



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
 for the year ended 31 March 2020



**national treasury**

Department:  
 National Treasury  
**REPUBLIC OF SOUTH AFRICA**

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# CONSOLIDATED **FINANCIAL STATEMENTS**

for the year ended 31 March 2020

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for the year ended 31 March 2020

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# ACCOUNTING OFFICER'S APPROVAL AND REVIEW



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020



## **ACCOUNTING OFFICER'S APPROVAL**

For the year ended 31 March 2020

The Consolidated Financial Statements are prepared on the going concern basis. They are based on accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates. The Consolidated Financial Statements have been approved by the Accounting Officer and the Acting Accountant-General on 17 February 2021.



Dondo Mogajane  
**Director-General**  
Accounting Officer



Karen Maree  
**Acting-Accountant-General**

# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

## ■ 1. Mandate

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

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

The mandatory CFS for government for the year ended 31 March 2020 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

The Minister of Finance granted exemption in terms of Section 92 of the PFMA to the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated Annual Financial Statements (AFS) for national departments and public entities. Due to the significantly different accounting bases being applied by departments and entities (modified cash and accrual), the Minister has allowed the National Treasury to prepare separate sets of consolidated financial statements for departments and public entities respectively. The CFS are prepared for both the national departments and public entities and submitted for audit ensuring compliance with the principles of GRAP 6 on Consolidated and Separate Financial Statements for the 2020 financial year.

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

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

Prior to the 2013/14 financial year, the departments' accounting framework was set out in the Departmental Financial Reporting Framework Guide (DFRFG) which was prepared, updated and published by the OAG on annual basis. The reporting framework comprised of accounting policies for the recognition and measurement of information in the primary statements and the disclosure notes. It also contained the format or the template for the presentation of information in the primary statements, as well as the disclosure notes.

# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

With effect from the 2013/14 financial year, and as part of the cash-to-accrual process, the OAG developed and published two separate but related documents referred to as the Modified Cash Standard (MCS) and the Accounting Manual for departments (AMD). These are the accounting framework for departments.

The MCS sets out the principles of the modified cash framework in a format ordinarily used by other public sector accounting standard setters such as Accounting Standards Board (ASB). The Accounting Manual on the other hand, provides detailed guidance on the principles stated in the MCS.

Modified Cash Standard (MCS) for departments sets out the principles for the recognition, recording, measurement, presentation and disclosure of information required in terms of the prescribed formats. Under the modified cash basis of accounting, only certain elements are recognised in the Statement of Financial Position and Statement of Financial Performance. To ensure a complete view of the financial position and performance of a department for the purposes of fair presentation, and without changing the basis of accounting, this Standard also prescribes disclosure requirements for additional information relating to elements that do not qualify for recognition.

In developing the Standard the OAG considers and makes use of pronouncements issued by the Accounting Standards Board (ASB); the International Public Sector Accounting Standards Board (IPSASB); the International Accounting Standards Board (IASB); and other organisations that develop financial reporting, accounting and auditing requirements for the public sector. In addition, the OAG also considered the best practices, both locally and internationally; the capacity of departments to comply with the reporting requirements; and the systems used by departments in preparing and collating the information required to comply with the reporting requirements.

Government is also in the process of formalising the accounting reporting framework in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. Currently there are 39 standards that are effective as approved by the Minister of Finance. As at 31 March 2020, there are (8) pronouncements issued by the ASB that are effective for financial years commencing on or after 1 April 2019. The effective Standards of GRAP are 1-14, 16-21, 23-27, 31-32, 34-38, 100 and 103-110. The Standard of GRAP approved, but for which the Minister of Finance has not yet determined an effective date is GRAP 104. In 2009/10 financial year, public entities started to apply fully the standards of GRAP for the first time. The standards applied by the entities are reflected in Directive 5-GRAP Reporting Framework as issued by the ASB.

The ASB developed five new consolidation standards GRAP 34 - Separate Financial Statements, GRAP 35 – Consolidated Financial statements, GRAP 36 – Investments in Associates and Joint Ventures, GRAP 37 – Joint Arrangements and GRAP 38 – Disclosure of Interests in Other Entities. These standards become effective 1 April 2020.

Even though some of the fundamental requirements have been retained in the new Standards of GRAP, the National Treasury will be required to reassess the existence of control and joint control, as well as the nature of joint arrangements. The most significant changes from GRAP 6, 7 and 8 are:

- A new definition for control. The new GRAP 35 - Consolidated Financial Statements includes a new definition and more guidance for control;
- A new category of entity has been introduced in the new Standards, i.e. an investment entity. Specific accounting guidance that is to be applied on consolidation of, or by an investment entity;
- The new Standards on Joint arrangements also introduce new classifications of joint arrangements, i.e., a joint operation and a joint venture. These classifications differ from GRAP 8 which referred to three types of arrangements, namely jointly controlled entities, jointly controlled operations and jointly controlled assets. In GRAP 8, a jointly controlled entity could either be accounted for using the equity method, or proportionate consolidation. The new standard removes proportionate consolidation, and an entity is required to apply the equity method to account for its investments in joint ventures;

# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

- All disclosure requirements are now included in one standard. The new GRAP 38 - Disclosure of Interests in Other Entities brings together all the disclosure requirements currently included in GRAP 6, 7 and 8. The objective of the proposed Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

Entities are required to comply with GRAP 24 Presentation of Budget Information in Financial Statements, which requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. As there is no publicly available budget that is reconcilable with the group of entities for the purposes of the National Department Consolidation, and National Public Entity Consolidation, it is deemed inappropriate to present a comparison between actual and budget information at this level of consolidation. GRAP 24 is therefore not relevant to this set of CFS.

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

These clusters are:

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

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

## ■ 2. Consolidation Process

### 2.1 Goals for consolidation and this report

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

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

### 2.2 Scope of consolidation

#### SCOPE

GRAP 6 requires that the entity that prepares consolidated financial statements establishes whether it controls an entity before consolidating it. It uses criteria such as: does the controlling entity benefit from the activities or have the power to govern the financial and operating policies for the other entity. These



# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

control indicators must be presently exercisable. For this set of consolidated financial statements, there is no specific identifiable controlling entity as envisaged in GRAP 6.

The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament (or the legislature) for the use of public funds must be the driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases. Consequently, if an entity has a legal or constructive obligation to account to Parliament on its finances, it is deemed to also be under the control of the National (Provincial) Executive, and shall be included in the national (provincial) government consolidation. This approach is expected to prudently ensure a more complete consolidation.

## ACCOUNTING POLICIES

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

### Treatment of Government Business Enterprise (GBE's)

The National Treasury currently adheres to guidance provided in IPSAS 6 which assists with determining whether the National Treasury is able to exert control over the GBE's. Based on the criteria provided in this standard for control, the National Treasury believes that GBE's are controlled by government and are therefore consolidated in full.

### Elimination

All material balances and transactions between entities included in the CFS are eliminated. For departments, the AFS template makes provision in the Annexures for departments to disclose these inter-entity transactions and balances. For public entities, the Office of the Accountant General (OAG) developed an inter-entity elimination template that is completed by each entity, authorised and then submitted to the National Treasury.

## Process

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

The responsibility for the integrity and objectivity of the accompanying CFS for the year ended 31 March 2020, and all information contained in this report rests with the OAG, a division within the National Treasury as well as the Director-General of the National Treasury.

The OAG has developed and maintained policies, procedures and internal controls, deemed appropriate, in order to provide assurance that the financial information is a reliable reflection of the consolidated national departments' and consolidated entities' financial position as at 31 March 2020.

Parliament reports on the accrual basis of accounting using the GRAP framework. Parliament's GRAP based financial statements were converted to modified cash basis of accounting and consolidated with national departments.

The public entity list per schedule 1, 2 and 3 of the PFMA was used as a basis from which public entities that were consolidated, however some public entities and trading entities, which are not listed but fall within the scope based on accountability to parliament, were consolidated.

## ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates), Modified Cash Standards and Accounting Manual for Departments, used by departments in preparing their annual financial statements. The AFS template is updated annually to meet the requirements of the policies set by the OAG. The AFS templates are then completed by all national departments and Parliament and forwarded to NT, where these are consolidated using a consolidation model. The latter exercise is performed twice annually based on unaudited information by 30 June, and finally based on audited information by 31 August. The process for public entity consolidation is similar. Both sets of statements are forwarded to the AGSA firstly to comply with the legislation (PFMA) and secondly for audit.

To improve the consolidation process, AFS templates are published earlier in the year and training is provided to departments on the AFS template, Modified Cash Standards and Accounting Manual Departments for the preparation of AFS. Training is also provided to the public entities on the latest GRAP standards as approved by the Minister and on completing the consolidation AFS template.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS for 2019/20.

# EXECUTIVE SUMMARY



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020



## EXECUTIVE SUMMARY

For the year ended 31 March 2020

The economic outlook has continued to weaken since the 2019 MTBPS, following lower-than-expected growth in the second half of the year. Real GDP is estimated to have grown by only 0.3 per cent in 2019, partly as a result of electricity supply failures. Weak growth translated into a record unemployment rate of 29.1 per cent in the second half of 2019. Economic growth projections have been revised down to 0.9 per cent in 2020, rising to just 1.6 per cent in 2022. Electricity shortages are expected to constrain the economy over the forecast period. The global economy is expected to recover moderately from its recent slowdown, supported by low interest rates and reduced trade tensions between the United States (US) and China. Although improved growth in developing countries is expected to support the recovery over the long term, the aggregate growth forecast for South Africa's main trading partners has been revised down over the next three years.

For the 2019/20 year, options to increase taxes were limited in the current economic environment. Along with faster economic growth, fiscal sustainability requires targeted reduction of specific programmes, and firm decisions to rein in extra budgetary pressures, including reform of state-owned companies and the Road Accident Fund. As a result, tax revenue estimates for the current year have been revised down by R10.7 billion compared with 2019 MTBPS estimates. In addition, government has chosen not to apply additional revenue measures of R10 billion for next year that were projected in last year's budget. Lower revenue collection has a knock-on effect, reducing projections over the three-year spending period ahead.

Compensation of employees continues to account for the largest portion of total spending, at 32.7 per cent over the medium term. Government remains committed to achieving fiscal sustainability, measured as stabilisation of the debt-to-GDP ratio, by moderating spending as a share of GDP and reducing the wage bill as a share of overall spending. The 2020 Budget proposes a reduction in the compensation budgets amounting to R37.8 billion in 2020/21, R54.9 billion in 2021/22 and R67.5 billion in 2022/23. These reductions can be achieved through a combination of modifications to cost-of-living adjustments, pay progression and other benefits.

The consolidated budget deficit is expected to narrow from 6.8 per cent in 2020/21 to 5.7 per cent of GDP in 2022/23. A key driver of the widening deficit has been a sharp decline in nominal GDP since 2018/19 and associated tax revenues. Nominal GDP is projected to fall below the 2019 MTBPS estimates by an average of R131 billion per year over the medium term. As a result, tax revenue is expected to be significantly lower. In addition, requests for support from financially distressed state-owned companies have continued to mount, exacerbating the pressure on the declining deficit. In considering the risks, persistent low economic growth remains the largest risk to the fiscal outlook. Other risks that could widen the budget deficit and raise debt-service costs include insufficient progress on Eskom's financial position and demands from other financially distressed state-owned companies; outcomes of the renegotiation of the existing wage agreement and the Road Accident Fund, government's second-largest contingent liability.

The public-sector borrowing requirement includes the borrowing needs of government as a whole, and those of state-owned companies, but excludes development finance institutions. Over the past year, government's gross borrowing requirement has increased by 21.4 per cent to R407.3 billion. The steep increase is the result of weak economic growth, the deteriorating fiscal position, an increase in domestic bond redemptions and large-scale support to distressed state-owned companies. Global and domestic economic trends are considered when establishing the mix of funding instruments and maturities, as well as risk and debt management plans.

Government is exploring ways to maximise the long-term growth impact of the fiscal framework. In 2020/21, the largest areas of spending by function are learning and culture (R396.4 billion), health (R229.7 billion) and social development (R309.5 billion). Over the medium term, the fastest-growing areas of expenditure are economic development and community development. Slow growth in learning and culture, health, and peace and security reflects the effect of proposed wage bill reductions on these labour-intensive functions. Over the next three years, more than half of government spending will be allocated to basic education, community development, health and social protection.

The detailed performance of national government with regards to revenue, expenditure and borrowing is discussed in the 2019/20 review of operation results.

# REVIEW OF OPERATING RESULTS



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

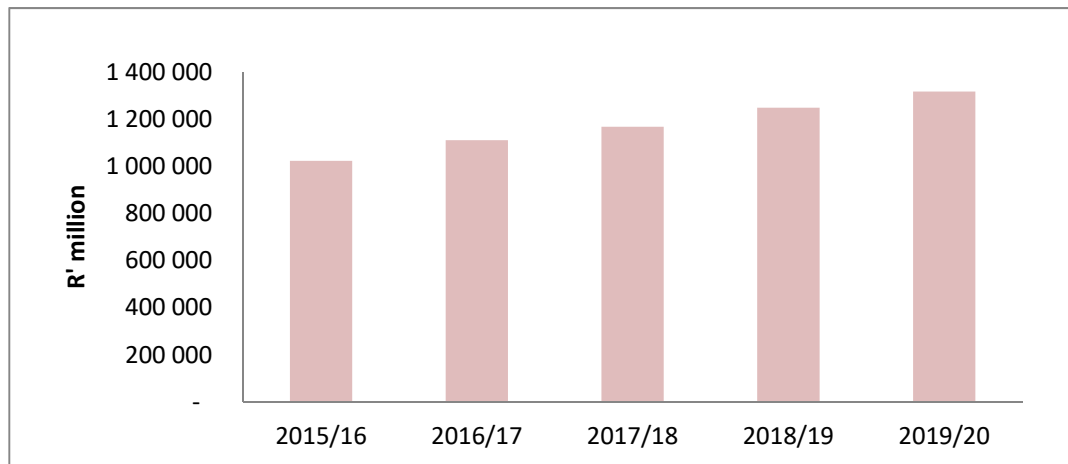
## Total revenue

Table 1: Total revenue

Year Ended 31 March <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Taxes, Levies & Duties	1 023 163	1 111 136	1 168 400	1 248 857	1 317 833
Departmental revenue	51 601	25 973	26 757	24 063	27 083
Local & foreign aid assist.	2 473	1 930	1 508	1 719	2 005
Other	2 714	2 887	5 320	7 378	4 562
<b>Total Revenue</b>	<b>1 079 951</b>	<b>1 141 926</b>	<b>1 201 985</b>	<b>1 282 018</b>	<b>1 351 484</b>
<b>Year on year increase in revenue</b>	<b>9%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>

Total revenue increased by 5% in 2019/20 against a stable 6% in the preceding year. The bulk of the income, in the form of taxes, levies and duties, is collected by the South African Revenue Service (SARS). Other sources of income include departmental revenue and local & foreign aid assistance. SARS collected a total of R1.430 trillion in taxes but only paid R1.318 trillion to the National Revenue Fund (NRF). The difference between the total of taxes collected and the net revenue surrendered to the NRF is made up of transfers of ring-fenced taxes.

Graph 1: Total taxes, levies and duties



The following is a reconciliation of SARS Revenue to the amount paid to the National Revenue Fund (NRF):

Table 2: Reconciliation of SARS Revenue to the National Revenue Fund

Year Ended 31 March <i>R' million</i>	Actual 2018/19	Actual 2019/20
<b>SARS Revenue</b>	<b>1 358 263</b>	<b>1 430 433</b>
Less: South African Customs Union Agreement	48 289	50 280
Less: Payment to UIF	17 420	18 205
Less: Payment by SARS to UIF	1 697	1 896
Less: Payment to RAF	41 890	42 633
Less: Amount payable by SARS to RAF	110	-414
<b>Net Revenue as reflected by NT</b>	<b>1 248 857</b>	<b>1 317 833</b>



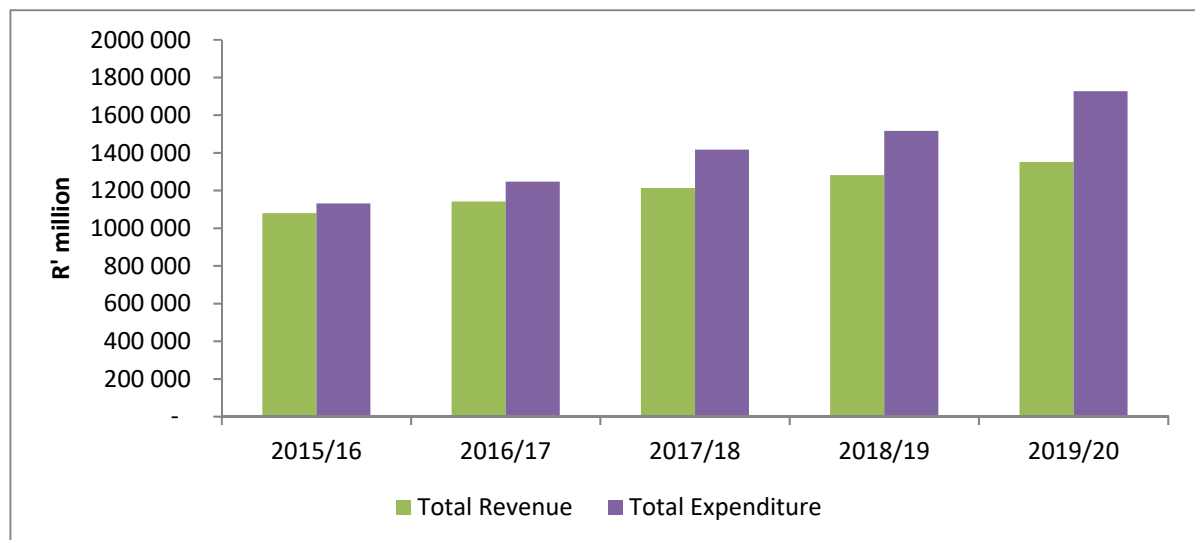
## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

As noted, taxes levies and duties makeup the largest portion of total revenue at 97% and has remained at this percentage since 2015/16. Revenue other than taxes, levies and duties showed an increase of 1.5% in the current year against a decrease of 1.4% in the prior year. For a detailed analysis of Departmental Revenue and Aid Assistance constituents, refer to Notes 3 and 6 of the Notes to the Consolidated Financial Statements.

Year Ended 31 March <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Taxes, Levies & Duties	1 023 163	1 111 136	1 168 400	1 248 857	1 317 833
Other	56 788	30 790	33 585	33 161	33 651
<b>Total Revenue</b>	<b>1 079 951</b>	<b>1 141 926</b>	<b>1 201 985</b>	<b>1 282 018</b>	<b>1 351 484</b>
<b>Total Expenditure</b>	<b>1 247 051</b>	<b>1 316 400</b>	<b>1 417 335</b>	<b>1 515 567</b>	<b>1 727 009</b>

**Graph 2: Revenue vs. Expenditure**



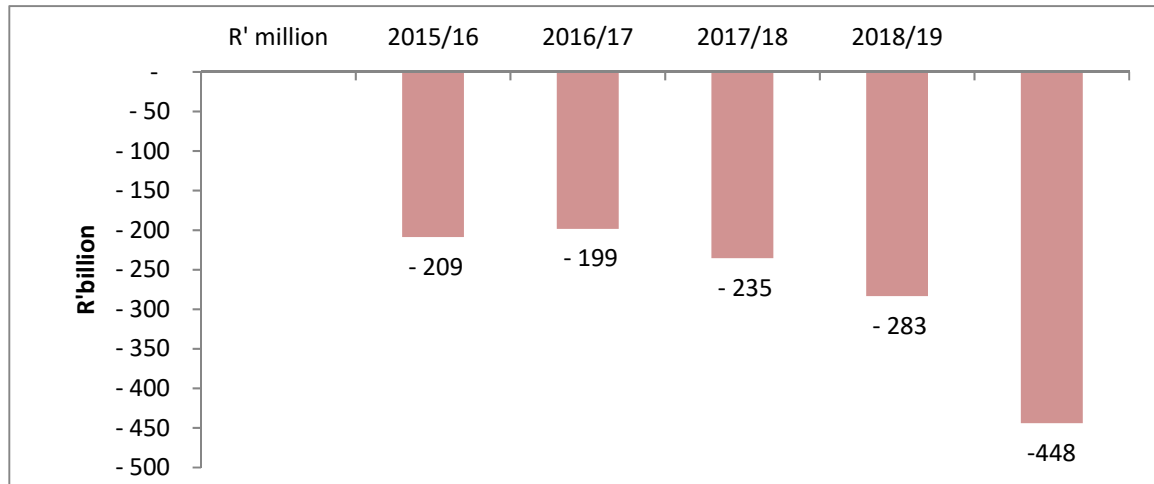
Illustrated above is revenue versus expenditure for National Government. In 2019/20, total revenue has shown a slight increase of 5% whilst total expenditure remained the same as the previous year.

Year Ended 31 March <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Surplus Deficit for the year	(208 720)	(198 525)	(235 444)	(283 351)	(448 471)
<b>Movement</b>	<b>-2%</b>	<b>11%</b>	<b>19%</b>	<b>20%</b>	<b>58%</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 3: Deficit net of revaluation gains/losses**



As can be seen in the graph above, the budget has been in deficit for the past five years. This has been the trend since 2008/09. Although government's fiscal framework is grounded in a sustainable, countercyclical approach to managing revenue and expenditure, it is committed to reducing the budget deficit and stabilising debt levels. A key driver of the widening deficit has been a sharp decline in nominal GDP since 2018/19 and associated tax revenues. Nominal GDP is projected to fall below the 2019 MTBPS estimates by an average of R131 billion per year over the medium term. As a result, tax revenue is expected to be significantly lower. Requests for support from financially distressed state owned companies have continued to mount. Furthermore, reduction of public spending as a share of GDP and overall improvement in the composition of spending is expected to be achieved by reducing growth in the wage bill. Over the medium term, spending baselines will be reduced by R261 billion. These proposed measures are expected to narrow the consolidated budget deficit from 6.8 per cent of GDP in 2020/21 to 5.7 per cent of GDP in 2022/23.

## Total expenditure

**Table 3: Total Expenditure**

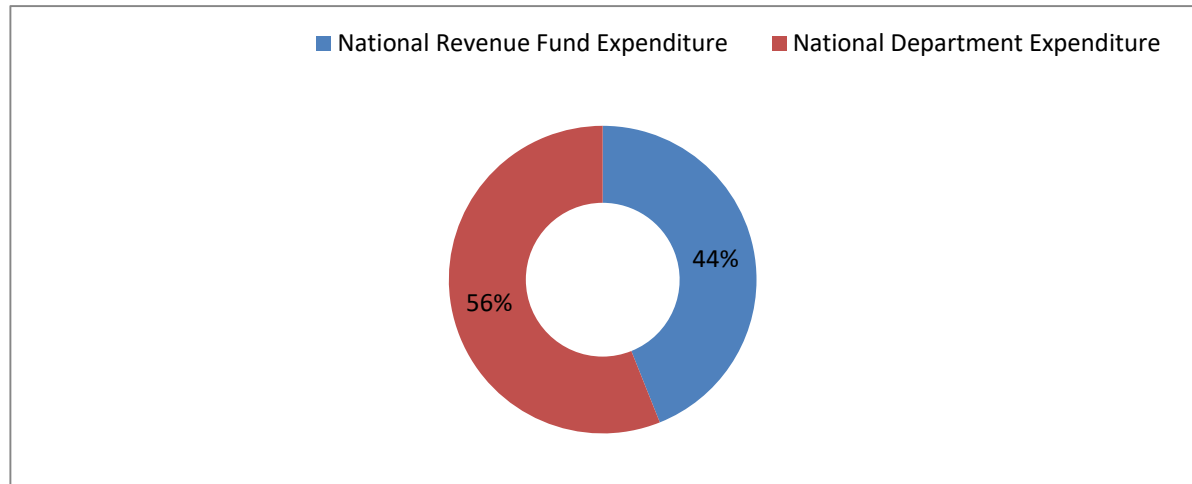
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
National Revenue Fund Expenditure	527 143	579 685	639 737	683 181	754 717
National Department Expenditure	719 908	736 715	777 568	832 386	972 292
<b>Total Expenditure</b>	<b>1 247 051</b>	<b>1 316 400</b>	<b>1 417 335</b>	<b>1 515 567</b>	<b>1 727 009</b>
<b>Movement in expenditure</b>	<b>10%</b>	<b>6%</b>	<b>8%</b>	<b>7%</b>	<b>14%</b>

Total expenditure increased by 14% (2018/19: 7%). Total expenditure is made up of National Departments' expenditure plus NRF expenditure. National Departments' expenditure remains at an average of 35% of total expenditure. Included in National Departments' expenditure are transfers to provinces and municipalities of R218 billion (2018/19: R208 billion). These are further analysed under the section on Transfers and Subsidies.

