOW FROM INVESTING ACTIVITIES		**34 376**	**31 198**
Purchase of Property, Plant and Equipment		(7 880)	(9 968)
Purchase of intangible Assets		(1 615)	(1 293)
Purchase of available-for-sale financial assets		15 158	26 707
Proceeds on Disposal of Property, Plant and Equipment		8	108
Proceeds on Disposal of Intangible Assets		-	(42)
Proceeds on Disposal of Living Resources		30 919	16 067
Additional movements		(2 214)	(381)
Net cash used in investing activities		**34 376**	**31 198**
CASH FLOW FROM FINANCING ACTIVITIES		**(12 057)**	**12 336**
Repayments of borrowings		-	(6 676)
Proceeds/loss from borrowings		(3 733)	19 012
Distribution/Dividends paid		(8 324)	-
Net cash used in financing activities		**(12 057)**	**12 336**
Net increase/decrease in cash and cash equivalents		(29 492)	(89 569)
Cash and cash equivalents at the beginning of the year		192 039	281 608
Cash and cash equivalents at end of the year	*1*	**162 547**	**192 039**

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 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 if 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.

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 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.

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 ve ntures 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 joint ly 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.

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 value 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.

ⓘ 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 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 arerecognised 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 counter-parties 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 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.

	2020/21	2019/20
	R'000	R'000

1. Cash and Cash Equivalent

Cash and cash equivalent consist of the following

Cash on hand	2	10
Cash at bank	162 545	192 029
	162 547	**192 039**

2. Trade and Other Receivables from Exchange Transaction

2021	Gross Balance	Provision for Doubtful debt	Net Balance
Balance as at 31 March 2021	**R'000**	**R'000**	**R'000**
Other Receivables	375 580	(312 342)	63 238
Total	**375 580**	**(312 342)**	**63 238**

2020	Gross Balance	Provision for Doubtful debt	Net Balance
Balance as at 31 March 2020	**R'000**	**R'000**	**R'000**
Other Receivables	336 479	(274 962)	61 517
Total	**336 479**	**(274 962)**	**61 517**

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

Current (0 – 30 days)	12 842	35 084
31 – 60 days	10 732	9 729
61 – 90 days	1 389	5 322
91 – 120 days	522	(16 335)
121+ days	37 753	27 717
Total	**63 238**	**61 517**

Reconciliation of the doubtful debts provision

Balance at the beginning of the year	(274 962)	(216 685)
Contributions to provisions	(3 012)	(1 296)
Increase/ (Decrease due to change in estimate	(34 368)	(56 981)
Change due to correction of errors	-	-
Balance at end of year	**(312 342)**	**(274 962)**

	Notes	2020/21 R'000	2019/20 R'000
Summary of Debtors classification			
Other trade receivables			
Current (0-31DAYS)		14 803	38 783
31-60 Days		14 999	12 630
61-90 Days		2 360	6 232
91-120 Days		1 587	(14 515)
121-365 Days		341 831	293 349
Total debtor		**375 580**	**336 479**
Less: provision		(312 342)	(274 962)
Total debtor		**63 238**	**61 517**

3. Other receivables from non-exchange transaction

Other receivables		1 022	1 617
Prepayments (if not material)		46	22
Total other receivables		**1 068**	**1 639**

4. Other financial assets

4.1 Non-current

Other non-current financial assets		40 309	53 797

4.2 Current

Other current financial assets		10 124	16 344
Total		**50 433**	**70 141**

5. Inventories

	Industrial/ Commercial	National Government
Consumable stores	2 510	3 358
Work in Progress	45 170	45 101
Carrying value of inventories	**47 680**	**48 459**
Inventory carried at Net Realisable Value		
Consumable stores	1 703	2 280
Work in progress	46 002	46 179
Write-downs of inventory to Net Realisable Value	(25)	-
	47 680	**48 459**