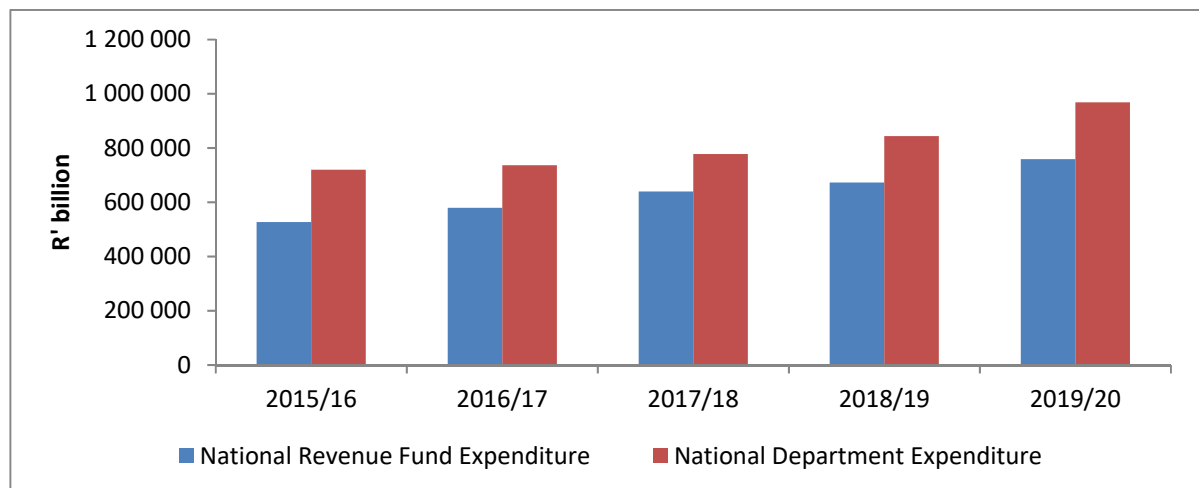
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 4: NRF expenditure vs. National Departments expenditure**



**Graph 5: Total expenditure**



## National revenue fund expenditure

### Equitable share transfers to provinces

The National Revenue Fund's (NRF) expenditure includes debt-service costs and equitable share transfers to provinces. Equitable share transfers to provinces represents amounts distributed to provincial departments to perform their assigned functions.

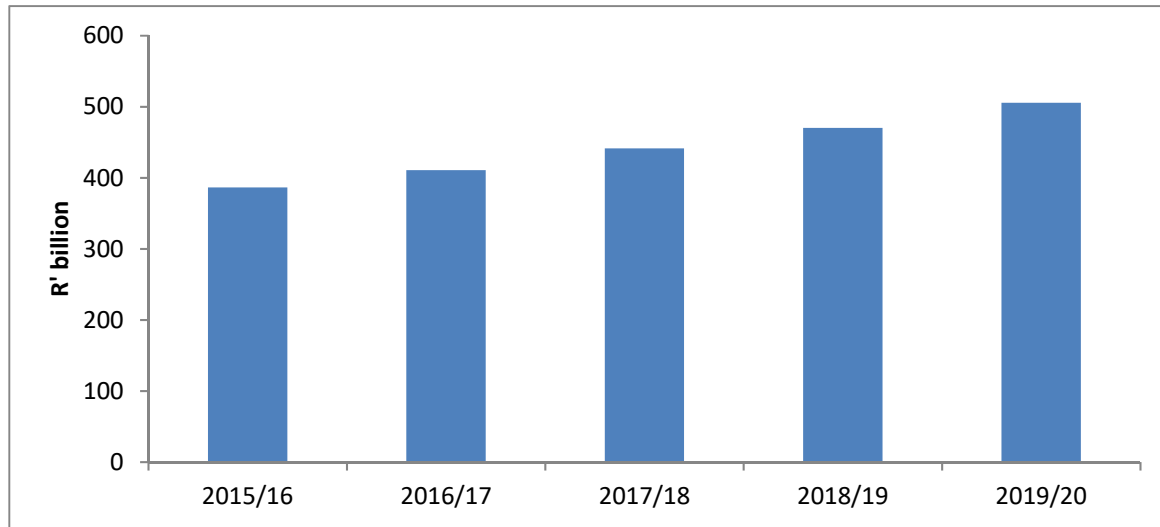
**Table 4: Equitable share transfers to provinces**

Year ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
Equitable Shares – Provinces	386 500	410 698	441 331	470 287	505 554
Movement in Prov Equitable shares	8%	6%	7%	7%	7%

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 6: Equitable transfers – provinces**



There was an 8% increase in equitable share transferred to provinces in the current financial year. The provincial equitable share increased in 2019/20 for the Sanitary Dignity Project which funds for the rollout of free sanitary products for learners from low income households. Other changes to provincial allocations since the 2018 Medium Term Budget Policy Statement (MTBPS) include a wage freeze for political office holders and a reduction in the human settlements development grant, which requires reform.

The 7% increase in equitable share transfers to provinces has remained the same as the prior year increase which is in line with expenditure trends. Therefore, transfers to provinces amounted to R506 billion in the current financial year (2018/19: R470 billion), which is 34% of NRF expenditure (2018/19: 30%).

## Debt-service costs

Government incurs debt to finance its gross borrowing requirement consisting of the budget deficit and maturing debt. The stock of debt is also influenced by market variables such as interest, inflation and exchange rates. On this debt, government pays interest and other cost to raise and manage this debt.

Public finances continue to deteriorate whilst low growth has led to a R52.2 billion downward revision to estimates of tax revenue in 2019/20 relative to the 2019 Budget. Debt is not projected to stabilise over the medium term, and debt-service costs now absorb 15.2 per cent of main budget revenue.

**Table 5: Debt-service costs**

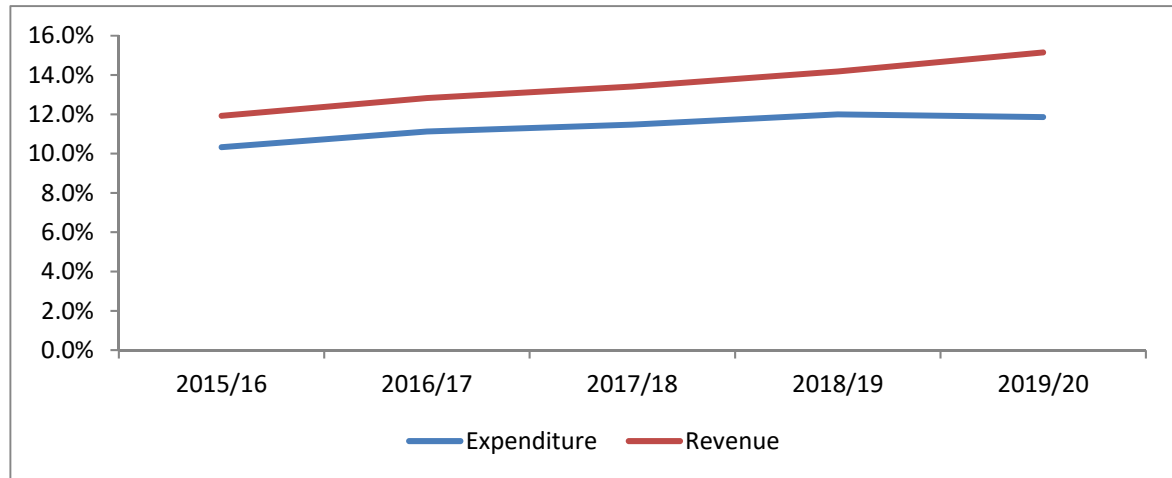
Year ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/2020
Domestic	118 436	135 652	150 825	167 438	187 276
Foreign	10 360	10 844	11 819	14 411	17 493
<b>Total debt-service costs</b>	<b>128 796</b>	<b>146 496</b>	<b>162 644</b>	<b>181 849</b>	<b>204 769</b>
<b>Increase in costs</b>	<b>12%</b>	<b>14%</b>	<b>11%</b>	<b>12%</b>	<b>13%</b>

Borrowing in the domestic capital markets remains the major source of financing. Borrowing in the international capital markets is used to finance government's foreign currency commitments and to maintain benchmarks in major currencies.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 7: Debt-service costs as a % of expenditure and revenue**



**Table 6: Actual Expenditure vs. Adjusted Appropriation 2019/20**

	Appropriation	Actual Expenditure excluding unauthorised expenditure funded by NRF	Variance	%
Name of Department	R'000	R'000	R'000	
Presidency	691 354	631 441	59 913	9%
Parliament	1 993 460	1 993 460	0	0%
Communications	4 773 091	4 731 637	41 454	1%
Cooperative Governance and Traditional Affairs	90 346 554	86 950 349	3 396 205	4%
Home Affairs	9 527 704	9 527 517	187	0%
International Relations and Cooperation	6 508 515	6 310 044	198 471	3%
National Treasury	30 691 720	29 834 088	857 632	3%
Planning Monitoring and Evaluation	956 939	914 518	42 421	4%
Public Enterprise	56 883 030	56 846 389	36 641	0%
Public Service and Administration	993 343	954 965	38 378	4%
Public Works	7 907 045	7 760 214	146 831	2%
Statistics S A	2 514 368	2 553 462	(39 094)	-2%
Women	244 398	241 388	3 010	1%
Basic Education	24 464 531	23 851 563	612 968	3%
Higher Education and Training	89 039 710	88 812 454	227 256	0%
Health	51 195 163	50 772 771	422 392	1%
Social Development	184 721 972	199 730 376	(15 008 404)	-8%
Correctional Services	25 316 882	25 186 146	130 736	1%
Defence and Military Veterans	50 888 132	50 882 257	5 875	0%
Independent Police Investigative Directorate	336 653	336 610	43	0%
Justice and Constitutional Development	18 781 506	18 187 820	593 686	3%
Office of the Chief Justice	1 197 692	1 133 887	63 805	5%
Police	96 827 261	96 073 217	754 044	1%
Agriculture, Forestry and Fisheries	7 612 089	7 460 000	152 089	2%
Economic Development	989 643	966 359	23 284	2%
Energy	7 183 557	6 927 230	256 327	4%
Environmental Affairs	7 483 671	7 366 647	117 024	2%
Labour	3 433 199	3 215 877	217 322	6%
Minerals Resources	2 002 220	1 988 292	13 928	1%
Science and Technology	8 146 176	8 052 497	93 679	1%

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

		Actual Expenditure excluding unauthorised expenditure funded by NRF		
	Appropriation		Variance	%
Name of Department	R'000	R'000	R'000	
Small Business Development	2 268 552	2 228 779	39 773	2%
Telecommunications and Postal Services	1 684 574	1 620 884	63 690	4%
Tourism	2 392 670	2 384 392	8 278	0%
Trade and Industry	10 084 727	9 969 606	115 121	1%
Transport	64 205 131	63 888 611	316 520	0%
Water and Sanitation	16 467 299	15 217 606	1 249 693	8%
Arts and Culture	4 572 085	4 344 567	227 518	5%
Human Settlements	33 861 914	33 345 553	516 361	2%
Rural Development and Land Reform	10 828 914	10 812 827	16 087	0%
Sport and Recreation S A	1 151 058	1 123 948	27 110	2%
<b>Total</b>	<b>941 168 502</b>	<b>945 130 248</b>	<b>(3 961 746)</b>	<b>0%</b>

The above table shows amounts appropriated to departments in the 2019/20 financial year against actual expenditure incurred by departments excluding unauthorised expenditure funded by NRF.

### National department's expenditure

**Table 7: National department's expenditure**

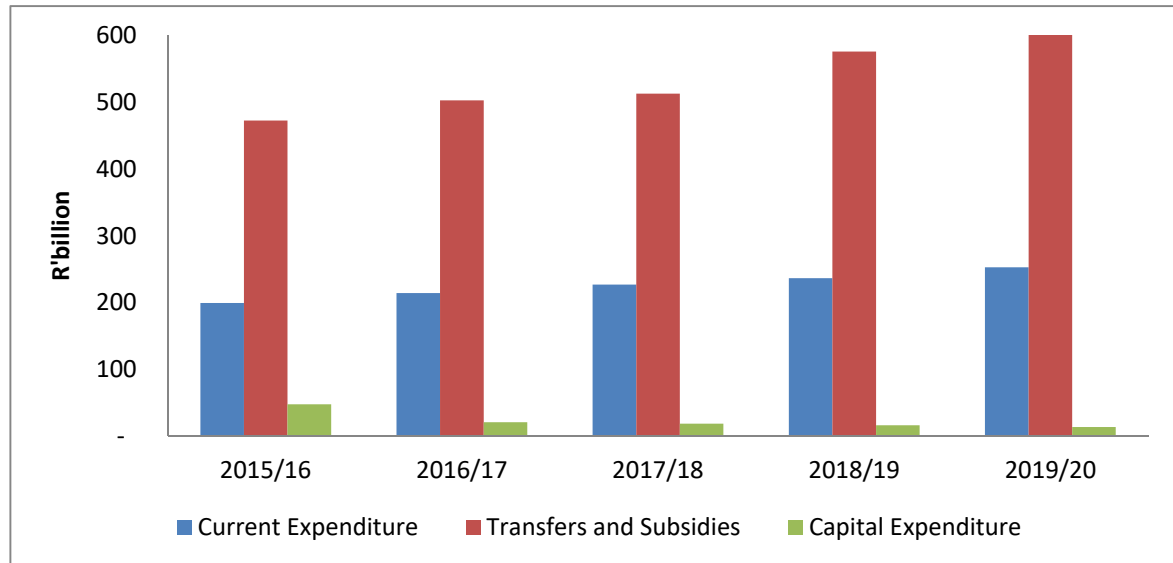
Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Current Expenditure	199 558	214 371	227 132	236 659	252 890
Transfers and Subsidies	472 795	501 456	528 171	565 101	641 403
Capital Expenditure	47 554	20 888	18 701	16 262	13 479
<b>Total</b>	<b>719 908</b>	<b>738 295</b>	<b>759 055</b>	<b>818 022</b>	<b>907 773</b>
<b>Movement in expenditure</b>	<b>12%</b>	<b>3%</b>	<b>3%</b>	<b>8%</b>	<b>11%</b>

National departments' expenditure has increased to R908 billion from R818 billion in the prior year. This represents an 11% increase, as compared to the 8% increase in the prior year, mainly as a result of an increase in transfers and subsidies which increased by 9.7% in the 2019/20 financial year. The bulk of National Department's expenditure is attributable to transfers and subsidies. Transfers and subsidies are further analysed in Note 13 of the Notes to The Consolidated Financial Statements.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 8: National department's expenditure**



The South African national government is structured into five main segments, commonly referred to as clusters, aimed at addressing government priorities and policies. The National expenditure per cluster is presented in the table and graph below:

**Table 8: National department cluster expenditure**

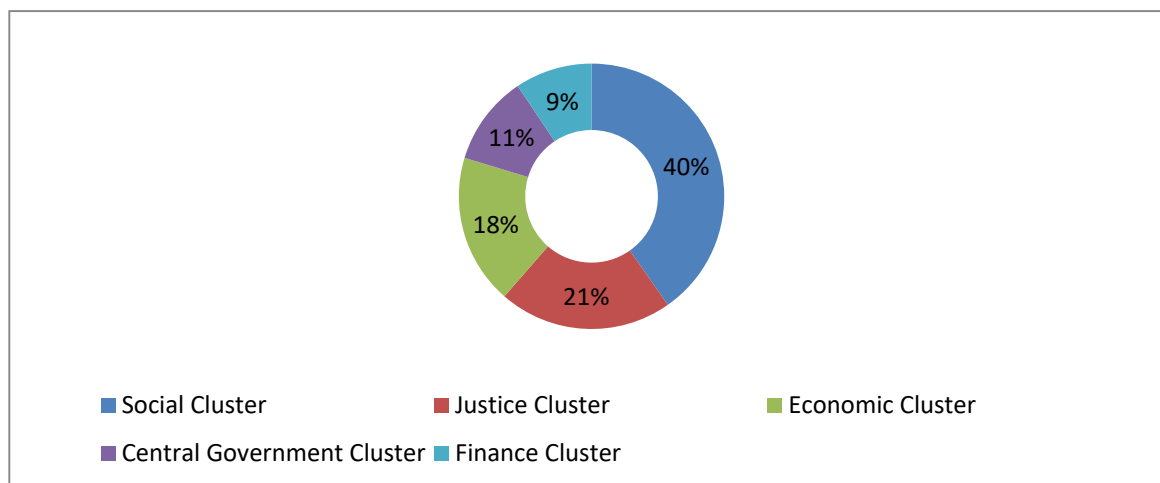
Year Ended 31 March	Actual	Actual	Movement
R' billion	2018/19	2019/20	
Social Cluster	342	390	14%
Justice Cluster	194	205	6%
Economic Cluster	169	177	5%
Central Government Cluster	100	106	6%
Finance Cluster	39	91	133%
<b>Total</b>	<b>844</b>	<b>970</b>	

The Social cluster remains the largest spender of all clusters with expenditure of R390 billion (2018/19: R342 billion) accounting for 40% of national departments' expenditure in 2019/20. The smallest spender is the Finance cluster with expenditure of R91 billion (2018/19: R39 billion), accounting for 9% of national departments' expenditure in 2019/20. There was a 14% increase in Social cluster expenses mainly due to an increase in social grants spending.

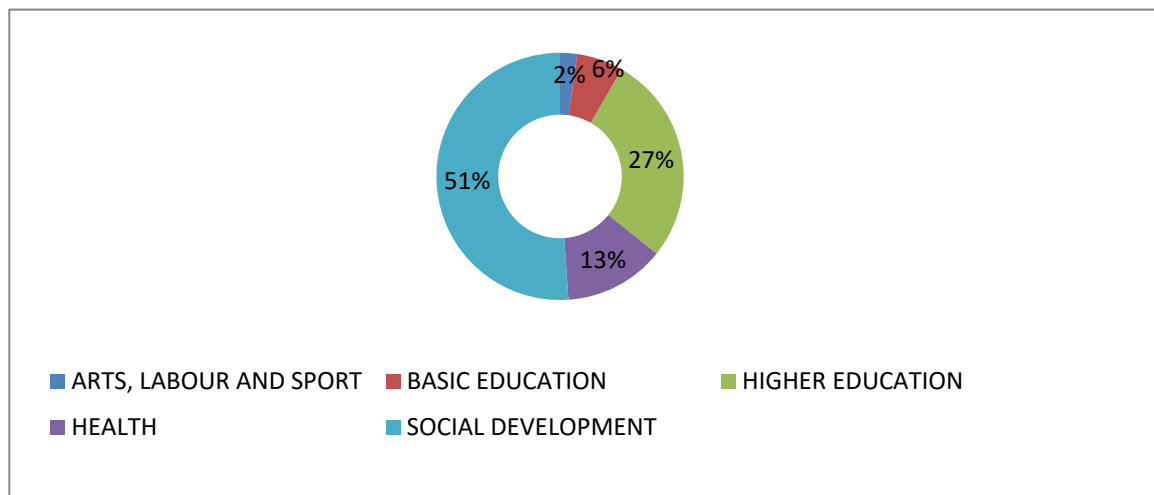
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 9: Expenditure per cluster 2019/20**



**Graph 10: Expenditure per Social cluster 2019/20**



Within the Social Cluster, the Department of Social development was the biggest spender. This department incurred total expenditure of R200 billion amounting to 51% of social cluster expenditure.

Of the R200 billion, 99% was transfers and subsidies, the major recipients of which were households. Social assistance remains government's most direct means of combating poverty. In this regard, social grants account for an estimated 94.4% (R176.1 billion per year on average) of the department's total budget over the MTEF period.

Over the medium term, the department of Higher Education and Training will continue to focus on: transforming universities and increasing student financial aid, improving the performance of TVET colleges, developing artisans, and improving the community education and training sector. Cabinet has approved budget reductions amounting to R384.4 million over the MTEF period, to be effected on transfers and subsidies in the University Education, the Technical and Vocational Education and Training, and the Skills Development programmes. Over the same period, Cabinet has approved a freeze on salary increases for senior management staff in public entities earning more than R1.5 million per year and a 2.8% increase for senior managers in public entities earning between R1 million and R1.49 million per year; and reductions to spending on goods and services.

The department of Health plans to focus on implementing the second phase of national health insurance; expanding treatment and prevention programmes for HIV and AIDS, and tuberculosis (TB); revitalising public health care facilities; and ensuring accessible specialised tertiary health services. As

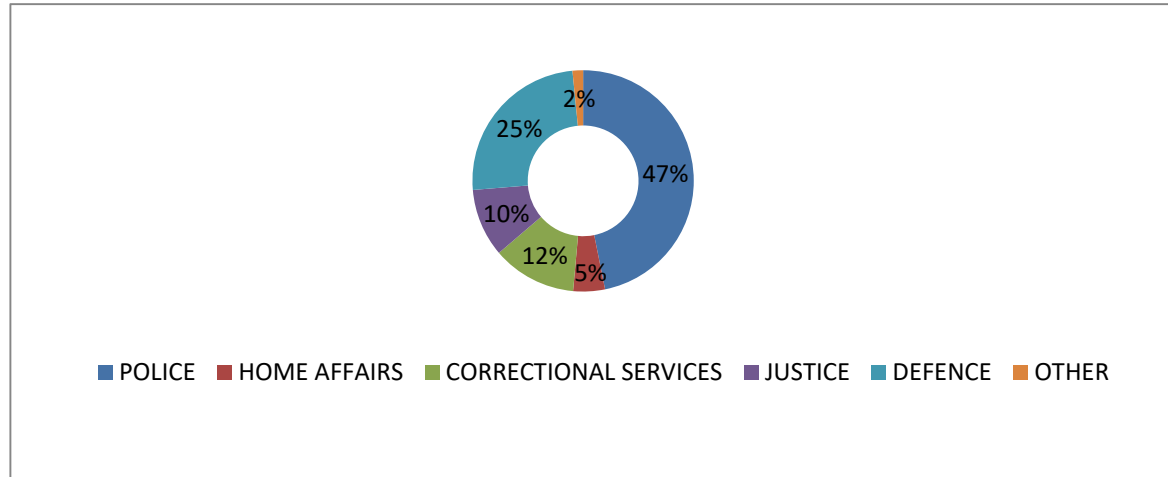


## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

provincial health departments are mandated to provide health care services, the national department's role is to formulate policy, and coordinate and support provincial health departments in fulfilling their mandates. In this regard, 86.8% (R133.8 billion) of the department's total budget over the medium term is expected to be transferred to provinces through conditional grants.

**Graph 11: Expenditure per Justice cluster 2019/20**



The second largest spending cluster is the Justice and Protection Services cluster. A substantial amount of this cluster's spending goes towards the compensation of employees amounting to R142 billion (76%). The cluster has the largest staff complement of all clusters, with the cluster's employees constituting 84% of National departments' employees.

The largest spender within the Justice and Protection services cluster is the Department of Police at 47% of the total cluster expenses. Unsurprisingly, due to the labour-intensive nature of policing, a large component of its spending is compensation of employees at 83% of total cost of that department.