6. Statutory Receivables

	Notes	2020/21 R'000	2019/20 R'000
Opening balance		6 577	-
Current year receivables		11 013	6 577
Amounts derecognised/ Settled amounts		-	-
Closing balance at year end		**17 590**	**6 577**

7. Property, plant and equipment

7.1 Reconciliation of carrying value

	2021			2020		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Land	48 838	-	48 838	48 838	-	48 838
Building	740 282	(293 229)	447 053	736 814	(273 985)	462 829
Service Concession Asset	4 249	(1 038)	3 211	4 249	(692)	3 557
Vehicles	34 327	(18 032)	16 295	34 563	(17 827)	16 736
Infrastructure	589 532	(137 570)	451 962	590 368	(125 305)	465 063
Capital Work in Progress (Infrastructure)	178	-	178	470		470
Finance Lease Assets	151	(151)	-	151	(151)	-
Furniture & Fittings	9 941	(5 057)	4 884	13 997	(8 411)	5 586
Plant, Machinery & Equipment	32 771	(16 607)	16 164	34 192	(17 228)	16 964
Office Equipment	5 061	(3 243)	1 818	5 266	(3 166)	2 100
Computer equipment	17 952	(10 339)	7 613	20 316	(11 135)	9 181
Other Assets	122 851	(5 766)	117 084	131 203	(5 576)	125 627
Total	**1 606 133**	**(491 033)**	**1 115 100**	**1 620 426**	**(463 476)**	**1 156 950**

7.2 Reconciliation of property plant and equipment – 2021

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Revaluation	Discontinued Operations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	48 838							**48 838**
Service Concession Asset	3 557				(346)			**3 211**
Buildings	462 829	439	(1 586)	401	(17 658)		2 628	**447 053**
Vehicles	16 736	1 460	(23)		(1 878)			**16 295**
Infrastructure	465 063	846	(113)	96	(22 614)	8 683		**451 962**
Capital Work in Progress (Infrastructure)	470	333		(625)				**178**
Furniture & Fittings	5 586	634	(692)		(643)			**4 885**
Plant, Machinery & Equipment	16 964	2 037	(502)	63	(2 400)			**16 163**
Office Equipment	2 100	199	(45)		(436)			**1 818**
Computer Equipment	9 181	1 261	(510)		(2 318)			**7 613**
Other Assets	125 627	698	(1 088)		(8 151)			**117 085**
Total	**1 156 949**	**7 906**	**(4 559)**	**(64)**	**(56 444)**	**8 683**	**2 628**	**1 115 099**

7.3 Reconciliation of Property Plant and Equipment – 2020

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment (Loss) / Reversal of impairment loss	Revaluation	Discontinued Operations	Prior Year Errors	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	49 204			(369)		(190)	193			**48 838**
Service Concession Asset	3 902				(153)				(192)	**3 557**
Buildings	408 415	984		(2 103)	(17 761)	(14 586)	81 909		5 971	**462 829**
Capital Work in Progress (Buildings)	4 685	817		(5 502)						**-**
Vehicles	18 605				(1 929)			60		**16 736**
Infrastructure	471 417	11 097		57	(21 761)		4 253			**465 063**
Capital Work in Progress (Infrastructure)	56	1 084		(670)						**470**
Furniture & Fittings	4 962	1 397	(35)		(738)					**5 586**
Plant, Machinery & Equipment	17 358	1 856	(12)		(2 238)					**16 964**
Office Equipment	2 461	81	(13)		(429)					**2 100**
Computer Equipment	10 187	1 679	(163)		(2 522)					**9 181**
Other Assets	131 983	1 771	(15)		(8 112)					**125 627**
Total	**1 123 235**	**20 766**	**(238)**	**(8 587)**	**(55 643)**	**(14 776)**	**86 355**	**60**	**5 778**	**1 156 950**

	2020/21 R '000	2019/20 R '000
7.4. Disclosure on assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of PPE per class of asset.	178	470

a. Expenditure incurred to repair and maintain property plant and equipment

Property plant and equipment	**8 359**	**5 413**

8. Intangible assets

8.1.1 Reconciliation of carrying value

	2021			2020		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	4 095	(3 070)	1 025	3 737	(2 808)	929
Other	8 430	-	8 430	8 430	-	8 430
Total	**12 525**	**(3 070)**	**9 455**	**12 167**	**(2 808)**	**9 359**

8.1.2 Reconciliation of intangible assets -2021

	Carrying Value Opening Balance	Additions	Amortisation	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000
Computer software	929	1 615	(1 519)	1 025
Other	8 430	-	-	8 430
Total	**9 359**	**1 615**	**(1 519)**	**9 455**

8.1.3 Reconciliation of intangible Assets –2020

	Carrying Value Opening Balance	Disposal	Additions	Amortisation	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer software	985	-	1 336	(1 392)	929
Other	8 430	-	-	-	8 430
Total	**9 415**	**-**	**1 336**	**(1 392)**	**9 359**

9. Investment property carried at Fair Value

Reconciliation of carrying value

	2021			2020		
	Cost	Fair Value Adjustments	Carrying Value	Cost	Fair Value Adjustments	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Total	**452 960**	**-**	**452 960**	**478 870**	**-**	**478 870**

9.1.1 Reconciliation of Investment Property – 2021

	Carrying Value Opening Balance	Additions	Transfers	Disposal	Fair Value Adjustment	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	478 870	-	-	(10 250)	(15 660)	452 960
Total	**478 870**	**-**	**-**	**(10 250)**	**(15 660)**	**452 960**

9.1.2 Reconciliation of Investment Property –2020

	Carrying Value Opening Balance	Additions	Transfers	Disposal	Fair Value Adjustment	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	445 587	381	2 770	-	30 132	478 870
Total	**445 587**	**381**	**2770**	**-**	**30 132**	**478 870**

10. Biological Assets

10.1. Reconciliation of carrying value

	2021		2020	
	Cost	Carrying Value	Cost	Carrying Value
	R'000	R'000	R'000	R'000
Trees in plantation	15 185	15 185	30 919	30 919
Total	**15 185**	**15 185**	**30 919**	**30 919**

10.2 Reconciliation of Biological Assets - 2021

	Carrying Value Opening Balance	Decreases due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000
Trees in plantation	30 919	(30 919)	15 185	15 185
Total	**30 919**	**(30 919)**	**15 185**	**15 185**

10.3 Reconciliation of Biological Assets – 2020

	Carrying Value Opening Balance	Decreases due to harvest/sales	Impairment (Loss)/Reversal of impairment loss	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000
Trees in plantation	12 530	(16 067)	34 456	30 919
Total	**12 530**	**(16 067)**	**34 456**	**30 919**

11. Heritage Assets

11.1 Reconciliation of carrying value

	2021			2020		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Other Assets	35 283	-	35 283	35 283	-	35 283
Total	**35 283**	**-**	**35 283**	**35 283**	**-**	**35 283**

11.2 Reconciliation of Heritage Assets – 2021

	Carrying Value Opening Balance	Addition	Disposals	Revaluation	Depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Other Assets	35 283	-	-	-	-	35 283
Total	**35 283**	**-**	**-**	**-**	**-**	**35 283**

11.3 Reconciliation of Heritage Assets - 2020

	Carrying Value Opening Balance	Addition	Disposals	Revaluation	Depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Other Assets	35 283	-	-	-	-	35 283
Total	**35 283**	**-**	**-**	**-**	**-**	**35 283**

12. Unspent Conditional Grants and Receipts

Current portion of unspent conditional grants and receipts	16 969	12 238

13. Trade and Other Payables from Exchange Transactions

Trade creditors	25 361	22 682
Staff leave accrual	3 913	3 737
Other creditors	202 675	181 824
Total	**231 949**	**208 243**

14. Taxes and Transfers Payable

Taxes and transfers payable (Non-Exchange)	26 056	18 894
Total Taxes and transfers payable	**26 056**	**18 894**