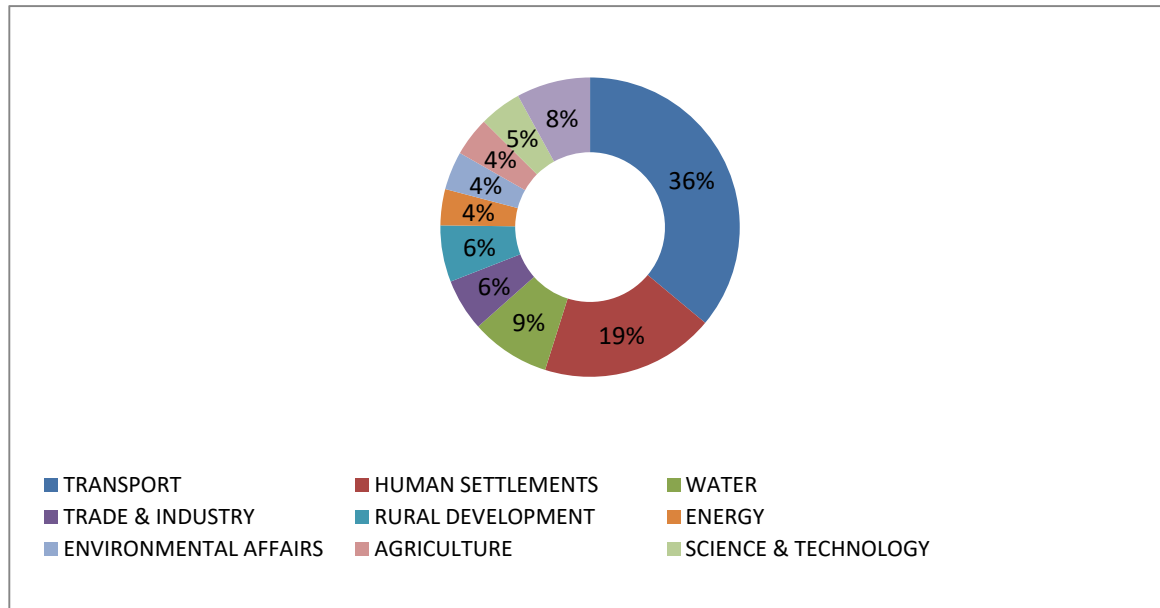
The second largest spender in the Justice and Protection services cluster is the Department of Defence at 25%. The spending focus of the Department was still mainly on the Force Employment programme, whose focus is border safeguarding, antipiracy operations and peacekeeping missions in foreign countries. The compensation of employees increased by 6.7% from the previous year.

The Department of Correctional Services is the third largest spender in this cluster at 12%, with compensation of employees being the largest cost at 67% of its total expenditure.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 12: Expenditure per Economic cluster 2019/20**



The third largest spending cluster is the Economic Cluster. The Department of Transport remains the highest spending department in the cluster at 36% of the total cluster expenditure. The highest expenditure item for this department being transfers and subsidies at R62 billion (2018/19: R58 million) accounting for 98% of the department's budget. Of the R62 billion spent, transfers were mainly allocated to its public entities at R16 billion, these entities accounted for 27% of the total transfers and subsidies budget for the department. Total departments also ranked high in expenditure at 16% of the total cluster expenditure.

The following are some expenditure analyses of the main components that will drive public sector infrastructure spending over the medium term:

The Department of transport's total expenditure is expected to increase at an average annual rate of 4 per cent, from R64.2 billion in 2019/20 to R72.2 billion in 2022/23. The majority of the department's expenditure is directed towards the Passenger Rail Agency of South Africa for investments in rail infrastructure, maintenance, operations and inventories; the South African National Roads Agency for the upgrading and maintenance of the national road network; and provinces and municipalities for the construction, operations and maintenance of transport infrastructure and services. Over the medium term, transfers account for an estimated 97.7 per cent (R198.7 billion) of the department's total budget.

The Department of Human Settlements' main focus will be on facilitating the development of integrated human settlements, upgrading informal settlements, providing affordable rental housing, and providing affordable housing finance. As a result of Cabinet-approved budget reductions of R14.6 billion over the MTEF period, the department's allocation is set to decrease at an average annual rate of 1.1 per cent, from R33.9 billion in 2019/20 to R32.8 billion in 2022/23. These reductions are largely effected on conditional grants to provinces and metropolitan cities for the development of housing and related infrastructure due to government's broad imperative to reduce public spending.

The Department of Water and Sanitation continues to focus on integrated water resources management, infrastructure planning and development; and regulating water services. Expenditure is expected to increase at an average annual rate of 2.9 per cent, from R16.5 billion in 2019/20 to R17.9 billion in 2022/23. Transfers and subsidies, and payments for capital assets account for 78.2 per cent (R40.9 billion) of the department's total expenditure over the MTEF period. The bulk of the department's remaining expenditure over the same period is on compensation of employees, which amounts to R6.3 billion; and goods and services, which amounts to R5.2 billion.

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

### National department's current expenditure

**Table 9: Major items of current Expenditure**

<b>Year Ended 31 March</b> <b>R' million</b>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Compensation of employees	137 079	147 802	156 567	165 611	176 506
Goods and Services	60 836	65 439	69 429	69 913	75 202

**Table 10: Compensation of employees**

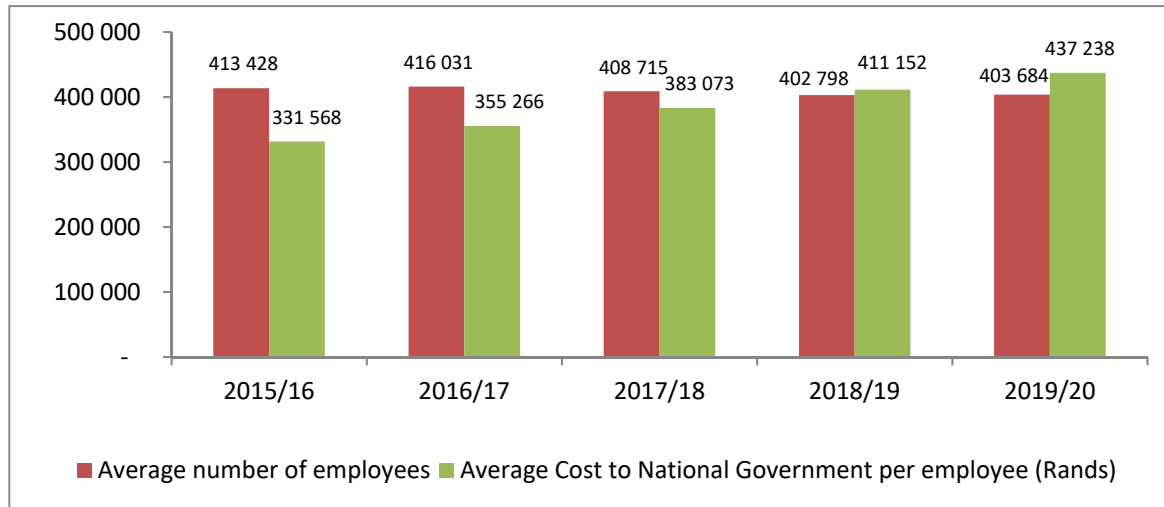
<b>Year Ended 31 March</b> <b>R' million</b>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Total Compensations costs (R' million)	123 246	137 079	156 567	165 611	176 506
Average number of employees	398 151	413 428	408 897	402 798	403 684
Average Cost to National Government per employee (Rands)	309 546	331 568	382 902	411 152	437 238

The above information illustrates the costs to national government departments and excludes provincial departments. The average number of employees at national departments has increased from 402 798 in 2018/19 to 403 684 in 2019/20, an increase of 1%. Compensation, in Rand terms has grown from R166 billion in 2018/19 to R176 billion in 2019/20 thus resulting in a 6.6% increase (2018/19: 5.8%).

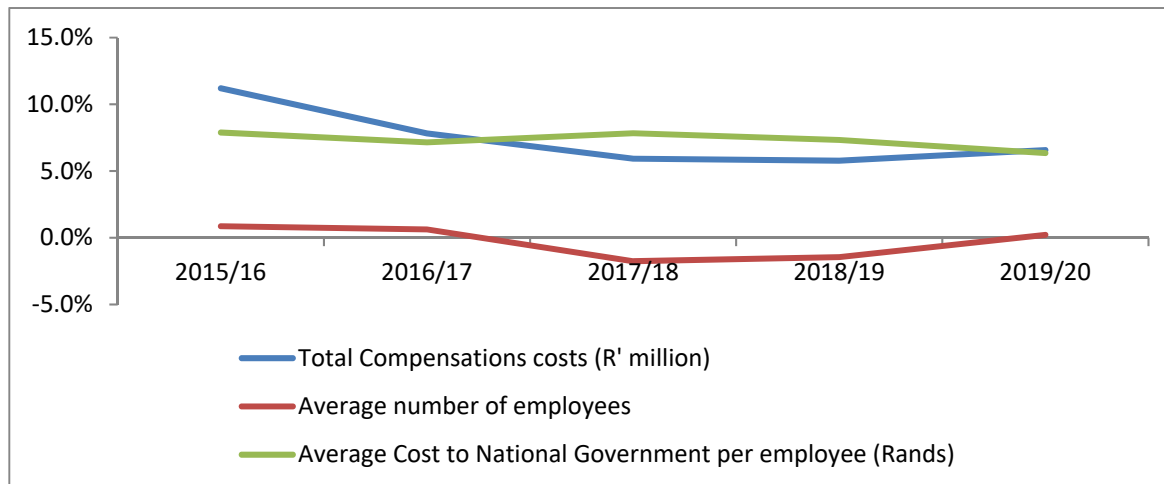
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 13: Compensation of employees**



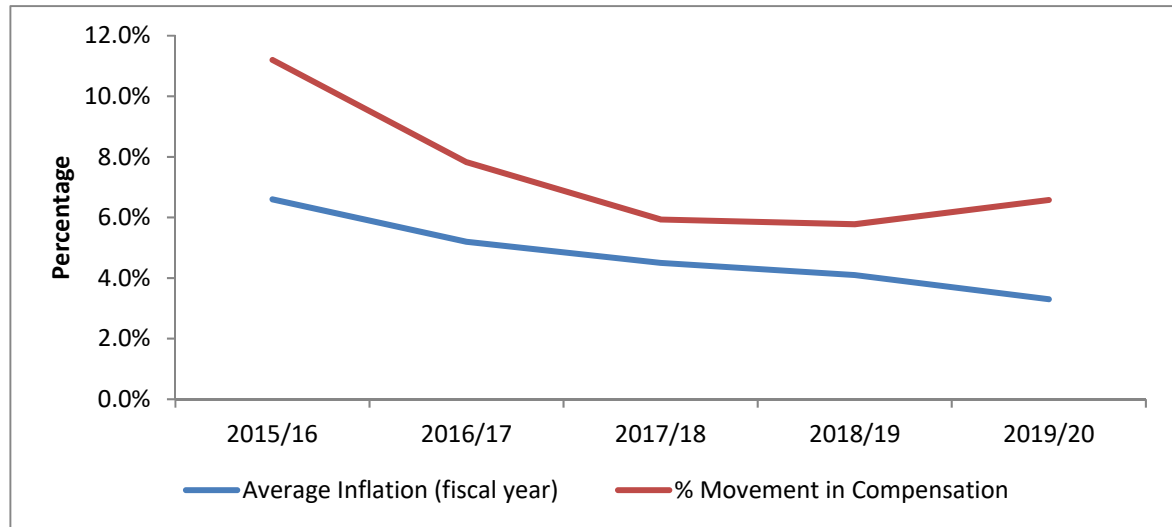
**Graph 14: Year on year movement – compensation of employees**



# REVIEW OF OPERATING RESULTS

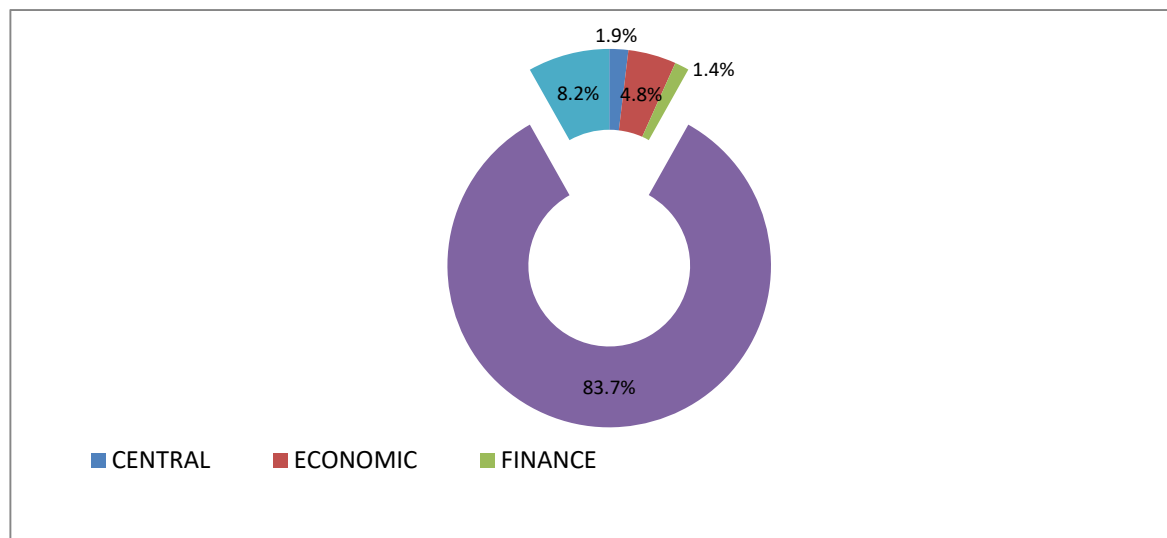
For the year ended 31 March 2020

**Graph 15: Compensation % increase vs. inflation**



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

**Graph 16: Average number of employees per cluster**



The majority of national departments employees are employed in the Justice and Protection Services cluster numbering 337 922 (2018/19: 338 280) which equates to 84% of the total employees for the year under review (2018/19: 84%). The Justice and Protection Services cluster includes, amongst others, the following departments which each employ a large number of civil servants:

**Table 11: Average number of employees**

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
Department	2015/16	2016/17	2017/18	2018/19	2019/20
Department of Police	192 879	193 630	191 760	190 144	189 518
Department of Defence	77 8386	76 616	75 532	74 349	73 609
Department of Correctional Services	38 226	39 634	39 508	39 108	40 309

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## Department of Police

The Department of Police employs the most number of staff in national government and as a result, their expenditure on compensation to employees is R76 billion and accounts to 43% of total compensation costs.

## Department of Correctional Services

Spending on compensation of employees increased by 6% in 2019/20, with an increase in the number of employees from 39 108 to 40 309 in the current year.

## Department of Defence

The department's staff compliment has marginally decreased from 74 349 in the prior year to approximately 73 609 in 2019/20. Spending on compensation increased by 6.7% in the current year.

## Performance awards

**Table 12: Performance awards**

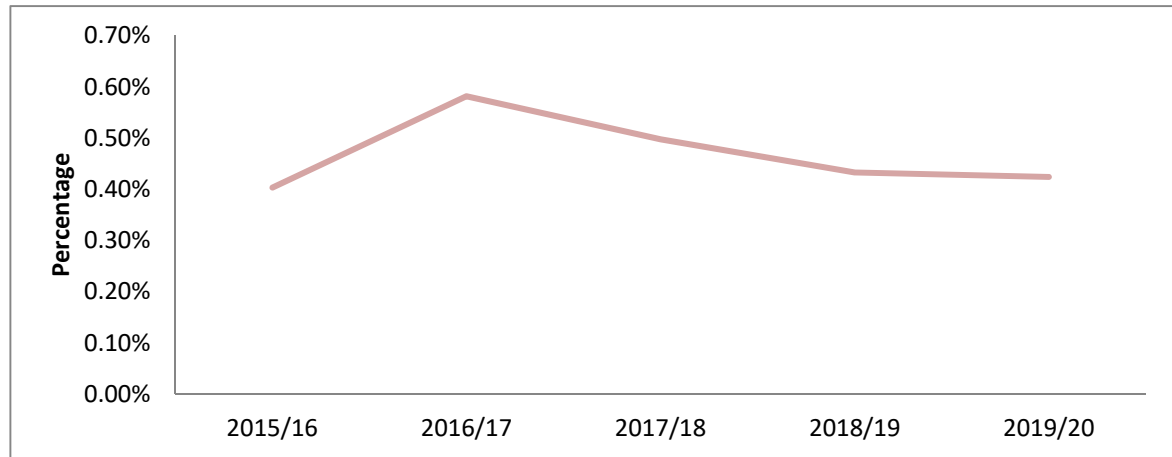
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
Description	2015/16	2016/17	2017/18	2018/19	2019/20
Performance Awards (R mil)	553	859	779	717	749
Total Compensation of Employees	137 079	147 802	156 567	165 611	176 506
Performance awards as a % of Compensation	0,40%	0,58%	0,50%	0,43%	0,42%
Movement in Performance Awards	-0,11%	0,18%	-0,08%	-0,06%	-0,01%
Movement in Compensation costs	11,22%	7,82%	5,93%	5,78%	6,58%

During the 2019/20 financial year, the performance awards decreased by 4.4%. Performance awards make up 0.42% of compensation (0.43% in 2018/19). Refer to the graphs below showing performance awards as a percentage of compensation and the movement in performance awards versus movement in compensation.

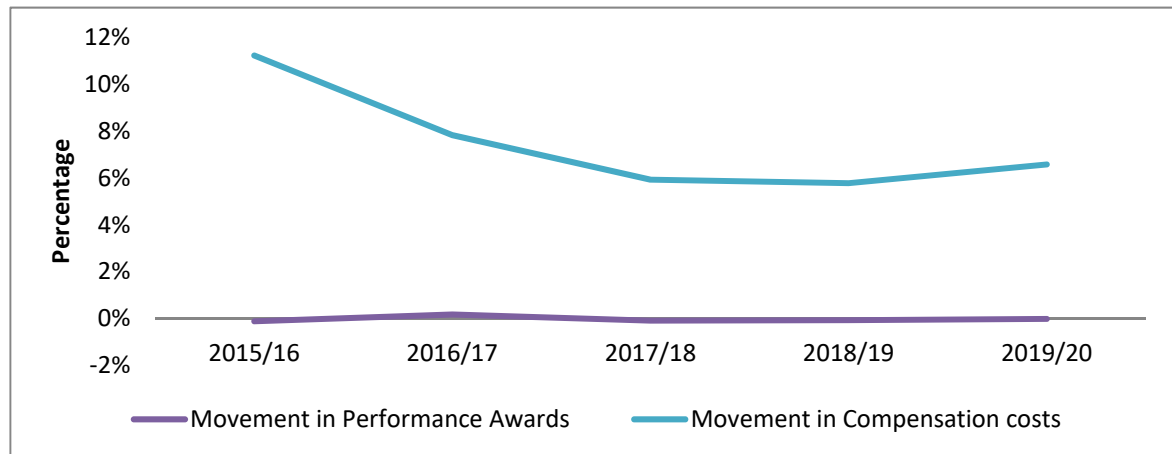
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 17: Performance awards as a % of compensation costs**



**Graph 18: Movement in performance awards vs. compensation**



## Training and staff development costs

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

**Table 13: Training and staff development**

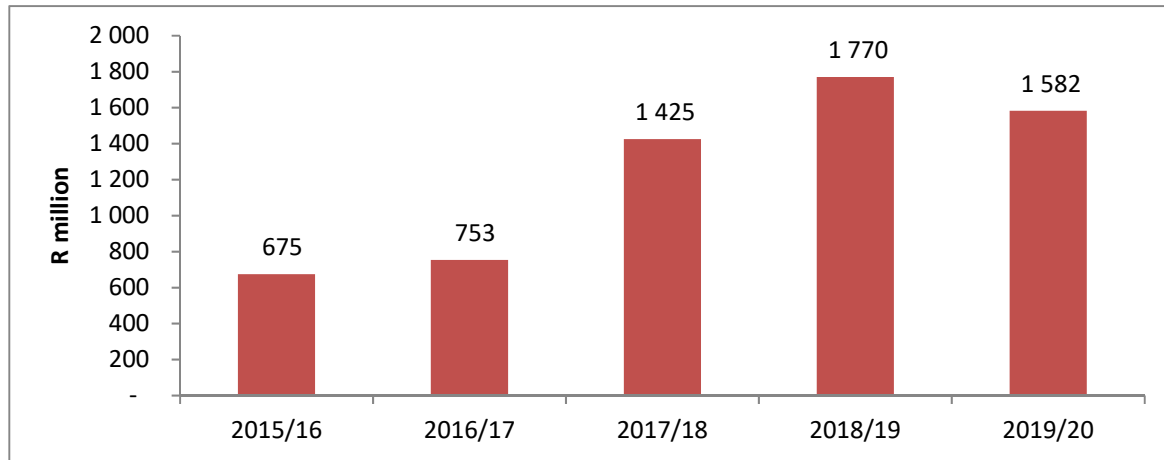
Year Ended 31 March					
R million	2015/16	2016/17	2017/18	2018/19	2019/20
Training & Staff Development	675	753	1 425	1 770	1 582
Total Compensation of Employees	137 079	147 802	156 567	165 611	176 506
<b>Training as a % of Compensation</b>	0,49%	0,51%	0,91%	1,07%	0,90%

As can be noted in the graphs 19 and 20 below, training and staff development costs had an increasing trend since 2015/16 till last year. However, in the current year, training and development cost decreased by 10.6% in the current year from R1.8 billion in the year 2018/19 to R1.6 billion in the year 2019/20. As a component of compensation, the ratio decreased from 1.07% to 0.89%. The Department of Environmental Affairs currently accounts for the highest spending on training costs at R417 million (2018/19: R356 million).

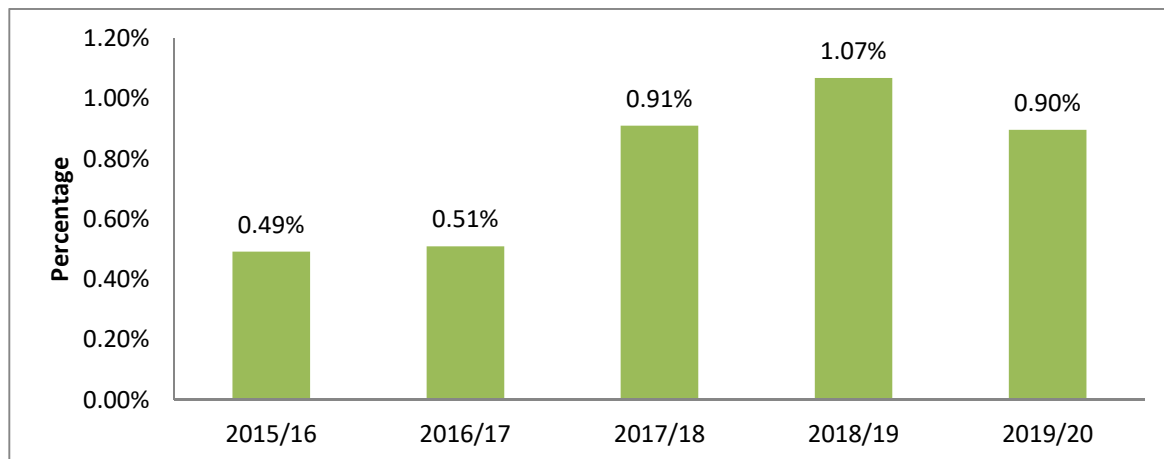
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 19: Training and staff development**



**Graph 20: Training as a % of compensation of employees costs**



**Table 14: Goods and services**

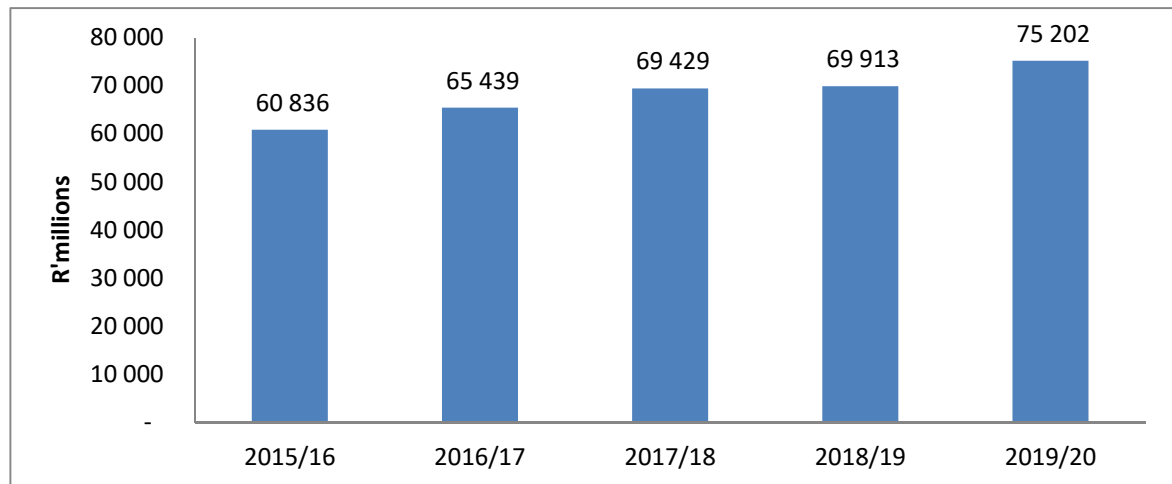
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
Goods and Services	60 836	65 439	69 429	69 913	75 202
<b>Movement in expenditure</b>	<b>4,2%</b>	<b>7,6%</b>	<b>6,1%</b>	<b>0,7%</b>	<b>7,6%</b>



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 21: Goods and services**



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

**Table 15: Major items of goods and services**

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Consultants, contractors and special services	12 096	15 310	16 433	15 436	17 091
Inventory	7 748	8 162	9 321	9 952	11 636
Operating leases	9 294	9 698	10 145	11 299	11 108
Travel and subsistence	5 862	5 770	5 562	6 046	6 440
Computer Services	7 085	7 582	6 932	5 497	7 073
Property payments	5 751	6 377	5 824	6 016	6 893
Communication	1 682	1 596	1 434	1 346	1 297
Other	11 317	10 944	13 778	14 320	13 665
<b>Total</b>	<b>60 835</b>	<b>65 439</b>	<b>69 429</b>	<b>69 913</b>	<b>75 202</b>

The major contributor to Goods and Services was expenditure on Consultants, contractors and special services as well as expenditure on operating leases. These expenditures accounted for 23% and 15% respectively of total goods and services.