15. Short-term Borrowings

Short-Term Borrowings	123	96
Total	**123**	**96**

16. Current Provision

16.1 Reconciliation of movement in provisions – 2021

	Performance bonus	Provision for leave pay	Other provisions	Current Portion of Other Non-Current Provisions	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	2 638	12 513	5 220	360	20 731
Provisions raised	2 580	-	1 085	608	4 273
Amounts used	(2 610)	-	-	(410)	(3 020)
Unused Amounts Reversed	(28)	-	-	-	(28)
Other movements	-	(2 279)	689	-	(1 590)
Closing balance	**2 580**	**10 234**	**6 994**	**558**	**20 366**

16.2 Reconciliation of movement in provisions – 2020

	Performance bonus	Provision for leave pay	Other provisions	Current Portion of other Non-Current Provisions	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	7 295	12 319	5 220	487	25 321
Provisions raised	2 638	-	-	424	3 062
Unused Amounts Reversed	(196)	-	-	-	(196)
Amounts used	(7 099)	381	-	(552)	(7 270)
Other movements	-	(187)	-	-	(187)
Closing balance	**2 638**	**12 513**	**5 220**	**360**	**20 731**

17. Non- Current Provisions

17.1 Reconciliation of movement in provisions – 2021

	Provision for long-service awards	Other Non-Current provisions	Total
	R'000	R'000	R'000
Opening balance	2 578	944	3 522
Provisions raised	(102)	-	(102)
Amount used	212	-	212
Other movements	(145)	38	(107)
Closing balance	**2 543**	**982**	**3 525**

17.2 Reconciliation of movement in provisions – 2020

	Provision for long-service awards	Other non-current provision	Total
	R'000	R'000	R'000
Opening balance	2 673	944	3 617
Other movements	(95)	-	(95)
Closing balance	**2 578**	**944**	**3 522**

18. Other financial liabilities

Other non-current financial liabilities	6 941	7 649
Other current financial liabilities	48 522	52 255

19. Rental of facilities and equipment

Rental of facilities	41 166	36 411
Total	**41 166**	**36 411**

	2020/21 R'000	2019/20 R'000

20. Interest Earned- Outstanding Receivables

Interest earned- Outstanding receivables	42 025	41 339
Total	**42 025**	**41 339**

21. Interest Earned – External Investments

Bank	1 405	3 915
Financial assets	1 177	4 307
Total	**2 582**	**8 222**

22. Government Grants and Subsidies

21.1 Reconciliation of movement in Grant - 2021

	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	113 693	617 523	523 394	207 822
Total	**113 693**	**617 523**	**523 394**	**207 822**

21.2 Reconciliation of movement in Grant - 2020

	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	-	657 553	543 860	113 693
Total	**-**	**657 553**	**543 860**	**113 693**

	2020/21 R'000	2019/20 R'000

23. Revenue from Exchange Transactions – Sales of goods and services

Sales of goods and services	156 635	162 863

24. Other Income

Other income	20 810	27 664
Bad debt recoveries	102	115
Total	**20 912**	**27 779**

	2020/21 R'000	2019/20 R'000
25. Employee Related Costs		
Salaries- Employees- Salaries and wages	366 376	365 668
Salaries- Employees- Contributions for UIF, pensions and medical aid	61 320	57 276
Salaries- Employees- Performance and other bonuses	9 654	9 545
Salaries- Employee- Overtime payments	9 527	11 323
Salaries- Employees- Other employee related costs	110 708	113 534
Salaries- Employees- Long-service awards	187	42
Salaries- Employees- Allowance	1 857	8 528
Salaries-Accounting Authority-Basic remuneration	2 073	2 672
Employee benefits expensed – other	28	108
Movement in Provision - Provision for performance Bonus	-	208
Movement in Provision - Provision for leave pay	(2 139)	(808)
Movement in Long-term Provisions - Other long term employee related provisions	62	67
Total	**559 654**	**568 165**
26. Repairs and maintenance		
Property, plant and equipment	8 359	5 413
Building	5 996	2 014
Vehicles	1 337	1 681
Infrastructure	312	69
Plant, Machinery & Equipment	41	1 360
Office equipment	114	21
Computer equipment	559	268
Total	**8 359**	**5 413**
27. Depreciation and Amortisation Expense		
Property, plant and equipment	56 444	55 642
Intangible assets	1 519	1 392
Total	**57 963**	**57 034**
28. Contracted Services		
Consultants on various projects	3 855	3 774
Agency fees	-	-
Research	-	-
TOTAL	3 855	774

	2020/21 R'000	2019/20 R'000
29. Finance cost		
Other financial liabilities	**639**	**703**
30. General Expenses		
Advertising	5 381	6 684
Admin fees	9 809	8 538
Audit fees	12 286	12 516
Bank charges	741	836
Bursaries	267	24
Cleaning	881	893
Consumables	1 313	1 340
Cost of sales	145 156	106 404
Entertainment	19	185
Electricity	25 240	24 079
Fuel and oil	2 734	5 755
Insurance	7 420	11 448
Legal expenses	4 248	5 207
License fees - Vehicles	143	130
License fees – computers	2 839	4 359
Membership fees	20	18
Parking	527	660
Postage	27	41
Printing and stationery	574	1 442
Professional fees	(782)	1 360
Rental of buildings	8 788	8 685
Rental of office equipment	2 178	1 547
Security costs	37 766	30 113
Subscription and publication	2 962	4 484
Telephone costs	2 914	3 136
Training	41	482
Transport claims	2 010	6 847
Travel and subsistence-Local	1 264	9 156
Water	43	315
Other	122 956	171 046
Total	**399 765**	**427 731**
31. Gain/ (Loss) on Sale of Assets)		
Property, plant and equipment	(11 971)	(113)
Total Gain / (loss) on Sales Assets)	**(11 971)**	**(113)**

	2020/21 R'000	2019/20 R'000
32. Impairment (Loss) / Reversal of impairment loss		
Property, plant and equipment	(1 586)	(12 730)
Impairment (Loss) / Reversal of impairment loss	**(1 586)**	**(12 730)**
33. Profit / (Loss) on Fair Value Adjustment		
Investment property carried at fair value	15 185	34 456
Biological assets carried at fair value	(15 660)	30 132
Other fair value adjustment gain/(loss)	(16)	9 975
Total Profit /(Loss) on fair Value Adjustment	**(490)**	**74 563**
34. Investments in associates		
Non-Current Assets	8 156	3 100
Equity	**8 156**	**3 100**
35. Cash flows from operating activities		
Surplus/(deficit) for the year		
Continuing operations	(147 341)	(74 744)
Adjustments for:		
(Gain)/loss on sale of tangible assets	12 120	104
(Gain)/loss on sale of intangible assets	7	24
Amortisation	1 067	966
Contribution to provisions- non-current	-	(95)
Depreciation	56 897	56 066
Dividend income	(168)	(409)
Fair value losses on financial instruments	490	(73)
Finance cost	638	702
Finance income	(1 177)	(4 307)
Increase/(decrease) in provisions	(592)	(7 816)
Movements in other employee benefit items	187	29
Share of (income)/loss from Associates and Joint Ventures	(2 843)	(1 234)
Impairment loss/ (reversal of impairment loss)	1 586	12 615
Other non-cash item	(3 947)	(765)
Operating surplus before working capital changes:	**(83 076)**	**(18 937)**
(Increase)/decrease in inventories	780	(399)
(Increase)/decrease in trade and other receivables	(12 127)	10 908
(Increase)/decrease in conditional grants and receipts	5 325	3 993
Increase/(decrease) in trade and other payables	30 377	(56 474)
Other working capital movements	6 910	(72 196)
Net cash flow from operating activities	**(51 811)**	**(133 103)**