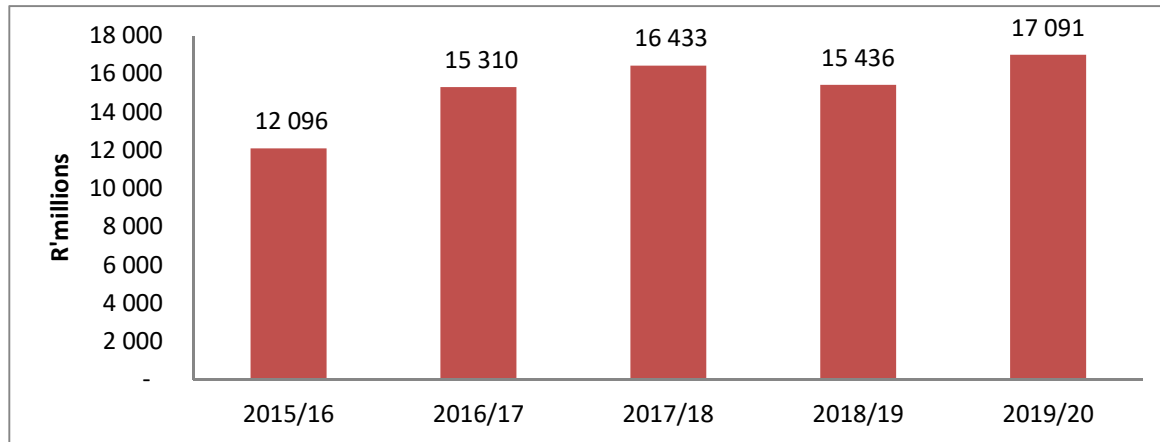
**Table 16: Consultants, contractors and special services**

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Consultants, contractors and special services	12 096	15 310	16 433	15 436	17 091
<b>Movement in expenditure</b>	<b>12,2%</b>	<b>26,6%</b>	<b>7,3%</b>	<b>-6,1%</b>	<b>10,7%</b>

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 22: Consultants, contractors and special services**

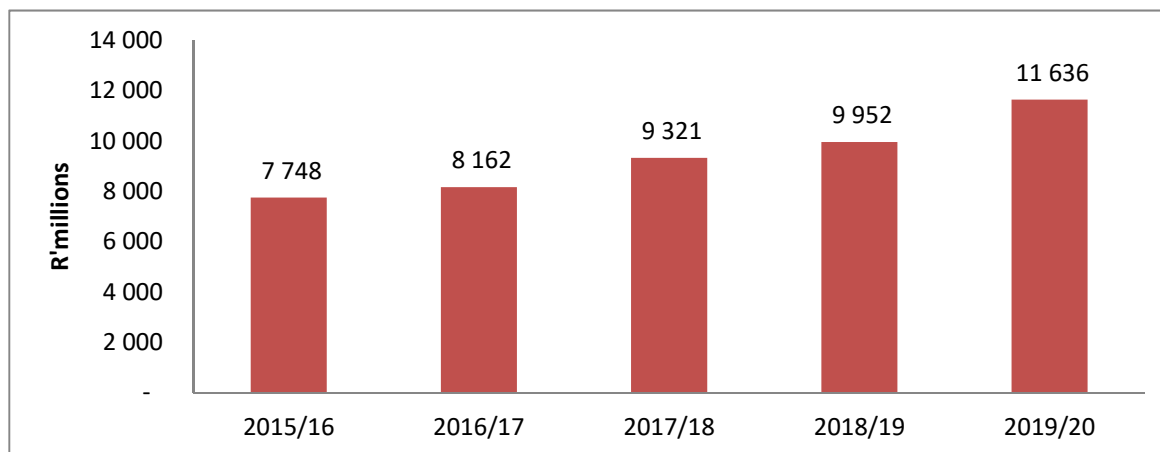


Payment of consultants, contractors and special services (CCSS) increased from the 2018/19 financial year. The three highest spending departments in this regard are Defence at R1 billion (2019: R3.2 billion), National Treasury R554 million (2018: R628 million) and Transport at R508 million (2019: R110 million).

**Table 17: Inventory and consumables**

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
Inventory	7 748	8 162	9 321	9 952	11 636
Movement in expenditure	8,2%	5,3%	14%	7%	17%

**Graph 23: Inventory and consumables**



Inventory and consumables purchases increased by 17% in the 2019/20 year. The major purchases of inventory were incurred by the Department of Defence amounting to R3 billion which was mainly for fuel, food and supplies, clothing material and medicine and Department of Rural Development and Land Reform at R2 billion.

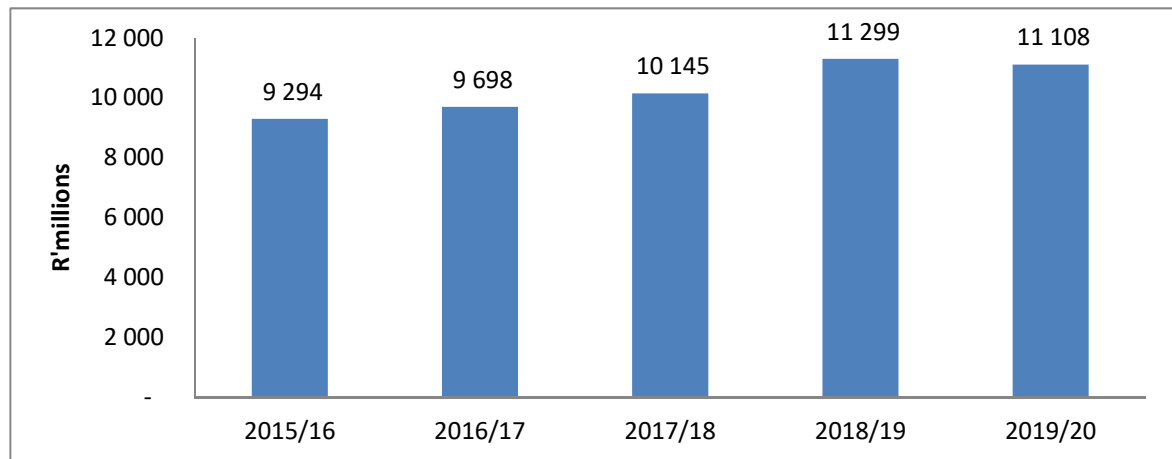
## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Table 18: Operating leases**

Year Ended 31 March <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Operating leases	9 294	9 698	10 145	11 299	11 108
<b>Movement in expenditure</b>	<b>-1,1%</b>	<b>4,3%</b>	<b>5%</b>	<b>11%</b>	<b>-2%</b>

**Graph 24: Operating leases**

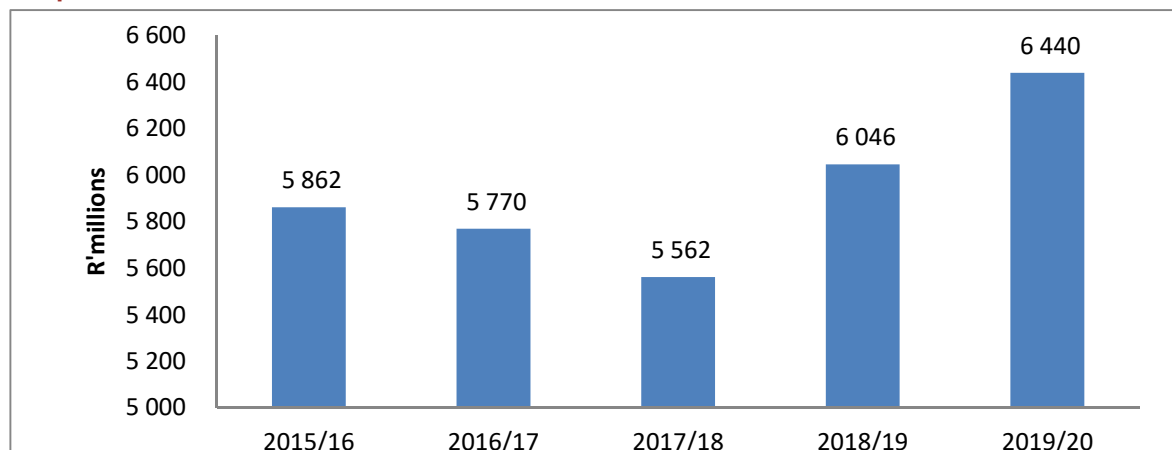


Expenditure on operating leases decreased by 2% in the 2019/20 year as compared to a 11% increase 2018/19. The three highest spending departments in this regard are Police at R3 billion 27%, Defence R1.7 billion 15% and Correctional Services at R1.3 billion 12%.

**Table 19: Travel and subsistence**

Year Ended 31 March <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Travel and subsistence	5 862	5 770	5 562	6 046	6 440
<b>Movement in expenditure</b>	<b>6%</b>	<b>-2%</b>	<b>-4%</b>	<b>9%</b>	<b>7%</b>

**Graph 25: Travel and subsistence**



Travel and subsistence shows a 7% increase, as compared to a 9% increase in the previous year. The Justice cluster accounts for 53% of the total expenditure of R3.4 billion while the Economic cluster spending accounts for 22% at R1.37 billion. The major spenders within the Justice cluster were again Police and Defence who spent R1.3 billion and R1.1 billion respectively followed by the Department of Justice with R385 million.

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

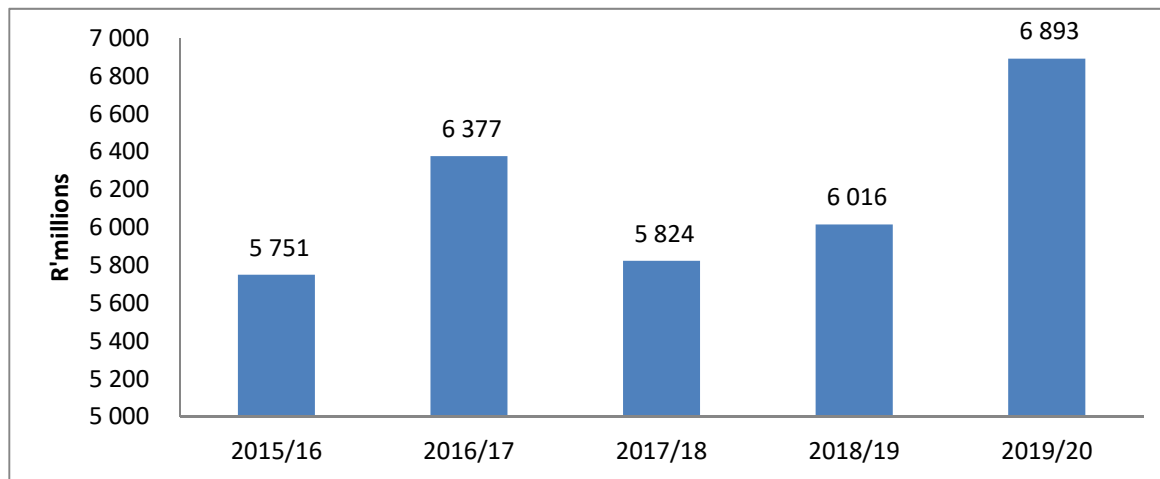
**Table 20: Computer services**

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Computer Services	7 085	7 582	6 932	5 497	7 073
<b>Movement in expenditure</b>	<b>7%</b>	<b>7%</b>	<b>-9%</b>	<b>-21%</b>	<b>29%</b>

**Table 21: Property payments**

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Property payments	5 751	6 377	5 824	6 016	6 893
<b>Movement in expenditure</b>	<b>-1%</b>	<b>11%</b>	<b>-9%</b>	<b>3%</b>	<b>15%</b>

**Graph 26: Property payments**



This expenditure amounts to 9% of the total goods and services expenditure. Expenditure on owned and leasehold property has increased by 15% in the current year compared to an increase of 3% in the 2018/19 financial year. The largest contributors to the 15% overall increase is Correctional Service with 17% increase as well as Police with 8% increase. The other major spenders in this area are Justice R1.2 billion (2018/19: R1 billion) and Defence with R1 billion (2018/19: R.843 billion) while International Relations and Cooperation spent R403 million (2018/19: R396 million).

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

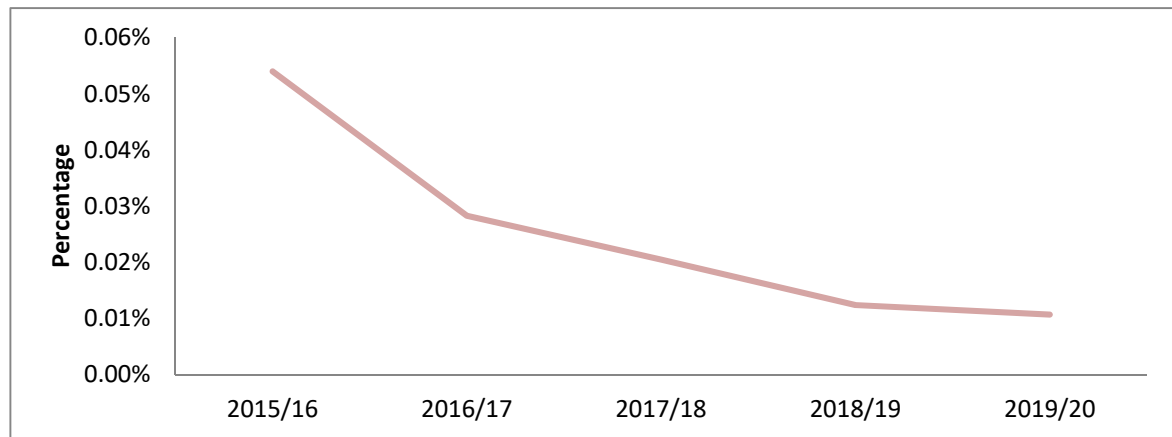
**Table 22: Catering and entertainment**

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Catering and entertainment	320	274	270	294	289
<b>Movement in expenditure</b>	<b>3,2%</b>	<b>-14,5%</b>	<b>-1,5%</b>	<b>8,9%</b>	<b>-1,8%</b>

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 27: Catering and entertainment as a % of total expenditure**



In the current year Catering and entertainment showed a slight decrease of 1.8% compared to the prior year increase of 8.9%.

**Table 23: Bursaries**

Year Ended 31 March					
R million	2015/16	2016/17	2017/18	2018/19	2019/20
Bursaries	61	60	68	80	79
Total Compensation of employees	137 079	147 802	156 567	165 611	176 506
<b>As a % of Compensation of employees</b>	<b>0,04%</b>	<b>0,04%</b>	<b>0,04%</b>	<b>0,05%</b>	<b>0,04%</b>

There were no major changes in the bursary expenditure. The total compensation expenditure increased by 6.8% in the current year. The bursary expenditure as a percentage of compensation is still low remaining at 0.04% of total compensation of employees, a slight increase to what was reported in the previous year.

**Table 24: Transfers and subsidies**

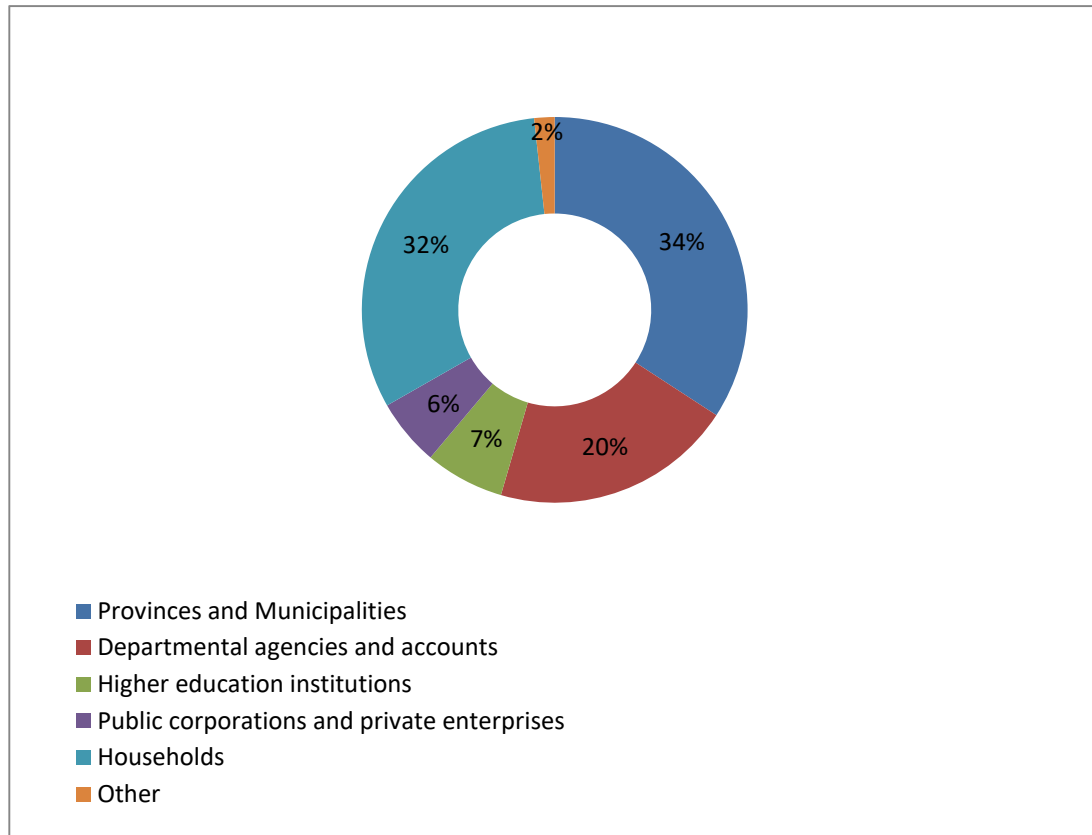
Year Ended 31 March					
R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Provinces and municipalities	173 006	181 496	196 812	207 975	218 017
Households	137 544	98 981	83 605	174 402	201 122
Departmental agencies and accounts	91 935	28 207	31 597	103 003	132 829
Public corporations and private enterprises	37 602	36 770	32 438	32 910	35 817
Universities and Technikons	26 565	149 442	162 311	36 911	42 363
Other	5 563	6 103	6 277	9 717	10 886
<b>Total</b>	<b>472 215</b>	<b>500 999</b>	<b>513 041</b>	<b>564 918</b>	<b>641 034</b>
<b>Increase from prior year</b>	<b>7,0%</b>	<b>6,1%</b>	<b>2,4%</b>	<b>10,1%</b>	<b>13,5%</b>
<b>As a % of Total revenue</b>	<b>43,7%</b>	<b>43,9%</b>	<b>42,3%</b>	<b>44,1%</b>	<b>47,4%</b>
<b>As a % of Total expenditure</b>	<b>37,9%</b>	<b>38,1%</b>	<b>36,2%</b>	<b>37,3%</b>	<b>37,1%</b>

Transfers and subsidies increased by 10.1% in the current year. A significant portion of subsidies relate to provinces and municipalities representing 34% of the total. Provincial departments have limited revenue-raising powers, with 97% of their spending financed through the division of revenue. The Social Service cluster takes the second largest portion of transfers and subsidies amounting to 32% of the total transfers and subsidies.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 28: Breakdown of transfers and subsidies 2019/20**



**Table 25: Expenditure for capital assets**

Capital Expenditure <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Total capital expenditure	18 357	16 026	18 701	16 262	13 479
<b>Movement in expenditure</b>	<b>12,7%</b>	<b>-12,7%</b>	<b>16,7%</b>	<b>-13,0%</b>	<b>-17,1%</b>

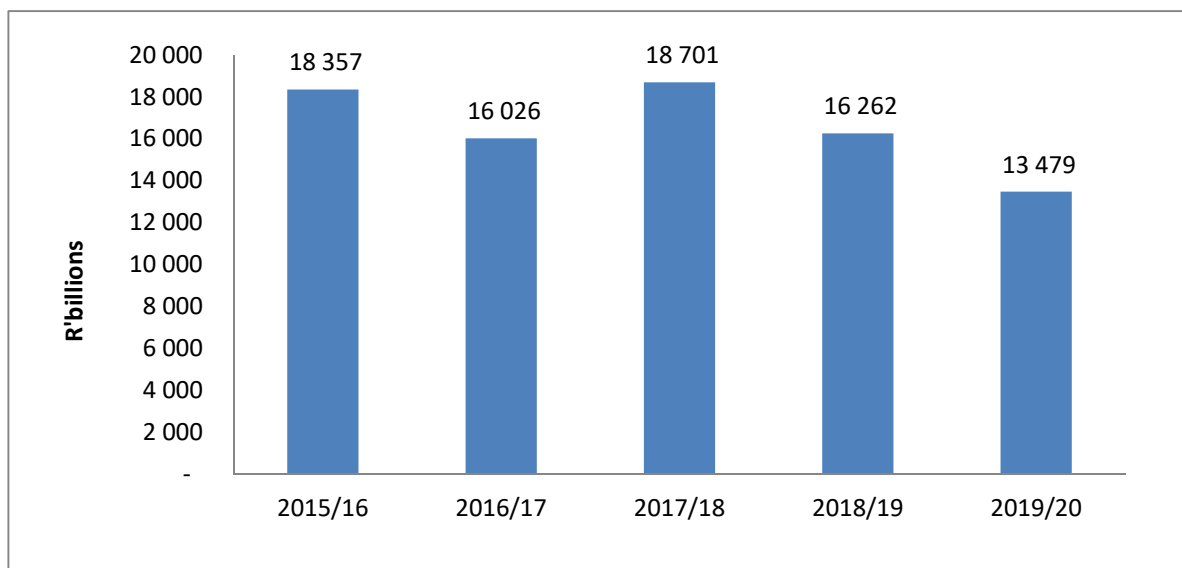
Capital expenditure has decreased by 17.1% during the current year from R16.3 billion in 2018/19 to R13.4 billion in 2019/20. The majority of the capital expenditure was spent on buildings and other structures which accounted for R7.6 billion of the total expenditure. Capital expenditure on machinery and equipment amounts to R4.7 billion.

Expenditure by cluster shows that the Justice and Protection Service cluster is the biggest spender at R6.8 billion, Economic cluster accounts R3.9 billion of total capital expenditure, followed by the Social Service cluster at R2.1 billion.

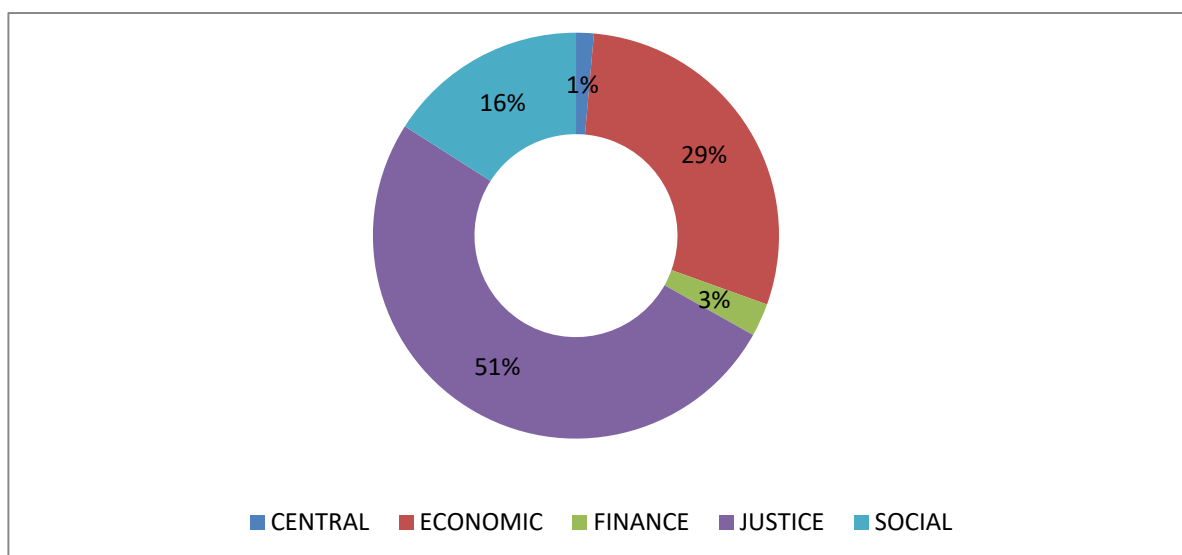
## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 29: Total capital expenditure**



**Graph 30: Capital expenditure by cluster 2019/20**



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

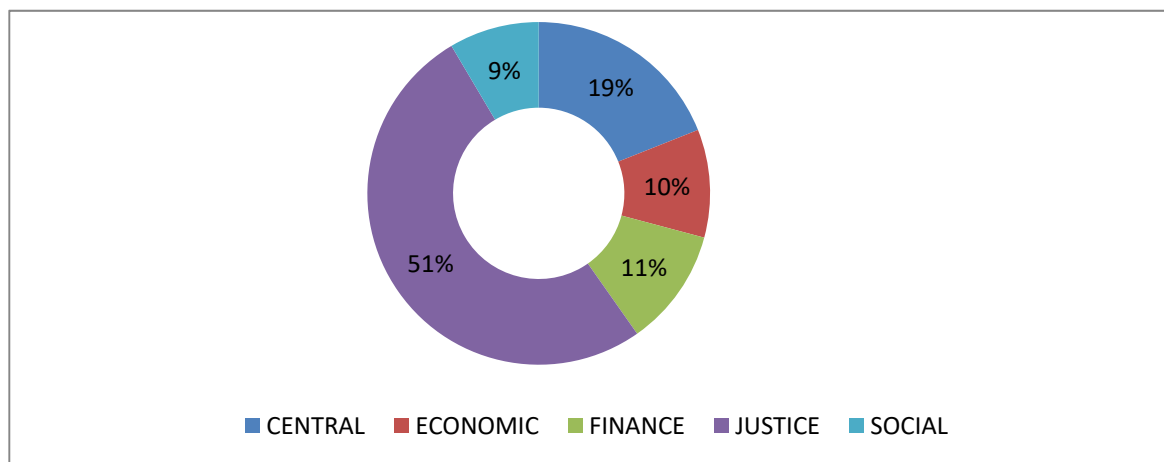
## Assets

**Table 28: Cash and cash equivalents**

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
Cash and equivalents	206 710	209 186	228 325	229 377	251 939
<b>Movement in cash and cash equivalents</b>	<b>1%</b>	<b>1%</b>	<b>9%</b>	<b>1%</b>	<b>10%</b>

Cash and cash equivalents stand at R252 billion (gross R271 billion less R19 billion bank overdraft). This is made up by 54% of foreign currency deposits, 24% sterilisation deposits and 16% deposits held with commercial banks.

**Graph 30: Cash and cash equivalents by cluster 2019/20**



**Table 29: National Revenue Fund Holding**

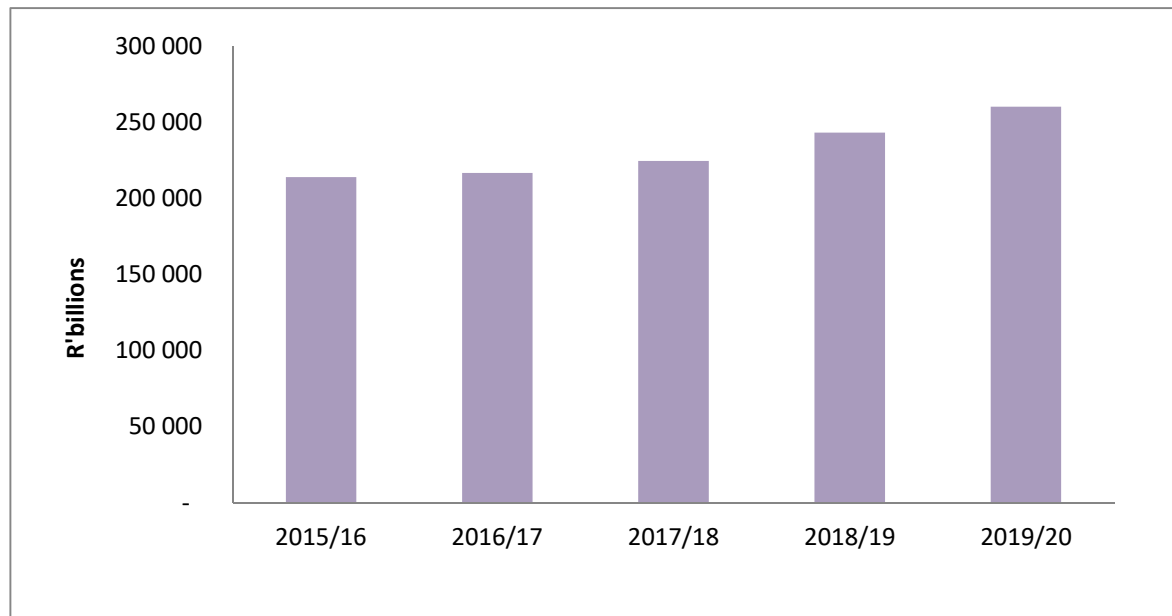
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Commercial Banks</b>					
Tax and Loan account	47 354	41 739	58 623	63 418	44 436
<b>South African Reserve Bank</b>					
Sterilisation deposits	67 157	67 157	67 157	57 157	67 157
Foreign currency deposits	102 083	106 649	101 947	122 541	148 196
Other	-2 534	1 223	-3 098	115	491
US \$ equivalent of foreign cash balances	\$7.4bn	\$8.0bn	\$8.6bn	\$8.5bn	\$8.3bn
<b>Total</b>	<b>214 060</b>	<b>216 768</b>	<b>224 629</b>	<b>243 231</b>	<b>260 280</b>



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

**Graph 31: National Revenue Fund Holding**



The National Treasury is responsible for maintaining adequate cash in the National Revenue Fund to meet its commitments and investing any surplus cash. Government's total cash includes deposits held by the Reserve Bank and commercial banks. Cash deposits with the Reserve Bank comprise the following:

- Deposits used to "sterilise" the excess cash created in the money market when buying foreign exchange reserves.
- Foreign exchange deposits made from money borrowed in international markets, or from purchases in the local market.

Sterilisation deposits are available for bridging finance purposes. Cash with commercial banks is invested in line with predetermined credit-risk benchmarks. Foreign currency deposits increased from R122.5 billion in 2018/19 to R148.2 billion in 2019/20. These deposits will be used to fund foreign currency commitments over the medium-term.

**Table 30: Receivables**

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
Receivables	8 097	8 777	8 146	9 574	9 194
<b>Movement in receivables</b>	<b>-10,6%</b>	<b>8,4%</b>	<b>-7,2%</b>	<b>17,5%</b>	<b>-4,0%</b>

Receivables decreased by 3.8% in 2019/20 from R9.6 billion to R9.2 billion. The decrease is mainly attributable to increases in claims recoverable and other debtors that constitutes the majority of total receivables. Included in receivables are amounts owed to the government in relation to goods and services as well as interest receivables.

## REVIEW OF OPERATING RESULTS

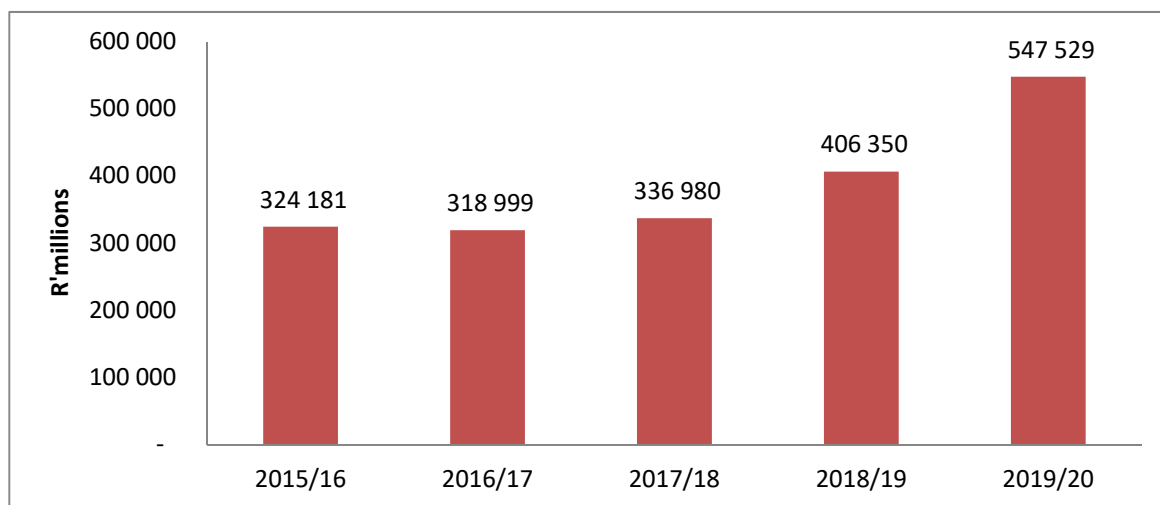
For the year ended 31 March 2020

**Table 31: Investments**

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Investments	324 181	318 999	336 980	406 350	547 529
<b>Movement in investments</b>	<b>70%</b>	<b>-2%</b>	<b>5,6%</b>	<b>20,6%</b>	<b>34,7%</b>

Investments include South Africa's subscription to shares in multilateral institutions such as International Monetary Fund, the African Development Bank, World Bank and the New Development Bank. Total investments increased from R406 billion in 2018/19 to R548 billion in 2019/20 or 35%. The increase is mainly due to exchange rate weakening against the US dollar and an increase in subscription in the New Development Bank.

**Graph 32: Investments**



The major investments of government are listed in the following table which indicates actual Rand amounts of the investments held by government for the past two years. Most investments have remained similar in the current year with little or no movement.

**Table 32: Major Investments**

Year Ended 31 March R' 000	Actual 2019/20	Actual 2018/19
Onderstepoort Biological Products Ltd		1
Ncera Farms (Pty) Ltd	1	1
IDC A Shares 1 000 000 at cost (100% shareholding)	1 000	1 000
IDC B Shares 1 391 969 357 at cost (100% shareholding)	1 391 969	1 391 969
Nuclear Energy Corporation of South Africa	2 205	2 205
National Housing Finance Corporation	2 363 635	2 313 635
SERVCON	604	604
National Urban Reconstruction and Housing Agency	4 248 259	4 248 259
Rural Housing Loan Fund	559 492	559 492
Passenger Rail Agency of South Africa Ltd.	190 646	190 646
Airports Company Ltd.	1 091 044	1 091 044
Air Traffic and Navigational Services Company Ltd.	2 070 381	2 070 381
S.A. National Roads Agency (SOC) Ltd.	8 164 116	8 164 116
Telkom SA Limited	2	2
South African Post Office Limited	3 743	3 743
Sentech (Pty) (Ltd)		
Vodacom Group Limited	200 000	200 000
Development Bank of Southern Africa	1	1
Public Investment Corporation Limited		
Land Bank	200 955	200 955

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

<b>Year Ended 31 March R' 000</b>	<b>Actual 2019/20</b>	<b>Actual 2018/19</b>
Alexkor SOC Ltd	400 000	400 000
Denel SOC Ltd	7 976 376	6 176 376
Eskom SOC Ltd	132 000 000	83 000 000
Safcol SOC Ltd	318 013	318 013
Transnet SOC Ltd	12 660 986	12 660 986
South African Express SOC Ltd	2 134 000	1 834 000
South African Airways SOC Ltd	33 508 758	28 008 758
Armcor	75 000	75 000
Special Defence activities	107 164	107 164
<b>Total Investments Shares and Other Equity</b>	<b>209 668 350</b>	<b>153 018 351</b>

**Table 33: Loans**

<b>Year Ended 31 March R' million</b>	<b>Actual 2015/16</b>	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
Loans	7 558	2 659	1 580	1 587	1 582
<b>Movement in Loans</b>	<b>57,9%</b>	<b>-64,8%</b>	<b>-40,6%</b>	<b>0,4%</b>	<b>-0,3%</b>

Loans decreased by a margin of 0.3% in 2019/20 compared to the 0,4% increase in the previous financial year.

## Liabilities

**Table 34: Payables**

<b>Year Ended 31 March R' million</b>	<b>Actual 2015/16</b>	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
Payables	7 558	5 709	10 321	6 058	5 902
<b>Movement in Payables</b>	<b>57,9%</b>	<b>-24,5%</b>	<b>80,8%</b>	<b>-41,3%</b>	<b>-2,6%</b>

Payables have decreased by 2.6% from R6.1 billion in 2018/19 to R5.9 billion in 2019/20. Other payables which are included in the non-current payables include salary related payables such as pension fund, housing allowance, income tax and bargaining council expense/fees.

**Table 35: Multilateral institutions**

<b>Year Ended 31 March R' million</b>	<b>Actual 2015/16</b>	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
Multilateral Institutions	184 505	176 837	177 874	227 209	307 747
<b>Movement in Multilateral Institutions</b>	<b>44,9%</b>	<b>-4,2%</b>	<b>0,6%</b>	<b>27,7%</b>	<b>35,4%</b>

South Africa is a member of the African Development Bank, International Monetary Fund, New Development Bank and World Bank Group. Membership incurs certain financial obligations, some of which are categorised as contingent liabilities. These obligations are capital and quota contributions to maintain the country's shareholding in the institutions and strengthen the global safety net that they support. Liabilities to multilateral institutions consist of the African Development bank (R67 billion), International Monetary Fund - Securities Account (R68 billion), International Monetary Fund - SDR Allocations (R44 billion), International Bank for Reconstruction and Development (R36 billion), Multilateral Investments Guarantee Agency (R0.26 billion), and New Development Bank (R93 billion).

## Current and non-current borrowings

Government incurs debt when financing the shortfall between its expenditure and revenue. This shortfall is financed through raising loans in the domestic and international capital markets. The stock of

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

debt is also influenced by inflation and currency movements.

**Table 36: Borrowings**

Year Ended 31 March <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Current borrowings	305 197	326 832	328 462	406 957	425 734
Non-current borrowings	1 713 713	1 906 011	2 161 227	2 381 332	2 835 608
<b>Total</b>	<b>2 018 910</b>	<b>2 232 843</b>	<b>2 489 689</b>	<b>2 788 289</b>	<b>3 261 342</b>
<b>Movement in Borrowings</b>	<b>12,2%</b>	<b>10,6%</b>	<b>11,5%</b>	<b>12,0%</b>	<b>17,0%</b>

Table 36 splits the debt portfolio between current and non-current borrowings. Current borrowings represent debt with a remaining term not exceeding one year. Treasury bills account for the largest portion. Non-current borrowings consist of fixed rate and inflation-linked bonds with an outstanding term exceeding one year.

**Graph 33: Borrowings**

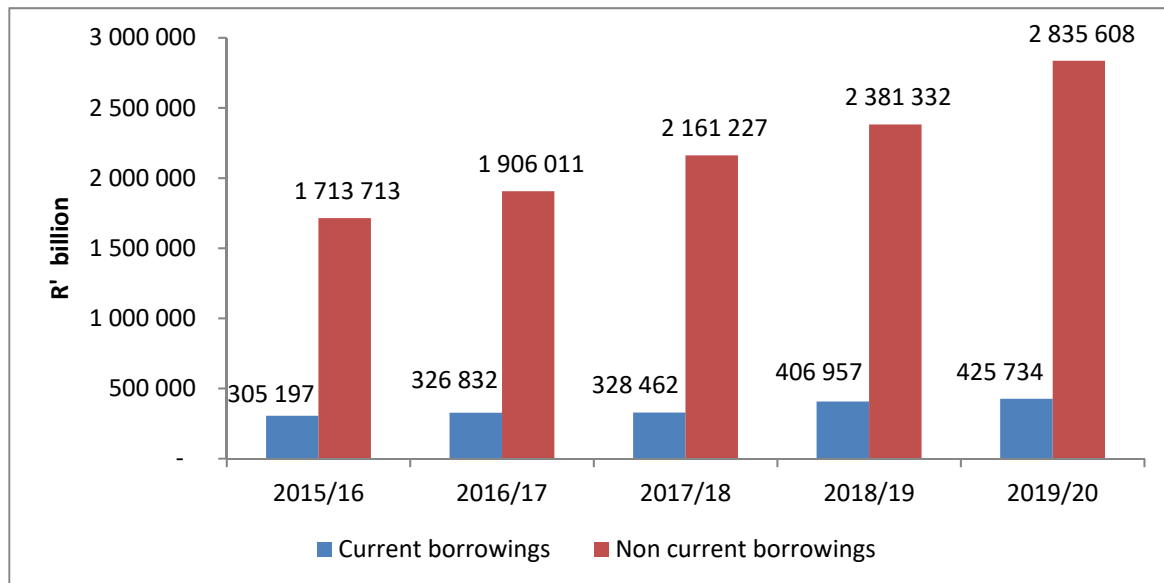


Table 37 below shows government debt split between domestic and foreign debt. In addition, government's debt is also disclosed on a gross and net basis. Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Gross government debt as per cent of GDP, has increased from 48.9% in 2015/16 to 63.3% in 2019/20. This was as a result of higher budget deficit following lower economic growth and further unanticipated financial support to state-owned companies in distress.

**Table 37: National government debt**

<i>R' million</i>	2015/16	2016/17	2017/18	2018/19	2019/20
Domestic debt	1 819 303	2 020 089	2 271 878	2 496 976	2 874 118
Foreign debt	199 607	212 754	217 811	291 314	387 225
<b>Gross loan debt</b>	<b>2 018 910</b>	<b>2 232 843</b>	<b>2 489 689</b>	<b>2 788 290</b>	<b>3 261 343</b>
Less: National Revenue Fund bank balances	(214 060)	(216 768)	(224 629)	(243 231)	(260 280)
<b>Net loan debt</b>	<b>1 804 850</b>	<b>2 016 075</b>	<b>2 265 060</b>	<b>2 545 059</b>	<b>3 001 063</b>
<i>As percentage of GDP :</i>					
Gross loan debt	48,9	50,6	52,7	56,6	63,3
Net loan debt	43,7	45,7	48,0	51,7	58,2

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



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Report on the audit of the consolidated financial statements

### Qualified opinion

1. I have audited the consolidated financial statements of the National Treasury set out on pages 48 to 117, which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of financial performance, statement of changes in net assets and consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the National Treasury as at 31 March 2020, and its 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, 2017 (Act No. 1 of 2018) (Dora).

### Basis for qualified opinion

#### Goods and services

##### Department of Cooperative Governance

3. I was unable to obtain sufficient appropriate audit evidence for payments made to Community Work Programme (CWP) implementing agents as the Department of Cooperative Governance could not provide accurate and complete substantiating records for payments made for project management fees, as required by the contracts signed with implementing agents. The Department of Cooperative Governance did not have adequate systems and controls in place to ensure that all invoices received from

implementing agents relating to the current year were processed within the current financial year. I was unable to confirm the amount for Consultants: Business and advisory services by alternative means. Consequently, I was unable to determine whether any adjustment to Consultants: Business and advisory services stated at R4 793 029 000 (2019: R3 339 292 000) in note 9 to the consolidated financial statements was necessary.

4. In addition, I was unable to obtain sufficient appropriate audit evidence for the completeness of payments made for CWP participants as I was unable to access the implementing agent's premises due to the lockdown restrictions imposed by the government as per the Disaster Management Regulations to reduce the spread of Covid-19. Consequently, I was unable to determine whether any adjustment to Contractors: Casual labourers stated at R4 793 029 000 (2019: R3 339 292 000) in note 9 to the consolidated financial statements was necessary.

##### Department of Defence

5. The department of Defence accounts for non-sensitive and sensitive projects expenditure in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act of South Africa, 1974 (Act No. 6 of 1974), as amended. I was unable to obtain sufficient appropriate audit evidence regarding sensitive projects expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included within the expenditure of R75 202 038 000 (2019: R 69 912 565 000), as per note 9 to the consolidated financial statements, and investments for special defence activities included in the investment amount of R209 668 350 000 (2019: R 153 018 351 000), as per note 18 to the consolidated financial statements.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Irregular expenditure

6. I was unable to obtain the extent of payments made to contractors which have been identified as irregularly appointed by the Department of Environmental Affairs. The department did not maintain accurate and complete records of the related expenditure incurred on separate contractual agreements with contractors to determine the irregular expenditure disclosed in the financial statements. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R36 897 919 000 in note 34 to the consolidated financial statements.
7. The Department of Environmental Affairs did not include the particulars of all irregular expenditure in the notes to the financial statements as required by section 40(3)(b)(i) of the Public Finance Management Act of South Africa 1999 (Act No. 1 of 1999) (PFMA). Furthermore, the department did not implement adequate internal control systems to identify and record all instances of irregular expenditure in both the current and prior years. This resulted in the irregular expenditure disclosure being understated. The full extent of the misstatement of irregular expenditure to be disclosed could not be quantified as it was impracticable to do so. Consequently, I was unable to determine the extent of adjustments necessary to the balance of irregular expenditure disclosure stated at R 36 897 919 000 (2019: R 28 402 318 000) in note 34 to the consolidated financial statements.
8. The Department of Correctional Services did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure stated at R 36 897 919 000 (2019: R 28 402 318 000) in note 34 to the consolidated financial statements as it was impracticable to do so.
9. The Department of Defence did not fully record irregular expenditure in the notes to the

financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement to irregular expenditure, stated at R36 897 919 000 (2019: R 28 402 318 000) in note 34 to the consolidated financial statements, as it was impracticable to do so

10. The Department of Basic Education did not include all irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to payments made in contravention of the supply chain management requirements, which resulted in irregular expenditure of R41 305 000 not being disclosed. Furthermore, as the department did not have adequate internal controls in place to identify and, report on all irregular expenditure, I was unable to determine the full extent of the understatement of irregular expenditure for the current and previous year, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R36 897 919 000 (2019: R 28 402 318 000) in note 34 to the consolidated financial statements.

## Aggregation of uncorrected misstatements

11. The following aggregation of misstatements was extracted from the 2019-20 summary of uncorrected misstatements and may impact the audit opinion expressed on the consolidated financial statements of national departments of the National Treasury.
12. The consolidated financial statements are materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national departments. The misstatement impact the disclosure notes by R12, 2 billion.

## Context for the opinion

13. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated financial statements section of this auditor's report.

14. I am independent of the department in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

15. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of matters

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

## Ministerial exemption in terms of section 92 of the PFMA from preparing a single set of consolidated financial statements

17. As disclosed in note 50 to the consolidated financial statements, the minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of section 8(1) of the act. The exemption applies to the financial periods 2017-18 to 2019-20 and allows the National Treasury not to prepare a single set of consolidated financial statements for national departments and national public entities.

## Subsequent events

18. As disclosed in note 52 to the consolidated financial statements, material subsequent events occurred after 31 March 2020. The events relate to additional funding and

guarantees provided to State Owed Entities and rating agency results.

## Restatement of corresponding figures

19. As disclosed in notes 26 to the consolidated financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the national departments.

## Other matters

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

## Unaudited supplementary schedules

21. The supplementary information set out on pages 117 to 124 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## Responsibilities of the accounting officer for the consolidated financial statements

22. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Modified Cash Standard and the requirements of the 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, 2017 (Act No. 1 of 2018) (Dora), and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

23. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the National Treasury's 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

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

appropriate governance structure either intends to liquidate the national department or to cease operations, or has no realistic alternative but to do so.

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

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

25. 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

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the consolidated financial statements and the auditor's report that have been specifically reported in this auditor's report.

27. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

28. 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.

29. 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

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

31. The National Treasury issued group instructions to the national departments. However, numerous departments did not correct misstatements as requested. Therefore, the aggregated misstatements resulted in a qualification of opinion at consolidation level and the National Treasury was thus not able to comply with the requirements of the PFMA.