	2020/21 R'000	2019/20 R'000
36. Fruitless and Wasteful Expenditure and Irregular Expenditure		
36.1 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	4 293	3 572
Fruitless and wasteful expenditure current year	219	721
Less: Fruitless and wasteful expenditure condoned or written off relevant authority	(1 142)	-
Less: Transfer to receivables for recovery	(1)	
Fruitless and wasteful expenditure closing balance	**3 369**	**4 293**
36.2 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance	82 841	63 981
Prior period error		-
Irregular expenditure current year	15 076	18 860
Irregular expenditure prior year	-	-
Condoned or written off by relevant authority	-	-
Transfer to receivable for recovery- not condoned	-	-
Irregular expenditure awaiting condoned	**97 917**	**82 841**
37. Capital commitments		
37.1 Commitments in respect of capital expenditure		
Approved and contracted for		
Infrastructure	534	2 665
Other	-	-
Total	**534**	**2 665**
This expenditure will be financed from:		
Government Grants	534	2 665
Total	**534**	**2665**
37.2 Operating Leases		
Lessee		
Up to 1 year	2 767	6 093
1 to 5 years	1 541	2 183
More than 5 years	277	1 402
Total	**4 585**	**9 678**

38. Contingent Liabilities

The amount of R740 million relates to a Frederick Daniel and 11 others (plaintiffs) versus MTPA and 24 others – Case No: 34502/2010. The total claim by the plaintiff's amount to R1 094 330 740 of which R740 000 000 has been computed as a claim against MTPA in the issued summons. The matter is before the North High Court in Pretoria, which provides uncertainty about the amount claimed until the court makes a ruling.

39. Contributed Capital	2020/21 R'000	2019/20 R'000
Opening balance	70 015	-
Contributions	-	70 015
Total	**70 015**	**70 015**

40. Service Concession Arrangements

Service Concession Liability		
Concession service Liability	2 832	3 540
Concession service short-term	(708)	(708)
Total	**2 124**	**2 832**
Total Service concession Liability		
Current Liability	**-**	**-**
Non-current Liability	2 124	2 832
Total Liability	**2 124**	**2 832**

41. Risk Management

41.1 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	162 547	192 039
Trade and other receivables from exchange transactions	63 237	61 517
Other receivables from non-exchange transactions	1 068	1 639
Other current financial assets	10 124	16 344
Other non-current financial assets	40 309	53 797

41.2 Liquidity risk

2021

	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
Trade and other payables	9 003	22 254	-	-
Other	5 909	123	-	945

2020

	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
Trade and other payables	4 849	21 457	-	-
Other	5 220	96	-	855

42. Legislative and oversight functions

Statutory Appropriation	179 356	207 548
	179 356	**207 548**

43. Correction of Prior year error

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			
Revenue	183 523	(5039)	(178 484)
Other operating income	186 271	4 364	190 635
Other operating expenses	354 824	(3 458)	351 366
Income from equity accounted investments	309	925	1 234
Net effect on Surplus/(Deficit) for the year	**724 927**	**(3 208)**	**721 719**

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

	Amount before correction	Prior period error	Restated amount
	(R'000)	(R'000)	(R'000)
Property, plant and equipment	431 301	113	431 414
Trade and other receivables	47 276	7 127	54 403
Other assets	66 360	(754)	65 605
Investment property	431 171	47 699	478 870
Trade and other payables	175 654	(2 279)	173 375
Unspent conditional grants	15 391	(3 153)	12 238

	Amount before correction (R'000)	Prior period error (R'000)	Restated amount (R'000)
Retained income	746 277	60 639	806 916
Revaluation	128 917	(97)	128 820
Net effect on statement of Financial Position	**2 042 347**	**109 295**	**2 151 642**