*Auditor-General*

Pretoria

16 March 2021



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## ■ Annexure – Auditor-general's responsibility for the audit

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

### Financial statements

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 basis of 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 National Treasury 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 this auditor'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
- obtain sufficient appropriate audit evidence regarding the financial information of all national departments within the Republic of South Africa to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### Communication with those charged with governance

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

# CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>OPERATING INCOME</b>			
Revenue from Taxes, Levies & Duties	2	1 317 832 937	1 248 856 966
Departmental revenue	3	27 083 485	24 063 180
Other Revenue	4	4 562 161	7 378 145
Aid assistance		2 005 382	1 719 362
<b>TOTAL REVENUE</b>		<b>1 351 483 964</b>	<b>1 282 017 653</b>
<b>REVENUE FUND EXPENDITURE</b>			
		<b>754 716 750</b>	<b>683 180 616</b>
Appropriated Funds	6	754 569 278	683 043 754
CARA payments		147 472	136 862
<b>DEPARTMENTAL EXPENDITURE</b>			
<b>Current Expenditure</b>			
		<b>252 890 149</b>	<b>236 659 096</b>
Compensation of employees	7	176 505 882	165 611 436
Goods and services	8	75 202 038	69 912 565
Interest and rent on land	9	193 976	177 016
Aid assistance		988 253	958 079
<b>Transfers and subsidies</b>			
		<b>641 403 348</b>	<b>565 100 584</b>
Transfers and subsidies	11	641 033 906	564 918 194
Aid assistance		369 442	182 390
<b>Expenditure for capital assets</b>			
		<b>13 478 636</b>	<b>16 261 860</b>
Tangible assets	10.1	13 017 999	15 779 232
Intangible assets	10.2	460 637	482 628
<b>Unauthorised expenditure approved without funding</b>		<b>705</b>	<b>-</b>
<b>Payments for financial assets</b>	13	<b>64 518 901</b>	<b>14 364 433</b>
<b>TOTAL EXPENDITURE</b>		<b>1 727 008 489</b>	<b>1 515 566 589</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(375 524 524)</b>	<b>(233 548 936)</b>
<b>Foreign exchange revaluation</b>		<b>(72 946 275)</b>	<b>(49 801 773)</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(448 470 800)</b>	<b>(283 350 710)</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		(449 526 007)	(283 410 054)
Departmental revenue and NRF Receipts		611 223	(311 297)
Aid assistance	6	443 984	370 641
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(448 470 800)</b>	<b>(283 350 710)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2020

	Notes	2019/20 R '000	2018/19 R '000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>278 381 404</b>	<b>241 110 062</b>
Cash and cash equivalents	14	270 691 475	233 941 513
Other financial assets	12	20 194	17 939
Prepayments and advances	15	1 652 086	1 127 253
Receivables	16	5 953 404	5 983 138
Loans	17	4 094	4 498
Aid assistance receivable	6	60 152	35 721
<b>Non-Current Assets</b>		<b>552 384 645</b>	<b>411 596 344</b>
Investments	18	547 528 503	406 349 784
Receivables	16	3 209 577	3 590 602
Loans	17	1 577 957	1 582 306
Other financial assets	12	68 608	73 652
<b>TOTAL ASSETS</b>		<b>830 766 049</b>	<b>652 706 406</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>449 384 900</b>	<b>416 236 708</b>
Bank overdraft	19	18 752 131	4 563 912
Payables	20.1	4 304 399	4 226 470
Borrowings	21	425 734 467	406 957 490
Aid assistance repayable	6	406 440	312 164
Aid assistance unutilised	6	187 462	176 671
<b>Non-Current Liabilities</b>		<b>3 144 952 237</b>	<b>2 610 372 814</b>
Payables	20.2	1 597 836	1 831 626
Borrowings	21	2 835 607 754	2 381 331 886
Multi-lateral institutions	23	307 746 647	227 209 302
<b>TOTAL LIABILITIES</b>		<b>3 594 337 136</b>	<b>3 026 609 522</b>
<b>NET ASSETS</b>		<b>(2 763 571 087)</b>	<b>(2 373 903 115)</b>
<b>Represented by:</b>			
Capitalisation reserve		210 935 457	154 291 043
Recoverable revenue		2 159 795	2 515 255
Retained funds		(2 976 666 339)	(2 530 709 414)
<b>TOTAL</b>		<b>(2 763 571 087)</b>	<b>(2 373 903 115)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>NET ASSETS</b>			
<b>Capitalisation Reserves</b>			
Opening balance		154 291 042	145 021 412
Transfers:		56 644 414	9 269 630
Movement in Equity		56 647 512	9 272 603
Movements in Operational Funds		-	(23 008 758)
Other movements		(3 098)	23 005 785
Closing balance		<b>210 935 456</b>	<b>154 291 042</b>
<b>Recoverable revenue</b>			
Opening balance		2 515 256	1 856 958
Transfers		<b>(428 907)</b>	<b>658 298</b>
Irrecoverable amounts written off		(50 034)	(12 440)
Debts revised		(105 201)	(21 484)
Debts recovered (included in departmental receipts)		(721 652)	(224 359)
Debts raised		447 980	916 581
Closing balance		<b>2 086 349</b>	<b>2 515 256</b>
<b>Retained funds</b>			
Opening balance		(2 530 709 414)	(2 236 315 764)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)		(60 678)	(62 703)
Utilised during the year		57 294	29 087
Other		(445 953 541)	(294 360 033)
Closing balance		<b>(2 976 666 338)</b>	<b>(2 530 709 414)</b>
<b>Revaluation Reserves</b>			
Opening balance		-	-
Transfer		-	-
Other		73 447	-
Closing balance		<b>73 447</b>	<b>-</b>
<b>TOTAL</b>		<b>(2 763 571 087)</b>	<b>(2 373 903 115)</b>



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>1 357 404 319</b>	<b>1 292 469 038</b>
Revenue collected by SARS		1 317 627 217	1 248 949 212
Departmental Revenue collected		25 882 042	23 448 469
CARA Receipts		159 642	167 971
Surrenders from departments		9 173 258	12 525 241
Other revenue received by the revenue fund		4 562 161	7 378 145
<b>RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS</b>		<b>15 344 289</b>	<b>12 338 955</b>
Annual appropriated funds received		-	-
Statutory appropriated funds received		-	-
Departmental revenue received		5 040 551	3 936 111
Interest received		8 457 998	6 851 453
Aid assistance received		1 845 740	1 551 391
<b>PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>755 951 203</b>	<b>683 261 769</b>
Annual Appropriation		-	-
Statutory Appropriation		755 431 030	682 925 184
CARA Payments		147 472	136 862
Appropriation for unauthorised expenditure		-	-
Other		372 702	199 723
Net (increase)/ decrease in working capital		(15 436 593)	10 052 283
Surrendered to Revenue Fund		(22 368 302)	(23 736 789)
Surrendered to RDP Fund/Donor		(316 575)	(200 305)
Current payments		(237 162 116)	(236 431 334)
Interest paid		(161 158)	(153 054)
Payments for financial assets		(64 518 901)	(14 364 433)
Transfers and subsidies paid		(637 467 730)	(575 769 111)
<b>Net cash flow available from operating activities</b>	24	<b>(360 633 971)</b>	<b>(219 056 519)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received		706 827	962 879
Payments for capital assets		(13 478 636)	(16 261 860)
Proceeds from sale of capital assets		120 875	111 918
(Increase)/ decrease in loans		4 753	(6 506)
(Increase)/ decrease in investments		(56 650 000)	(9 277 000)
(Increase)/ decrease in other financial assets		2 789	(485)
(Increase)/ decrease in non-current receivables		381 025	(19 462)
<b>Net cash flows from investing activities</b>		<b>(68 912 367)</b>	<b>(24 490 516)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/ (decrease) in net assets		56 288 954	9 921 584
Increase/ (decrease) in non-current payables		(233 790)	188 262
Increase/ (decrease) in borrowings		396 059 369	234 700 802
<b>Net cash flows from financing activities</b>		<b>456 449 319</b>	<b>244 810 648</b>
Net increase/ (decrease) in cash and cash equivalents		22 568 195	1 263 613
Cash and cash equivalents at beginning of period		229 376 904	228 080 829
Unrealised gains and losses within cash and cash equivalents		-5 756	32 463
<b>Cash and cash equivalents at end of period</b>	25	<b>251 939 343</b>	<b>229 376 904</b>

# ACCOUNTING POLICIES

For the year ended 31 March 2020

## ■ 1. Presentation of the Financial Statements

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

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

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

Departmental revenue is collected by SARS and directly deposited into the National Revenue Fund which forms part of the overall consolidation revenue, and is accounted for on a modified cash basis.

### 1.1 Basis of preparation

The Consolidated Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year). Under this basis, the revaluation of foreign and domestic investments and loans are also recognised.

Inter-departmental prepayment advances and payables and inter-entity transactions and balances between the departments and the National Revenue Fund (NRF) are eliminated. However, PAYE is not eliminated as it is not considered as an interdepartmental transaction. VAT is also not eliminated as government does not pay VAT directly to the NRF and government is not a VAT vendor. National Revenue Fund only

recognised material provisions that will result in the potential cash outflow to government.

### 1.2 Presentation currency

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

### 1.3 Rounding

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

### 1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

### 1.5 Revenue

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

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

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

#### 1.5.1 Revenue from taxes, levies and duties

Taxpayer-assessed revenues are recognised when funds are received by South African Revenue Services (SARS). Cash in transit or over remitted as at 31 March by the SARS is included in



# ACCOUNTING POLICIES

For the year ended 31 March 2020

the Statement of Financial Position as other receivables/payables.

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

## 1.5.2 Departmental revenue

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

### 1.5.2.1 Sales of goods and services other than capital assets

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

### 1.5.2.2 Fines, penalties & forfeits

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

### 1.5.2.3 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received from the departments.

### 1.5.2.4 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received from departments.

### 1.5.2.5 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the

statement of financial performance on receipt of the funds from departments.

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

Forex gains and losses are recognised on settlement of loans.

### 1.5.2.6 Transfers received

Transfers received include transfers from universities and technikons, foreign governments, international organisations, public corporations and private enterprises, households and non-profit institutions and other governmental units. Revenue is recognised in the Statement of Financial Performance on receipt of the funds from the departments.

## 1.5.3 Gifts, donations and sponsorships (transfers received)

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

## 1.5.4 CARA receipts

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

## 1.5.5 Aid assistance

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

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

# ACCOUNTING POLICIES

For the year ended 31 March 2020

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

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

## 1.5.6 Direct exchequer receipts

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

## 1.6 Expenditure

### 1.6.1 Appropriated funds

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

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

### 1.6.2 Compensation of employees

#### 1.6.2.1 Salaries and wages

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

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

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These

payments form part of expenditure for capital assets in the statement of financial performance.

#### 1.6.2.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

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

### 1.6.3 Goods and services

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

### 1.6.4 Interest and rent on land

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

### 1.6.5 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is

# ACCOUNTING POLICIES

For the year ended 31 March 2020

made for irrecoverable amounts but an estimate is included in the notes to the financial statements amounts.

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

## 1.6.6 CARA payments

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

## 1.6.7 Transfers and subsidies

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

## 1.6.8 Expenditure for capital assets

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

## 1.6.9 Revaluation gains/(losses)

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

## 1.6.10 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of

financial performance on the date of approval. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## 1.6.11 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 1.6.12 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 1.6.13 Direct exchequer payments

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

# ACCOUNTING POLICIES

For the year ended 31 March 2020

## 1.6.14 Other expenditure and RDP Funds due prior to Amendment Act no. 79 of 1998

Expenditure is recognised when payment becomes payable.

## 1.7 Assets

### 1.7.1 Cash and cash equivalents

Domestic cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

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

Foreign cash and cash equivalents are carried in the statement of financial position at the closing rate of 31 March. Gains and losses on revaluation are recognised in the statement of financial performance.

### 1.7.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

### 1.7.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

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

### 1.7.4 Receivables

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

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the notes.

### 1.7.5 Other receivables

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

### 1.7.6 Loans

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

Amounts that are potentially irrecoverable are included in the notes.

### 1.7.7 Settlement period of assets and liabilities

#### 1.7.7.1 Current and Non-Current Assets

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

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

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

#### 1.7.7.2 Current and Non-Current Liabilities

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

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

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

### 1.7.8 Investments

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

Foreign investments represent South Africa's membership/shareholding in the African

# ACCOUNTING POLICIES

For the year ended 31 March 2020

Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, New Development Bank and Multilateral Investment Guarantee Agency. These investments are initially recognised at face value (i.e. the issue price) and are subsequently revalued using the closing exchange rate at 31 March.

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in special drawing rights (SDR) and is recognised in the Statement of Financial Position in Rand, converted at the closing SDR exchange rate published by the IMF as at 31 March.

Any gains and or losses on the revaluation of investments and financial liabilities are recognised in the Statement of Financial Performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the notes.

## 1.7.9 Inventory

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

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

## 1.7.10 Capital assets

### Disclosure

Additions to Capital Assets are disclosed as expenditure in the statement of financial performance and in the notes on Capital Assets.

### 1.7.10.1 Movable assets

#### Initial recognition

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

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

### Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

Age analysis of on-going capital projects is disclosed when requested by auditors in 2017/18 financial year.

### 1.7.10.2 Immovable assets

#### Initial recognition

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

#### Subsequent recognition

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

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

### 1.7.10.3 Intangible assets

#### Initial recognition

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

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

#### Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department.



# ACCOUNTING POLICIES

For the year ended 31 March 2020

Maintenance is expensed as current "goods and services" in the statement of financial performance.

## 1.8 Liabilities

### 1.8.1 Payables

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

### 1.8.2 Lease commitments

#### Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the notes to the financial statements.

#### Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the discloser notes to the financial statement.

### 1.8.3 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

### 1.8.4 Contingent liabilities

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

### 1.8.5 Contingent assets

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

### 1.8.6 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

### 1.8.7 Employee benefits

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

### 1.8.8 Provisions

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

### 1.8.9 Multilateral Institutions

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

## 1.9 Borrowings

### 1.9.1 Domestic Borrowings

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

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

# ACCOUNTING POLICIES

For the year ended 31 March 2020

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

## 1.9.2 Foreign Loans and Bonds

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

## 1.10 Foreign loans

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

## 1.11 Net Assets

### 1.11.1 Capitalisation reserve

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

### 1.11.2 Recoverable revenue

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

## 1.12 Related party transactions

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

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and their full compensation is recorded in the notes to the financial statements.

## 1.13 Key management personnel

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

## 1.14 Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

Performs an institutional function on behalf of the institution; and/or

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

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

## 1.15 Restatements and adjustments

Where necessary amounts included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

## 1.16 Events after the reporting date

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>2</b>	<b>Revenue from Taxes, levies and Duties</b>		
	<b>Taxation</b>		
	Income tax	772 690 238	738 744 021
	Value-added tax / Sales tax	346 760 767	324 765 978
	Fuel levy	75 406 845	72 486 885
	Customs duties	54 380 105	54 019 977
	Excise duties	48 513 717	43 532 385
	Skills Development Levy	18 486 280	17 438 989
	Other tax revenue	867 500	918 445
	Environmental Levy	10 681 065	10 871 233
	Health Promotion Levy	2 512 790	3 248 162
	Road accident fund recoupment	4 768 315	2 885 341
	SACU member duties	3 485 353	2 437 275
	Air Passenger tax	1 068 258	1 082 862
	State miscellaneous revenue	742 798	615 129
	Estate duty	2 047 843	2 069 332
	Securities transfer tax	6 240 209	5 334 752
	Transfer duties	7 119 627	7 243 248
	<b>Total Taxation</b>	<b>1 355 771 710</b>	<b>1 287 694 014</b>
	<b>Non-taxation revenue</b>		
	Road accident fund levy	42 755 355	42 426 677
	Unemployment Insurance Fund (UIF)	20 100 561	19 116 523
	Mineral and petroleum resource royalty	11 830 241	8 611 781
	Other non-taxation revenue	(25 130)	413 538
	<b>Total Non-taxation</b>	<b>74 661 027</b>	<b>70 568 519</b>
	<b>Total Gross Revenue</b>	<b>1 430 432 737</b>	<b>1 358 262 533</b>
	<b>Less</b>		
	South African Customs Union Agreement	50 280 312	48 288 636
	Payment i.t.o sec 12(3) of the PFMA	58	63
	Payment to UIF	18 204 772	17 419 812
	Payable by SARS to UIF	1 895 789	1 696 711
	Payment to RAF	42 632 836	41 890 191
	Payable by SARS to RAF	(413 967)	110 154
	<b>Total</b>	<b>112 599 800</b>	<b>109 405 567</b>
	<b>Total Net Revenue for the Year</b>	<b>1 317 832 937</b>	<b>1 248 856 966</b>
<b>3</b>	<b>Departmental Revenue</b>		
	NRF receipts	12 801 334	11 999 373
	Sales of goods and services other than capital assets	2 699 578	2 338 454
	Fines, penalties and forfeits	360 757	382 707
	Interest, dividends and rent on land	9 174 543	7 818 943
	Sales of capital assets	120 875	111 918
	Transactions in financial assets and liabilities	1 555 575	1 056 348
	Transfer received	370 823	355 437
	<b>Total revenue collected</b>	<b>27 083 485</b>	<b>24 063 180</b>
	Less: Own revenue included in appropriation	-	-
	<b>Total</b>	<b>27 083 485</b>	<b>24 063 180</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>4</b>	<b>Other Revenue</b>		
	Surrenders	2 922 155	4 561 671
	Other revenue received	1 640 006	2 816 474
	<b>Total</b>	<b>4 562 161</b>	<b>7 378 145</b>
<b>5</b>	<b>5.1 Aid assistance</b>		
	Opening Balance	452 511	283 983
	Prior period error	-	-
	As restated	452 511	283 983
	Transferred from statement of financial performance	443 984	370 641
	Transferred to/from retained funds	(46 170)	(1 902)
	Paid during the year	(316 575)	(200 305)
	<b>Closing Balance</b>	<b>533 750</b>	<b>452 517</b>
<b>5.2</b>	<b>Analysis of balance by source</b>		
	Aid assistance from RDP	348 526	280 358
	Aid assistance from other sources	172 075	159 180
	CARA	13 149	12 879
	<b>Closing Balance</b>	<b>533 750</b>	<b>452 517</b>
	<b>Analysis of Balance</b>		
	Aid assistance receivable	(60 152)	(35 721)
	Aid assistance unutilised	187 462	175 974
	Aid assistance repayable	406 440	312 164
	<b>Closing Balance</b>	<b>533 750</b>	<b>452 417</b>
	<b>Aid assistance prepayments (expensed)</b>		
<b>5.2.1</b>	<b>Opening balance</b>		
	Goods and services	23 636	53 509
	Transfers and subsidies	16 211	-
	<b>Closing Balance</b>	<b>39 847</b>	<b>53 509</b>
	<b>Less: Received in the current year</b>		
	Goods and services	96 322	24 237
	Transfers and subsidies	(5 293)	(5 948)
	<b>Closing balance</b>	<b>91 029</b>	<b>18 289</b>
	Goods and services	(14 211)	(5 984)
	<b>Closing Balance</b>	<b>(14 211)</b>	<b>(5 984)</b>
	<b>Add: Current Year prepayments</b>		
	Goods and services	(51 090)	(48 126)
	Transfers and subsidies	38 267	22 159
	<b>Closing balance</b>	<b>(12 823)</b>	<b>(25 967)</b>
	<b>Closing balance</b>		
	Goods and services	54 657	23 636
	Transfers and subsidies	49 185	16 211
	<b>Closing balance</b>	<b>103 842</b>	<b>39 847</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>5.3 Prior period error</b>			
Relating to 2018/2019		-	-
Relating to 2017/2018			(4 276)
DTI: Transfers and subsidies			(5 948)
DCS: Compensation of employees			1 069
NT: Aid Assistance and DSD			603
<b>Total</b>			<b>(4 276)</b>
<b>6 Appropriated funds</b>			
Annual appropriation		-	-
Statutory appropriation		754 569 278	683 043 754
<b>Total appropriation</b>		<b>754 569 278</b>	<b>683 043 754</b>
<b>7 Compensation of employees</b>			
<b>Salaries and Wages</b>			
Basic Salary		115 847 976	109 084 676
Performance Award		748 664	717 084
Service Based		720 243	688 034
Compensative/circumstantial		7 686 621	6 853 457
Periodic Payments		187 489	139 299
Other non-pensionable allowances		22 355 302	21 111 246
<b>Total</b>		<b>147 546 295</b>	<b>138 593 796</b>
<b>Social Contributions</b>			
<b>Employer contributions</b>			
Pension		16 862 886	15 859 355
Medical		12 051 136	11 118 737
UIF		2 366	2 444
Bargaining Council		12 510	11 595
Official unions and associations		14 766	13 175
Insurance		15 923	12 334
<b>Total</b>		<b>28 959 587</b>	<b>27 017 640</b>
<b>Total compensation of employees</b>		<b>176 505 882</b>	<b>165 611 436</b>
Average number of employees		403 684	402 798

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>8</b>	<b>Goods and services</b>		
	Administrative fees	563 243	471 873
	Advertising	382 961	472 397
	Minor assets	332 212	376 533
	Bursaries (employees)	79 441	79 758
	Catering	274 752	272 440
	Communication	1 297 358	1 345 908
	Computer services	7 072 584	5 497 024
	Consultants, contractors and outsourced services	4 793 029	3 339 292
	Infrastructure and planning services	261 660	217 777
	Laboratory services	80 427	75 095
	Scientific and technological services	907 448	942 125
	Legal services	1 259 078	1 127 321
	Contractors	7 014 831	6 915 401
	Agency and support / Outsourced services	5 282 849	5 181 667
	Entertainment	13 820	21 398
	Audit cost – external	646 915	579 865
	Fleet services	5 072 351	5 363 314
	Inventory	8 391 325	6 862 623
	Consumables	3 244 493	3 089 314
	Operating leases	11 108 095	11 298 598
	Property payments	6 892 621	6 016 305
	Rental and hiring	75 316	60 018
	Transport provided part of departmental activities	54 825	51 511
	Travel and subsistence	6 439 628	6 046 410
	Venues and facilities	472 150	560 771
	Training and staff development	1 582 429	1 770 101
	Other operating expenditure	1 606 197	1 877 726
	<b>Total</b>	<b>75 202 038</b>	<b>69 912 565</b>

## 8.1 Minor Assets

### Tangible assets

Buildings and other fixed structures	92	30
Biological assets	1 059	-
Heritage assets	-	-
Machinery and equipment	321 738	374 422
Transport assets	272	118
Specialised military assets	761	764

### Intangible assets

Software	8 253	1 068
Mastheads and publishing titles	-	118
Patents, licenses, copyright, brand names, trademarks	37	13

### Total

	<b>332 212</b>	<b>376 533</b>
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## 8.2 Computer services