MTPA

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

	Amount before correction (R'000)	Prior period error (R'000)	Restated amount (R'000)
Property Plant and Equipment	8 063	(7 743)	320
Receivables from exchange transaction	9 800	(9 380)	420
Accruals	973	(976)	(3)
Payables from exchange transactions	12 074	(11 982)	92
Net effect on statement of Financial Position	**30 910**	**(30 082)**	**829**

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)
Revenue from Exchange Transaction	(33 280)	33 290	9
Decrease in expenditure	43 970	(43 881)	89
Net effect on Surplus/(Deficit) for the year	**10 690**	**(10 591)**	**98**

The **Net effect of prior period error(s) relating to the Statement of changes in Net Assets are as follows:**

	Amount before correction (R'000)	Prior period error (R'000)	Restated amount (R'000)
Accumulated Surplus/(Deficit)	675 445	(675 013)	432
Net effect on Surplus/(Deficit) for the year	**675 445**	**(675 013)**	**432**

44. Non – Adjusting Events

MTPA

Employees who are members of the National Education, Health and Allied Workers Union (NEHAWU) embarked on an industrial action from the 6th of April to 23rd of April 2021. The industrial action brought limitations of access to the offices, disturbing reporting of the fourth quarter performance and financial information. The MTPA Management has determined that these events are non-adjusting events. The financial position and results of operations for the year ended 31 March 2021 have not been adjusted to reflect their impact.

MEGA

Afrimat share allocation to MEGA against Afrimat for expungement of MEGA shares in Nkomazi Anthracite Mine through a business rescue process. MEGA hold 40% shares in Nkomazi Anthracite Mine. Through the rescue process Afrimat paid R0.40 to MEGA after the approval of the business rescue plan by the creditors in November 2020. MEGA challenged the business rescue plan through the court, the matter was settled out of court. An agreement was reached that the Afrimat would allocate to MEGA R11 Million worth of share in Afrimat replacing the Nkomazi shares. The transaction has been affected, 196 429 shares in Afrimat have been allocated to MEGA on 16 August 2021.

45. Related parties

	Transactions R'000	Balances/ Commitment R'000
Departments	116 099	-
Entities	-	-
Directors key management	-	-
Related party balances	-	-

46. 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 resolved that departments and public entities would be consolidated separately for the 2020/21 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.

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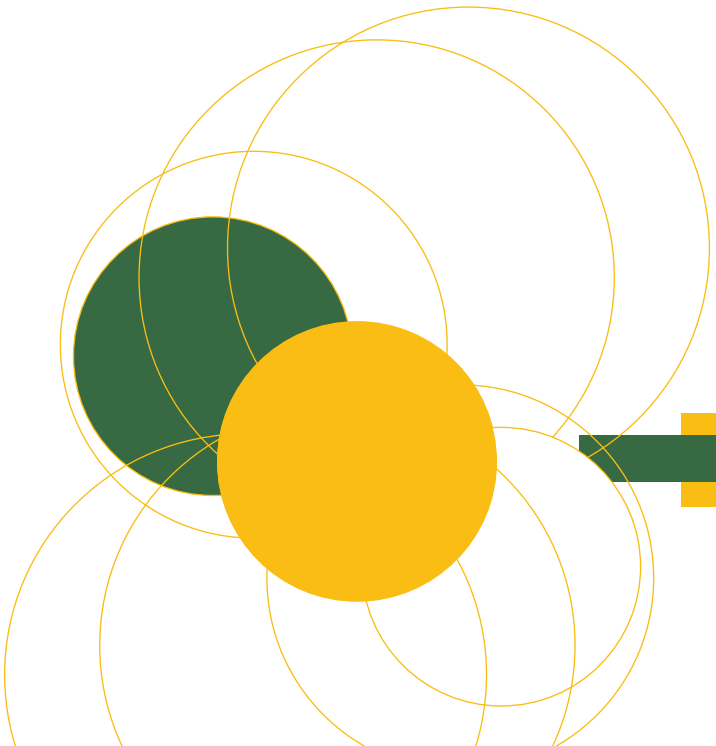
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