SITA computer services	3 649 940	2 738 473
External computer service providers	3 422 644	2 758 551
<b>Total</b>	<b>7 072 584</b>	<b>5 497 024</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>8.3 Audit cost – external</b>			
Regularity audits		563 139	540 463
Performance audits		222	399
Investigations		64 404	25 044
Environmental audits		2 759	-
Computer audits		16 391	13 959
<b>Total</b>		<b>646 915</b>	<b>579 865</b>
<b>8.4 Inventory</b>			
Clothing material and accessories		393 790	480 731
Farming supplies		841 247	1 144 781
Food and food supplies		2 166 343	1 758 270
Fuel, oil and gas		808 418	543 691
Learning and teaching support material		1 048 339	1 059 735
Materials and supplies		166 914	228 399
Medical supplies		117 843	161 392
Medicine		290 970	361 750
Other supplies		2 557 461	1 123 874
<b>Total</b>		<b>8 391 325</b>	<b>6 862 623</b>
<b>8.4.1 Other Supplies</b>			
Ammunition and security supplies		68 272	39 554
Assets for distribution		1 797 834	452 981
Machinery and equipment <sup>9</sup>		118 445	-
Sports furniture		70 270	74 710
Sports and recreation		9 946	7 707
Library materials		495	-
Other assets for distribution		1 598 678	370 564
Other		691 355	631 339
<b>Total</b>		<b>2 557 461</b>	<b>1 123 874</b>
<b>8.5 Consumables</b>			
Consumable supplies		1 471 966	1 205 000
Uniform and clothing		388 590	345 801
Household supplies		478 563	393 546
Building material and supplies		60 599	31 807
Communication accessories		1 719	914
IT consumables		77 092	80 734
Other consumables		465 403	352 198
Stationery, printing and office supplies		1 772 527	1 884 314
<b>Total</b>		<b>3 244 493</b>	<b>3 089 314</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>8.6</b>	<b>Property payments</b>		
	Municipal services	4 500 016	3 917 245
	Property management fees	571 946	444 357
	Property maintenance and repairs	440 808	452 331
	Other	1 379 851	1 202 372
	<b>Total</b>	<b>6 892 621</b>	<b>6 016 305</b>
<b>8.7</b>	<b>Travel and subsistence</b>		
	Local	5 605 807	5 054 953
	Foreign	833 821	991 457
	<b>Total</b>	<b>6 439 628</b>	<b>6 046 410</b>
<b>8.8</b>	<b>Other operating expenditure</b>		
	Professional bodies, membership and subscription fees	112 833	102 994
	Resettlement costs	152 611	145 909
	Other	1 340 753	1 628 823
	<b>Total</b>	<b>1 606 197</b>	<b>1 877 726</b>
<b>9</b>	<b>Interest and Rent on Land</b>		
	Interest expense	161 158	153 054
	Rent on land	32 818	23 962
	<b>Total interest and rent on land</b>	<b>193 976</b>	<b>177 016</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>10</b>	<b>Expenditure on capital assets</b>		
<b>10.1</b>	<b>Tangible assets</b>	<b>13 017 999</b>	<b>15 779 232</b>
	Buildings and other fixed structures	7 608 647	9 623 798
	Heritage assets	39 834	32 867
	Machinery and equipment	4 759 791	4 907 593
	Specialised military assets	532 379	1 179 640
	Land and subsoil assets	72 883	25 258
	Biological assets	4 465	10 076
<b>10.2</b>	<b>Software and other intangible assets</b>	<b>460 637</b>	<b>482 363</b>
	Computer software	456 231	482 478
	Mastheads and publishing titles	-	36
	Patents, licences, copyright, brand names, trademarks	4 406	114
	<b>Total</b>	<b>13 478 636</b>	<b>16 261 860</b>
	<b>Compensation for capital expenditure</b>		
	Compensation of employees	12 977	13 326
	Goods and services	17 176	17 035
	<b>Total</b>	<b>30 153</b>	<b>30 361</b>
	<b>Analysis of funds utilised to acquire capital assets</b>		
	<b>Tangible assets</b>		
	<b>Voted Funds</b>	<b>12 985 504</b>	<b>15 739 396</b>
	Buildings and other fixed structures	7 608 481	9 607 939
	Heritage assets	39 745	32 867
	Machinery and equipment	4 727 551	4 883 616
	Specialised military assets	532 379	1 179 640
	Land and subsoil assets	72 883	25 258
	Biological assets	4 465	10 076
	<b>Aid assistance</b>	<b>43 700</b>	<b>39 837</b>
	Buildings and other fixed structures	166	15 859
	Machinery and equipment	43 534	23 978
	<b>TOTAL</b>	<b>13 029 204</b>	<b>15 779 233</b>
	<b>Software and other intangible assets</b>		
	<b>Voted Funds</b>	<b>449 071</b>	<b>482 183</b>
	Computer software	444 665	481 463
	Mastheads and publishing titles	-	36
	Patents, licences, copyright, brand names, trademarks	4 406	684
	<b>Aid assistance</b>	<b>361</b>	<b>444</b>
	Computer software	361	444
	<b>TOTAL</b>	<b>449 432</b>	<b>482 627</b>
<b>10.3</b>	<b>Finance lease expenditure included in expenditure for capital assets</b>		
	<b>Tangible assets</b>		
	Buildings and other fixed structures	446 578	504 111
	Machinery and equipment	512 288	515 015
	<b>Total</b>	<b>958 866</b>	<b>1 019 126</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>11</b>	<b>Transfers and subsidies</b>		
	Provinces and municipalities	218 017 381	207 974 945
	Departments agencies and accounts	132 828 902	103 002 902
	Higher education institutions	42 363 386	36 910 818
	Foreign governments and international organisations	2 467 204	2 351 848
	Public corporations and private enterprises	35 817 176	32 909 812
	Non-profit institutions	8 417 794	7 365 782
	Households	201 122 063	174 402 087
	<b>Total</b>	<b>641 033 906</b>	<b>564 918 194</b>
<b>12</b>	<b>Other financial assets</b>		
	<b>Current</b>		
	<b>Local</b>		
	<b>Total</b>	-	-
	<b>Foreign</b>		
	DIRCO: Rental deposits	19 687	17 497
	Trade and industry: Rental deposits	507	442
	<b>Total</b>	<b>20 194</b>	<b>17 939</b>
	<b>Total Current other financial assets</b>	<b>20 194</b>	<b>17 939</b>
	<b>Non-current</b>		
	<b>Local</b>		
	Municipality deposit	100	100
	<b>Total</b>	<b>100</b>	<b>100</b>
	<b>Foreign</b>		
	Rental deposits	68 508	73 552
	<b>Total</b>	<b>68 508</b>	<b>73 552</b>
	<b>Total Non-Current other financial assets</b>	<b>68 608</b>	<b>73 652</b>
<b>13</b>	<b>Payments for financial assets</b>		
	Material losses through criminal conduct	91	2 324
	Theft	91	2 324
	Purchase of equity	56 650 000	6 329 000
	Extension of loans policy purposes	7 485 624	7 857 280
	Other materials losses written off	38 158	122 463
	Debt written off	344 752	50 614
	Forex losses	276	2 752
	<b>Total</b>	<b>64 518 901</b>	<b>14 364 433</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>14</b>	<b>Cash and Cash equivalents</b>		
	Consolidated Paymaster General Account	17 877 897	15 582 671
	Cash receipts	450	(530)
	Disbursements	(4 553)	(131 839)
	Cash on hand	35 984 375	37 835 951
	Investments (Domestic)	704 374	665 491
	Investments (International)	283 897	175 717
	Cash with SARB	67 157 404	57 157 404
	Foreign Currency Investment	148 196 375	122 541 478
	Other	491 256	115 170
	<b>Total Cash and cash equivalents</b>	<b>270 691 475</b>	<b>233 941 513</b>
<b>15</b>	<b>Prepayments and Advances</b>		
	Staff advances	15 601	6 102
	Travel and subsistence	165 799	176 675
	Prepayments (Not expensed)	469 485	338 366
	Advances paid (Not expensed)	999 055	579 756
	SOCPEN advances	2 146	26 354
	<b>Total</b>	<b>1 652 086</b>	<b>1 127 253</b>
<b>15.1</b>	<b>Advances paid (Not expensed)</b>		
	<b>Balance at the beginning of the year</b>		
	National departments	286 441	291 921
	Provincial departments	52 657	9 790
	Public entities	269 940	89 280
	Other institutions	169 007	206 279
	<b>Total</b>	<b>778 045</b>	<b>597 270</b>
	<b>Less: Amount expensed in current year</b>		
	National departments	(892 851)	(834 380)
	Provincial departments	(8 400)	(205 897)
	Public departments	(781 162)	(551 472)
	Other institutions	(1 198 966)	(1 458 501)
	<b>Total</b>	<b>(2 881 379)</b>	<b>(3 050 250)</b>
	<b>Add/Less: Other</b>		
	National departments	(4 412)	(3 216)
	Provincial departments	(348)	-
	Public entities	-	297
	Other institutions	(132 580)	(12 759)
	<b>Total</b>	<b>(137 340)</b>	<b>(15 678)</b>
	<b>Add: Current year advances</b>		
	National departments	825 943	831 991
	Provincial departments	181 057	248 764
	Public entities	1 130 053	731 835
	Other institutions	1 317 511	1 433 988
	<b>Total</b>	<b>3 454 564</b>	<b>3 246 578</b>
	<b>Closing Balance at Year End</b>		
	National departments	286	88 152
	Provincial departments	224 966	52 657
	Public entities	618 831	269 940
	Other institutions	154 972	169 007
	<b>Total</b>	<b>999 055</b>	<b>579 756</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>15.2 Prepayments (Not expensed)</b>			
<b>Balance at the Beginning of the Year</b>			
<i>Listed by economic classification</i>			
Goods and services		262 394	40 484
Transfers and subsidies		75 434	45 436
Capital assets		-	877
Other		538	70 033
<b>Total</b>		<b>338 366</b>	<b>156 830</b>
<b>Less: Amount expensed in current year</b>			
<i>Listed by economic classification</i>			
Goods and services		(1 001 411)	(680 404)
Transfers and subsidies		(251 169)	(69 783)
Capital assets		-	(877)
Other		-	(70 033)
<b>Total</b>		<b>(1 252 580)</b>	<b>(821 097)</b>
<b>Add/Less: Other</b>			
<i>Listed by economic classification</i>			
Goods and services		-	(33)
Transfers and subsidies		-	(75 653)
<b>Total</b>		<b>-</b>	<b>(75 686)</b>
<b>Add: Current year payments</b>			
<i>Listed by economic classification</i>			
Goods and services		1 069 129	902 347
Transfers and subsidies		310 401	175 434
Capital assets		3 734	-
Other		435	538
<b>Total</b>		<b>1 383 699</b>	<b>1 078 319</b>
<b>Closing Balance at Year End</b>			
<i>Listed by economic classification</i>			
Goods and services		330 112	262 394
Transfers and subsidies		134 666	75 434
Capital assets		3 734	-
Other		973	538
<b>Total</b>		<b>469 485</b>	<b>338 366</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>15.3 Prepayments (Expensed)</b>			
<b>Balance at the Beginning of the Year</b>			
<i>Listed by economic classification</i>			
Goods and services		1 510 551	1 446 739
Interest and rent on land		3	-
Transfers and subsidies		25 113	17 581
Capital assets		194 052	333 272
<b>Total</b>		<b>1 729 719</b>	<b>1 797 592</b>
<b>Less: Received in the current year</b>			
<i>Listed by economic classification</i>			
Goods and services		(1 168 603)	(596 303)
Interest and rent on land		(3)	-
Transfers and subsidies		(25 113)	(17 581)
Capital assets		(202 424)	(325 075)
<b>Total</b>		<b>(1 396 143)</b>	<b>(938 959)</b>
<b>Add/Less: Other</b>			
<i>Listed by economic classification</i>			
Goods and services		6 591	(16 974)
Capital assets		1 185	(83 521)
<b>Total</b>		<b>7 776</b>	<b>(100 495)</b>
<b>Add: Current Year prepayments</b>			
<i>Listed by economic classification</i>			
Goods and services		638 758	677 089
Interest and rent on land		3	-
Transfers and subsidies		33 260	25 116
Capital assets		148 685	274 076
<b>Total</b>		<b>820 706</b>	<b>976 281</b>
<b>Closing Balance at Year End</b>			
<i>Listed by economic classification</i>			
Goods and services		987 297	1 510 551
Interest and rent on land		3	-
Transfers and subsidies		33 260	25 116
Capital assets		141 498	198 752
<b>Total</b>		<b>1 162 058</b>	<b>1 734 419</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>15.4 Advances paid (Expensed)</b>			
<b>Balance at the Beginning of the Year</b>			
National departments		163 799	88 295
Provincial departments		29 889	26 609
Public entities		3 912 221	3 604 836
Other institutions		19 253	59 814
<b>Total</b>		<b>4 125 162</b>	<b>3 779 554</b>
<b>Less: Received in the current year</b>			
National departments		(60 839)	(18 066)
Provincial departments		5 472	20 061
Public entities		(1 119 115)	(927 660)
Other institutions		6 891	(97 278)
<b>Total</b>		<b>(1 167 591)</b>	<b>(1 022 943)</b>
<b>Add/Less: Other</b>			
National departments		(190 014)	(145 852)
Provincial departments		(24 985)	(31 381)
Public entities		(28 368)	27 604
Other institutions		(418 429)	(283 825)
<b>Total</b>		<b>(661 796)</b>	<b>(433 454)</b>
<b>Add: Current Year advances</b>			
National departments		239 367	239 422
Provincial departments		-	14 600
Public entities		2 169 250	1 207 465
Other institutions		600 116	340 542
<b>Total</b>		<b>3 008 733</b>	<b>1 802 029</b>
<b>Closing Balance at Year End</b>			
National departments		152 313	163 799
Provincial departments		10 376	29 889
Public entities		4 933 988	3 912 245
Other institutions		207 831	19 253
<b>Total</b>		<b>5 304 508</b>	<b>4 125 186</b>
<b>16 Receivables</b>			
Claims recoverable	16.1	4 925 150	4 674 392
Trade receivables	16.2	479 206	686 208
Recoverable expenditure	16.3	184 806	190 443
Staff debt	16.4	612 914	638 003
Fruitless and wasteful expenditure	16.6	39 687	57 841
Other receivables	16.5	2 665 427	2 908 494
Voted funds to be surrendered to the Revenue Fund		(124 570)	359 576
Unauthorised expenditure to be surrendered		-	980
Departmental Revenue to be surrendered to the Revenue Fund		288 315	6 256
Other		92 045	51 547
<b>Total</b>		<b>9 162 981</b>	<b>9 573 740</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>Current</b>			
Claims recoverable		3 870 321	3 521 357
Trade receivables		467 677	673 184
Recoverable expenditure		141 016	141 609
Staff debt		306 073	335 786
Fruitless and wasteful expenditure		30 259	49 972
Other receivables		882 267	842 871
Voted funds to be surrendered to the Revenue Fund		(124 570)	359 576
Unauthorised expenditure to be surrendered		-	980
Departmental Revenue to be surrendered to the Revenue Fund		288 315	6 256
Other		92 045	51 547
<b>Total Current</b>		<b>5 953 404</b>	<b>5 983 138</b>
<b>Non-current</b>			
Claims recoverable		1 054 829	1 153 035
Trade receivables		11 529	13 024
Recoverable expenditure		43 790	48 834
Staff debt		306 919	302 217
Fruitless and wasteful expenditure		9 428	7 869
Other receivables		1 783 082	2 065 623
<b>Total Non-current</b>		<b>3 209 577</b>	<b>3 590 602</b>
<b>16.1 Claims Recoverable</b>			
National departments		2 415 281	2 313 501
Provincial departments		1 625 053	1 357 813
Foreign government		1 312	1 447
Public entities		841 177	847 105
Private enterprises		33 917	49 021
Higher education institutions		437	100 181
Households and non-profit institutions		2 750	108
Local governments		5 223	5 216
<b>Total</b>		<b>4 925 150</b>	<b>4 674 392</b>
<b>16.2 Trade receivables</b>			
Trade receivables		479 206	686 208
<b>Total</b>		<b>479 206</b>	<b>686 208</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>16.3 Recoverable expenditure</b>			
Disallowance: Damages and losses; Disallowance Payment fraud; and other		34 417	48 115
Salaries; Damaged vehicles; Disallowance: Damages and losses; and other		40 630	45 926
Disallowance: Damages and losses		55 483	44 127
Debts emanating from Service providers; Sal: Deduction Disallowance account; and other		28 050	18 246
Damaged Vehicles		23 684	30 527
Private telephone account		978	24
Dishonoured cheques			2 068
Salary Deduction Disallowance account		426	464
Tax debt		1 122	646
Income tax		16	300
<b>Total</b>		<b>184 806</b>	<b>190 443</b>
<b>16.4 Staff debt</b>			
Salary related debt; Debt Account; In-service debt; and other		458 857	459 487
Out-service debt; Study Loans-Students: Administration related debt; Bursary debt; and other		84 041	99 293
Inventory/Property related debt; Motor vehicle accidents; and other		29 808	30 865
Salary overpayment debt; Bursaries; and other		11 567	10 911
Debt Account; Bursary debt; and other		3 266	6 858
Suppliers; Salary Overpayment; and other		9 213	14 587
Fruitless and Wasteful expenditure; and other		6 826	8 128
Subsidies transport; and other		8 439	7 064
Other debts		524	451
Loss and damages; and other		373	359
<b>Total</b>		<b>612 914</b>	<b>638 003</b>
<b>16.5 Other debtors</b>			
Disallowance and damages; Municipal and Supplier Debts; Disallowance accounts; and others		247 487	205 948
Bloemfontein Correctional centre; Sal Income tax; External debt; and other		141 627	132 444
Study loans; SASSA Unauthorised Expenditure; Inventory; and other		145 701	116 816
Other debtors; Salary related; Receipt Foreign Claims; and other		55 111	43 345
Salary overpayments; and other		33 992	31 546
Disallowance-Civil and military pensions; and other		5 091	5 351
Disallowance- Special pensions; Suppliers; and other		15 372	15 391
Motor vehicle accidents; and other		14 352	12 261
Estates		2 560	2 266
SASSA Debtors		1 253 195	1 463 000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
Medical claims		1 365	1 398
Private patients		1 767	1 705
UN Service Rendered		691 206	840 539
Aviation Fuel		1 666	1 724
Private institutions		142	89
Damage to state property		143	40
Unallocated deposits		3	-
Loss of State money/property		11 666	12 549
UN Reimbursement		12 282	12 283
Armcor Suspense Account		4 700	5 020
Medical United Nations		115	115
Clearind Account		6 905	869
Medical embassy		411	430
Sales per Tender		265	-
Armcor Profit/Loss		16 824	-
Armcor Royalties		1 479	-
Irregular expenditure		-	6
<b>Total</b>		<b>2 665 427</b>	<b>2 908 494</b>
<b>16.6 Fruitless and wasteful expenditure</b>			
Opening balance		57 841	21 047
Less amounts recovered		(512)	(1 607)
Less amounts written off		(28 286)	2 779
Transfers from note 32 Fruitless and wasteful expenditure		10 834	35 375
Interest		(190)	247
<b>Total</b>		<b>39 687</b>	<b>57 841</b>
<b>16.7 Impairment of receivables</b>			
Estimate of impairment of receivables		3 570 205	2 476 414
<b>Total</b>		<b>3 570 205</b>	<b>2 476 414</b>
<b>17 Loans</b>			
Public corporations		1 368 093	1 371 442
Higher education institutions		8 227	11 325
Private enterprises		205 731	204 037
<b>Total Loans Balance</b>		<b>1 582 051</b>	<b>1 586 804</b>
Less: Current		4 094	4 498
<b>Total Non-Current</b>		<b>1 577 957</b>	<b>1 582 306</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>Analysis of Total Loans Balance</b>			
Opening balance		1 586 804	1 580 298
New Issues		14 508	14 132
Repayments		(19 261)	(7 626)
<b>Closing balance</b>		<b>1 582 051</b>	<b>1 586 804</b>
<b>18 Investments</b>			
<b>Non-Current Investments</b>			
Foreign		337 860 152	253 331 433
Shares and other equity		209 668 350	153 018 351
Securities other than shares		1	-
<b>Total non-current</b>		<b>547 528 503</b>	<b>406 349 784</b>
<b>Analysis of non-current investments</b>			
Opening balance		490 878 503	397 072 784
Additions in cash		56 650 000	6 330 000
Non-cash movements		(1)	2 947 000
<b>Closing balance</b>		<b>547 528 502</b>	<b>406 349 784</b>
<b>Impairment of loans</b>			
Estimate of impairment of loans		48 010 922	38 848 400
<b>Total</b>		<b>48 010 922</b>	<b>38 848 400</b>
<b>Number of shares</b>			
International Finance Corporation		17 418	17 418
African Development Bank		330 749	330 749
New Development Bank		65 000	50 000
International Bank for Reconstruction and Development		17 831	17 831
Multilateral Investment Guarantee Agency		1 662	1 662
<b>Special Drawing Rights</b>			
International Monetary Fund Quota-Subscription		3 051 200	3 051 200
International Monetary Fund SDR Holding		1 497 029	1 494 329
<b>Issue price per share</b>			
Foreign:			
<i>Issued in American dollars</i>			
International Finance Corporation		17 891	14 487
International Bank for Reconstruction and Development		2 158 275	1 747 621
Multilateral Investment Guarantee Agency		193 580	156 748
New Development Bank		1 789 095	1 448 685
<i>Issued in unit of account</i>			
African Development Bank		215 827	174 762
<b>Exchange rates as at year end used to convert issue price</b>			
American dollar (USD)		17,89	14,49
Special Drawing Rights (SDR)		24,42	20,11

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>Agriculture, Forestry and Fisheries</b>			
Ncera Farms (Pty) Ltd		-	1
Onderstepoort Biological Products Ltd		1	1
IDC A Share 1 000 000 at cost (100% shareholding)		1 000	1 000
		<b>1 001</b>	<b>1 001</b>
<b>Economic Development</b>			
IDC B Share 1 391 669 357 at cost (100% shareholding)		1 391 969	1 391 969
		<b>1 391 969</b>	<b>1 391 969</b>
<b>Energy</b>			
Nuclear Energy Corporation of South Africa		2 205	2 205
		<b>2 205</b>	<b>2 205</b>
<b>Human Settlements</b>			
National Housing Finance Corporation		2 363 635	2 313 635
SERVCON		604	604
		<b>2 364 239</b>	<b>2 314 239</b>
<b>Transport</b>			
Passenger Rail Agency of South Africa Ltd.		4 248 259	4 248 259
Airports Company Ltd.		559 492	559 492
Air Traffic and Navigational Services Company Ltd.		190 646	190 646
S.A. National Roads Agency (SOC) Ltd.		1 091 044	1 091 044
		6 089 441	6 089 441
<b>Telecommunications and Postal Services</b>			
Telkom SA Limited		2 070 381	2 070 381
South African Post Office Limited		8 164 116	8 164 116
Sentech		2	2
Vodacom		3 743	3 743
		<b>10 238 242</b>	<b>10 238 242</b>
<b>National Treasury</b>			
Development Bank of Southern Africa		200 000	200 000
Public Investment Corporation Limited		1	1
Land Bank		200 955	200 955
		<b>400 956</b>	<b>400 956</b>
<b>Public Enterprises</b>			
Alexkor SOC Ltd		400 000	400 000
Denel SOC Ltd		7 976 376	6 176 376
Eskom SOC Ltd		132 000 000	83 000 000
Safcol SOC Ltd		318 013	318 013
Transnet SOC Ltd		12 660 986	12 660 986
South African Express SOC Ltd		2 134 000	1 834 000
South African Airways SOC Ltd		33 508 758	28 008 758
		<b>188 998 133</b>	<b>132 398 133</b>
<b>Defence</b>			
Armcor		75 000	75 000
Special Defence activities		107 164	107 164
		<b>182 164</b>	<b>182 164</b>
<b>Total Investments- Shares and other equity</b>		<b>209 668 350</b>	<b>153 018 350</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>19</b>	<b>Bank Overdraft</b>		
	Consolidated Paymaster General Account	18 722 153	4 563 844
	Overdraft with commercial banks (Local)	29 978	68
		<b>18 752 131</b>	<b>4 563 912</b>
<b>20</b>	<b>Payables</b>		
<b>20.1</b>	<b>Payables- Current</b>		
	Amounts owing to other entities	3 457	2 315
	Advances received	620 681	455 106
	Clearing accounts	128 991	114 882
	Other payables	1 475 073	858 207
	Voted funds to be transferred	511	372 702
	Other	2 019 323	2 234 915
	Unauthorised Expenditure NOT funded by Revenue Fund	56 363	188 343
	<b>Total</b>	<b>4 304 399</b>	<b>4 226 470</b>
<b>20.1.1</b>	<b>Advances received</b>		
	National departments	15 843	-
	Provincial departments	244 839	124 347
	Public entities	358 083	325 594
	Other institutions	1 916	5 165
	<b>Total</b>	<b>620 681</b>	<b>455 106</b>
<b>20.1.2</b>	<b>Clearing accounts</b>		
	Payables: Advance National Developments; Salary control Account; and other	119 172	91 853
	GRV:8 Suspense; Salary ACB Recall; Salary: Income tax; and other	3 537	13 392
	Sal: Pension fund; and other	149	1 269
	Salary: GEHS refund control; salary reverse control; Sal: ACB recalls; and other	411	582
	Telephone Control Account; Salary government employees housing account; and other	1 033	1 111
	Salary: Reversal Acc; Sal Medical Aid; and other	639	276
	Salary: Tax Debt	46	3
	Disallowance miscellaneous; and other	2 474	4 956
	Salary Reversal	24	9
	ICA Related	1 506	1 431
	<b>Total</b>	<b>128 991</b>	<b>114 882</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>20.1.3 Other payables</b>			
Salary related; Civil and military pensions; Trust fund to be invested; and other		67 121	105 791
Unspent funds (CSOS); and other		215 584	121 521
GEHS; National Skills Fund; and other		48 143	6 182
DHA Revenue owed to NRF		373 800	368 160
Suppliers		482 964	13 598
Restitution Project Account- ABSA		198 998	152 962
Armcor contract creditors		60 179	60 747
Compliance Programme		32	165
UN Operations		27 795	27 916
TPF Revenue erroneously paid over to Vote		457	1 165
<b>Total</b>		<b>1 475 073</b>	<b>858 207</b>
<b>20.2 Payables-Non-current</b>			
Amounts owing to other entities		501 304	508 488
Advances received		883	880
Other payables		1 095 649	1 322 258
<b>Total</b>		<b>1 597 836</b>	<b>1 831 626</b>
<b>One to two years</b>			
Advances received		3	-
Other payables		24 170	-
<b>Total</b>		<b>24 173</b>	<b>-</b>
<b>Two to three years</b>			
Amounts owing to other entities			
Advances received			
Other payables		63 034	-
<b>Total</b>		<b>63 034</b>	<b>-</b>
<b>More than three years</b>			
Amounts owing to other entities		501 304	-
Advances received		880	-
Other payables		1 008 445	-
<b>Total</b>		<b>1 510 629</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>20.2.1 Advances received</b>			
National departments		297	297
Provincial departments		212	212
Public entities		374	371
Other institutions		<b>883</b>	<b>880</b>
<b>20.2.2 Advances received</b>			
Payable adv; For & int org adv acc; SOC DEV; SASSA		8 850	9 276
Debt Receivable income; Salary related		973 980	1 201 858
Debt Receivable interest; State Guarantees		108 939	107 947
Salaries and Suppliers			61
HW SETA; Unallocated Credits		3 880	3 116
<b>Total</b>		<b>1 095 649</b>	<b>1 322 258</b>
<b>21 Borrowings</b>			
<b>Current</b>			
Domestic		411 068 018	356 856 849
Foreign		14 666 449	50 100 641
<b>Total Current Borrowings</b>		<b>425 734 467</b>	<b>406 957 490</b>
<b>21.1 Domestic short-term bonds, debentures and other loans</b>			
Debt as at 1 April		32 212 012	15 998 394
Created		-8 423 090	-2 688 713
Reduced		-23 788 921	-24 385 631
Transfer from long-term		50 345 679	43 287 962
Treasury bills		333 433 015	307 432 585
Other Loans		27 289 324	17 212 252
		<b>411 068 018</b>	<b>356 856 849</b>
<b>21.1.1 Composition of short-term bonds, treasury and other loans</b>			
Composition of short-term bonds, treasury bills and other loans			
1-day Treasury bills		72 585	72 585
91-day Treasury bills		10 601 550	17 000 000
182-day Treasury bills		57 367 800	59 818 000
273-day Treasury bills		109 293 400	98 504 000
365-day Treasury bills		156 097 680	132 038 000
CPD borrowing		27 282 358	17 205 286
Fixed-rate bonds		48 964 709	28 818 977
Retail bonds		1 380 970	3 393 035
Other		6 966	6 966
<b>Total</b>		<b>411 068 018</b>	<b>356 856 849</b>
<b>21.2 Foreign short-term bonds, debentures and other loans</b>			
Debt as at 1 April		26 952 291	1 272 106
Created			
Reduced		(26 952 291)	(1 272 106)
Transfer from long-term		7 960 585	26 952 291
Revaluation of foreign loans		6 705 864	23 148 350
<b>Total</b>		<b>14 666 449</b>	<b>50 100 641</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>22</b>	<b>Non-current Borrowings</b>		
	<b>Long Term</b>		
	Domestic	2 463 049 550	2 140 118 932
	Foreign	372 558 203	241 212 954
	<b>Total Long-Term Borrowings</b>	<b>2 835 607 753</b>	<b>2 381 331 886</b>
<b>22.1</b>	<b>Domestic long-term bonds, debentures and other loans</b>		
	Debt as at 1 April	2 008 595 925	1 837 208 216
	Created	349 658 583	218 185 300
	Reduced		(3 509 629)
	Transfer to short-term	(50 345 679)	(43 287 962)
	Revaluation premium on inflation-linked bonds	155 101 854	131 484 136
	Former Regional Authorities	38 867	38 871
	<b>Total</b>	<b>2 463 049 550</b>	<b>2 140 118 932</b>
<b>22.1.1</b>	<b>Composition of long-term bonds and other loans</b>		
	Fixed-rate bonds	1 802 092 302	1 564 041 814
	Inflation-linked bonds	650 221 496	567 527 655
	Zero coupon bonds		
	Retail bonds	10 696 885	8 510 592
	Former Regional Authorities	38 867	38 871
	<b>Total</b>	<b>2 463 049 550</b>	<b>2 140 118 932</b>
<b>22.1.2</b>	<b>Redemption Analysis</b>		
	<b>Financial year(s)</b>		
	2019-2022	181 288 224	106 658 536
	2022-2025	249 616 170	240 122 026
	2025-2028	257 202 091	281 079 598
	2028-2031	431 746 539	265 116 772
	2031-2035	363 884 266	309 049 738
	2035-2055	979 273 393	938 053 391
	<b>Total</b>	<b>2 463 010 683</b>	<b>2 140 080 061</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>22.1 Foreign long-term bonds and other loans</b>			
Debt as at 1 April		192 395 898	194 088 389
Created		76 052 000	25 259 800
Reduced			
Transfer to short-term		(7 960 586)	(26 952 291)
Revaluation premium on inflation-linked bonds		112 070 891	48 817 056
		<b>372 558 203</b>	<b>241 212 954</b>
<b>22.1.2 Redemption analysis</b>			
<b>Financial years(s)</b>			
2019-2022		22 838 435	15 750 849
2022-2025		62 618 325	36 235 594
2025-2028		85 828 255	69 709 998
2028-2031		60 829 230	49 255 290
2031-2035			
2035-2055		140 443 958	70 261 223
		<b>372 558 203</b>	<b>241 212 954</b>
<b>22.2.2 Currency analysis</b>			
British pound			21 903
Euro		9 791 287	8 235 136
Japanese yen		4 947 486	7 871 153
Swedish krona			361 054
United states dollar		357 819 430	224 723 708
		<b>372 558 203</b>	<b>241 212 954</b>
<b>23 LIABILITIES IN MULTI-LATERAL INSTITUTIONS</b>			
IMF-Securities Account		68 179 342	50 000 714
African Development Bank		66 509 395	53 854 693
New Development Bank		93 032 940	57 947 400
IMF-SDR Allocations		43 595 499	35 908 437
International Bank for Reconstruction and Development		36 168 816	29 286 998
Multi- Lateral Investment Guarantee Agency		260 655	211 060
<b>Total Multi-lateral Institutions</b>		<b>307 746 647</b>	<b>227 209 302</b>
<b>These liabilities in multi-lateral institutions are revalued at closing exchange rate as at 31 March.</b>			
<b>23.1 INTERNATIONAL MONETARY FUND- SECURITIES ACCOUNT</b>		<b>68 179 342</b>	<b>50 000 714</b>
This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>23.2 AFRICAN DEVELOPMENT BANK</b>		66 509 395	53 854 693
This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.			
<b>23.3 NEW DEVELOPMENT BANK</b>		93 032 940	57 947 400
This commitment represents the callable portion of a country's subscription available to New Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.			
<b>23.4 IMF-SDR Allocations</b>		43 595 499	35 908 437
The special drawing rights deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund, in terms of the Finance and Financial Adjustments Acts, Consolidation Act 11 of 1977.			
<b>23.5 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</b>		36 168 816	29 286 998
This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.			
<b>23.6 MULTI-LATERAL INVESTMENT GUARANTEE AGENCY</b>		260 655	211 060
This commitment represents the callable portion of country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet its obligations on foreign investment guarantees to investors that are planning investments in developing member countries			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>24</b>	<b>Net cash flow available from operating activities</b>		
	Net surplus/(deficit) as per Statement of Financial Performance	(448 470 800)	(283 350 710)
	Add back non-cash/cash movements not deemed operating activities	87 836 829	64 294 190
	(Increase)/decrease in receivables – current	9 032 320	11 427 121
	(Increase)/decrease in prepayments and advances	(541 379)	12 485 000
	(Increase)/decrease in other current assets	(1 773 707)	(718 415)
	Increase/(decrease) in payables – current	814 238	(1 268 489)
	Proceeds from sale of capital assets	(120 874)	(111 918)
	Proceeds from sale of investments	(666 724)	(722 891)
	(Increase)/decrease in other financial assets	2 255	(1 025)
	Expenditure on capital assets	13 478 636	16 261 860
	Surrenders to Revenue Fund	(22 177 024)	(23 736 789)
	Surrenders to RDP Fund/Donor	(316 575)	(200 305)
	Voted funds not requested/not received	3 935 618	(10 668 527)
	Own revenue included in appropriation	-	-
	Other non-cash items	86 170 045	61 548 568
	<b>Net cashflow generated by operating activities</b>	<b>(360 633 971)</b>	<b>(219 056 519)</b>
<b>25</b>	<b>Reconciliation of cash and cash equivalents for cash flow purposes</b>		
	Consolidated paymaster General Account	(844 256)	11 080 414
	Cash receipts	450	(530)
	Disbursements	(4 553)	(131 839)
	Cash on hand	67 787 959	57 354 579
	Cash with commercial banks (Local)	36 519 472	38 357 085
	Cash with commercial banks (Foreign)	148 480 272	122 717 195
	<b>Total cash and cash equivalents for cash flow purposes</b>	<b>251 939 344</b>	<b>229 376 904</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>26</b>	<b>Reconciliation of prior year net surplus to current comparatives</b>		
	Net surplus as reported in prior year	(283 166 240)	
	Restatement	(184 470)	
	<b>Restated Net Surplus for the Year</b>	<b>(283 350 710)</b>	
	<b>Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year</b>		
	Cash and cash equivalents as reported in prior year	234 153 740	
	Less: Restatement	(212 227)	
	<b>Restated cash and cash equivalents</b>	<b>233 941 513</b>	
	<b>Reconciliation of statement of position reported in prior year and Restated amounts in current year</b>		
	<b>ASSETS</b>		
	Current assets as reported in prior year:	241 072 964	
	Restatement by Finance, Social and Economic Services Clusters	37 098	
	<b>Restated current assets for the financial year</b>	<b>241 110 062</b>	
	<b>Non-current Assets</b>		
	Non-current assets as reported prior year	411 709 101	
	Restatement by Finance and Justice Cluster	(112 757)	
	<b>Restated non-current assets for the financial year</b>	<b>411 596 344</b>	
	<b>LIABILITIES</b>		
	<b>Current liabilities</b>		
	Current liabilities as reported in prior year:	389 350 625	
	Restatement of prior year journals	26 886 083	
	<b>Restated current liabilities for the 2018/2019 financial year</b>	<b>416 236 708</b>	
	<b>Non-Current Liabilities</b>		
	Non-current liabilities as reported prior year	2 637 302 403	
	Restatement by NRF & Departments	(26 929 589)	
	<b>Restated non-current assets for the 2018/2019 financial year</b>	<b>2 610 372 814</b>	



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>NET ASSETS/(LIABILITIES)</b>			
Net Liabilities as reported in prior year (Capital Reserves)		154 291 043	
Restated net liabilities for the year		<b>154 291 043</b>	
Net Liabilities as reported in prior year (Recoverable Revenue) Restatement		2 515 292 (37)	
Restated net liabilities for the year		<b>2 515 255</b>	
Net Liabilities as reported in prior year (Retained Funds)		(2 530 677 299)	
Restatement		(32 151)	
Restated net liabilities for the year		<b>(2 530 677 299)</b>	
Net Liabilities as reported in prior year (Total) Restatement by Central Cluster		(2 373 870 964) (32 151)	
Restated net liabilities for the year		<b>(2 373 903 115)</b>	
<b>27</b> <b>Contingent liabilities and contingent</b>			
<b>27.1</b> Housing loan guarantees		5 121	6 468
Other guarantees		413 722 417	368 114 436
Claims against the department		41 373 953	32 945 289
Other departments (interdepartmental unconfirmed balances)		2 568 600	2 024 862
Environmental rehabilitation liability		4 696 390	3 595 649
Other		992 726	542 540
<b>Total</b>		<b>463 359 208</b>	<b>407 229 244</b>
<b>Other</b>			
Military Pension, Injury on duty and Special Pension		411 106	382 308
QCC S42D claims		332 570	5 877
Occupation Specific Dispensation		145 511	21 195
DPW, SITA and MTN		68 363	63 925
Miscellaneous		34 805	42 432
		<b>992 355</b>	<b>515 737</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b><i>Underwritten by government</i></b>			
Development Bank of Southern Africa		4 652 555	4 256 372
The Former TBVC States and SG's		74 795	76 637
Land Bank		2 577 794	965 410
Telkom South Africa Limited		148 928	123 819
Nuclear -Energy Corporation of South Africa		20 000	20 000
Komati Basin Water Authority		400 313	517 896
Trans-Caledon Tunnel Authority		13 557 639	14 302 246
Irrigation Board		35 669	36 398
Transnet		3 757 836	3 757 096
Eskom		326 868 487	285 587 479
South African Airways		17 867 010	15 268 795
Denel		4 430 000	3 430 000
Sa Express		163 300	163 300
Sa. National Roads Agency Ltd.		38 997 795	39 461 778
Industrial Development Corporation of South Africa		170 301	147 126
<b>Total</b>		<b>413 722 422</b>	<b>368 114 352</b>

The National Government furnishes guarantees to various institutions. The guarantees furnished to parastatal institutions are disclosed under the relevant functional government departments. These guarantees will realise as liabilities to the State only if the institutions on whose behalf the guarantees were furnished, are unable to meet their commitments.

It is not possible to determine the portion of these guarantees which will realise as liabilities to the National Government. Amounts guaranteed and the interests thereon if also guaranteed, are disclosed.

Section 10(4) of the Unemployment Insurance Act, 2001 (UIF Act) stated that the Minister of Labour may request the Minister of Finance to adjust the national budget in the manner contemplated in sections 16 and 30 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), in order to cover any deficit in the Fund. This was incorrectly interpreted as government being the explicit guarantor of the Fund. In January 2017, the new Unemployment Insurance Act, No. 10 of 2016 was signed into law. The implementation of the Act became effective after the Labour Laws Amendment Act of 2018 was assented in November 2018. With these amendments, The Fund advised that the State is not the guarantor. The Minister of Employment and Labour can make a request to the Minister of Finance. This does not compel the MoF to agree to it.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>Road Accident Fund</b>		212 827 000	173 559 000
<p>This represents the underfunding of the Fund's future commitment in respect of claims against the Fund according to the actuarial valuation. Actuarial valuations are conducted every year.</p>			
<b>Export Credit Insurance Corporation of South Africa Ltd</b>		20 450 964	20 450 964
<p>The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarantee Insurance Corporation of Africa Ltd, provide export credit and foreign investment cover to South African exporters. In terms of the Export Credit and Foreign Investment Act, 1957, as amended, the Government of South Africa acts as a guarantor for the liabilities of the company. The Government's commitment represents the net of the total underwriting exposure of the company and its total assets.</p>			
<b>South African Reserve Bank (SARB)</b>		111 446	111 446
<p>This contingent liability in respect of old coinage still in circulation is limited to 73,67% of the net cost of disposal of the old coins when they are returned to the SARB. A portion of the coinage will probably never be returned. The Government's related costs are set-off against surpluses of the SARB paid to Government. The SARB raises the full liabilities for old coinage in their books.</p>			
<b>27.2 Contingent Assets</b>			
SABC Recapitalization, Incentives and Rental overpayments		3 250 302	49 800
Assets seized during forfeiture; Ditsebi solutions		154 151	72 119
Dispute on guarantee payments; Breach of contract		11 458	10 650
Fumile Advisors, Cellphone usage exceed allowable limit		27 865	28 071
Giyani Project		2 905 455	2 615 735
Bonwelong Skills Development CC, Mr Inama and Nedbank (PTY) Ltd ; Dispute on guarantee payments		14 922	14 863
Basic education- Dispute on guarantee payments		15 669	15 669
Dispute on guarantee payments; Recovery of loss/ damages		4 463	3 190
Advance paid for Preparatory work		97 056	89 629
Counter claim		29 849	29 849
Dispute on guarantee payments		1 090	-
Dispute on retention payments		17 453	-
GFCRA		436 062 044	285 829 289
<b>Total</b>		<b>442 591 778</b>	<b>288 758 863</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>28</b>	<b>Post-retirement benefit</b>		
	Post-employment Health Care Fund	69 938 325	69 938 325
<b>28.1</b>	<b>Post-retirement medical assistance</b>		
	This contingent liability is the estimated present value of the State's future commitment in respect of government employees; post-employment medical assistance (including all active employees and Continuation and Widower members). It is important to note that Pol-med members have been excluded from the actuarial valuation.		
<b>28.2</b>	<b>Pension funds</b>		
	<b>Governments Employees Pension Fund</b>		
	This commitment represents the underfunding of the pension fund according to the most recent actuarial valuations. Actuarial valuations are conducted at least every three years.		
	<b>Funding Levels</b>	116%	116%
	Government Employees Pension Fund	123%	123%
	Temporary Employees Pension Fund	160%	160%
	Associated Institutions Pension Fund	116%	116%
	<b>Valuation Dates</b>		
	Government Employees Pension Fund	March 2018	March 2018
	Temporary Employees Pension Fund	March 2018	March 2018
	Associated Institutions Pension Fund	March 2018	March 2018
	Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) after reserves with (R289 172) million, R94.7 million and R2 674 million respectively.		
<b>29</b>	<b>Capital Commitments</b>		
	Building	4 264 853	4 166 575
	Machinery and Equipment	8 225 981	10 198 406
	Furniture and Office equipment	1 564 762	1 626 698
	Specialised Military Assets	11 527 010	12 602 330
	Other fixed structures	4 960 381	5 138 257
	Computer equipment	81 614	28 160
	Software and other intangible assets and Non-Residential Buildings	263 268	547 661
	<b>Total Commitments</b>	<b>30 887 869</b>	<b>34 308 087</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>30</b>	<b>Accruals and Payable not recognised</b>		
	<b>Accruals not recognised</b>		
	Goods and services	2 135 816	2 986 542
	Interest and rent on land	545	-
	Transfers and subsidies	184 558	223 299
	Capital assets	769 478	459 355
	Other	52 760	56 018
	<b>Total</b>	<b>3 143 157</b>	<b>3 725 214</b>
	<b>30 Days</b>		
	<b>Accruals not recognised</b>		
	Goods and services	1 733 337	
	Interest and rent on land	328	
	Transfers and subsidies	61 732	
	Capital assets	658 355	
	Other	29 625	
	<b>Total</b>	<b>2 483 377</b>	
	<b>30+ Days</b>		
	<b>Accruals not recognised</b>		
	Goods and services	402 479	
	Interest and rent on land	217	
	Transfers and subsidies	122 826	
	Capital assets	111 123	
	Other	23 135	
	<b>Total</b>	<b>659 780</b>	
	<b>Payables not recognised</b>		
	Goods and services	2 461 753	3 098 501
	Interest and rent on land	18	6 960
	Transfers and subsidies	13 301	186 265
	Capital assets	424 780	642 376
	Other	10 259	44 306
	<b>Total</b>	<b>2 910 111</b>	<b>3 978 409</b>
	<b>30 Days</b>		
	<b>Payables not recognised</b>		
	Goods and services	1 282 612	
	Interest and rent on land	17	
	Transfers and subsidies	5 723	
	Capital assets	189 977	
	Other	8 982	
	<b>Total</b>	<b>1 487 311</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>30+ Days</b>			
<b>Payables not recognised</b>			
Goods and services		1 179 141	
Interest and rent on land		1	
Transfers and subsidies		7 578	
Capital assets		234 803	
Other		1 277	
<b>Total</b>		<b>1 422 800</b>	
<b>Confirmed balances</b>			
Confirmed balances with departments		557 374	602 688
Confirmed balances with other government entities		720 571	644 588
<b>Total</b>		<b>1 277 944</b>	<b>1 247 276</b>
<b>31 Employee benefits</b>			
Leave entitlement		6 756 313	6 424 841
Service bonus		4 777 531	4 482 502
Performance awards		430 977	629 617
Capped leave		7 400 931	7 067 422
Other		593 667	350 303
<b>Total</b>		<b>19 959 419</b>	<b>18 954 685</b>

## 32 Lease commitments

### 32.1 Operating lease expenditure

2019 / 2020	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	37 323	2 180 724	229 216	2 447 263
Later than 1 year and not later than 5 years	-	99 169	3 974 501	203 269	4 276 939
Later than five years	-	55 475	514 186	398	570 059
<b>Total lease commitments</b>	<b>-</b>	<b>191 967</b>	<b>6 669 411</b>	<b>432 884</b>	<b>7 294 261</b>

2018 / 2019	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	24 073	2 076 572	274 059	2 374 704
Later than 1 year and not later than 5 years	-	65 058	3 740 836	146 633	3 952 527
Later than five years	-	45 784	917 750	209	963 743
<b>Total lease commitments</b>	<b>-</b>	<b>134 915</b>	<b>6 735 158</b>	<b>420 901</b>	<b>7 290 974</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 32.2 Finance lease expenditure

2019 / 2020	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	338 215	338 215
Later than 1 year and not later than 5 years	-	-	-	249 454	249 454
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	587 669	587 669

2018 / 2019	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	416 868	416 868
Later than 1 year and not later than 5 years	-	-	-	298 986	298 986
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	715 854	715 854

## 32.2 Operating lease expenditure

2019 / 2020	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	4 682	-	-	4 682
Later than 1 year and not later than 5 years	-	21 904	-	-	21 904
Later than five years	-	1 848 002	-	-	1 848 002
<b>Total operating lease revenue receivable</b>	-	1 874 588	-	-	1 874 588

**Finance lease  
expenditure**

2018 / 2019	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	2 507	-	-	2 507
Later than 1 year and not later than 5 years	-	8 753	-	-	8 753
Later than five years	-	1 574 475	-	-	1 574 475
<b>Total operating lease revenue receivable</b>	-	1 585 735	-	-	1 585 735

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>33</b>	<b>Accrued departmental revenue</b>		
	Tax revenue	-	-
	Sales of goods and services other than capital assets	21 695	16 945
	Fines, penalties and forfeits	245 345	180 040
	Interest, dividends and rent on land	880 733	607 708
	Sale of capital assets	3	172
	Transactions in financial assets and liabilities	4 222	5 763
	Transfers received (incl conditional grants to be repaid by prov depts)	256 510	98 966
	Other	155 900	49 070
	<b>Total</b>	<b>1 564 408</b>	<b>958 664</b>
	<b>Analysis of receivables for departmental revenue</b>		
	Opening balance	958 567	1 119 978
	Less: Amounts received	778 401	956 732
	Less: Services received in lieu of cash	3 840	-
	Add: Amounts recognised	1 428 730	820 273
	Less: Amounts written-off/reversed as irrecoverable	40 478	24 855
	Less: Amounts transferred to receivables for recovery	170	-
	<b>Closing balance</b>	<b>1 564 408</b>	<b>958 664</b>
	<b>Accrued department revenue written off</b>		
	Irrecoverable-Trade and Farm Rental Debt	170	28
	Penalty imposed by United Nations and Fines	40 478	21 665
	<b>Total</b>	<b>40 648</b>	<b>21 693</b>
	<b>Impairment of accrued departmental revenue</b>		
	Estimate of impairment of accrued departmental revenue	555 387	423 269
	<b>Total</b>	<b>555 387</b>	<b>423 269</b>
<b>34</b>	<b>Irregular expenditure</b>		
<b>34.1</b>	<b>Reconciliation of irregular expenditure</b>		
	Opening balance	28 402 318	21 085 342
	Prior period error	-	158 801
	As restated	28 402 318	21 243 143
	Add: Irregular expenditure - relating to prior year	3 038 290	1 872 554
	Add: Irregular expenditure - relating to current year	6 645 772	7 262 755
	Less: Prior year amounts condoned	(1 110 163)	(1 865 881)
	Less: Current year amounts condoned	(10 571)	(33 337)
	Less: Prior year amounts not condoned and removed	(67 473)	(66 797)
	Less: Current year amounts not condoned and removed	(124)	(9 815)
	Less: Amounts recoverable (current and prior year)	(130)	(304)
	Less: Amounts written off	-	-
	<b>Irregular expenditure awaiting condonation</b>	<b>36 897 920</b>	<b>28 402 318</b>
	<b>Analysis of awaiting condonation per age classification</b>		
	Current Year	7 730 972	7 010 777
	Prior Years	29 166 948	21 391 542
	<b>Total</b>	<b>36 897 920</b>	<b>28 402 319</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>34.2 Prior period error</b>			
<b>Nature of prior period error</b>			
Relating to 2018/19			158 801
Tender objectivity, Adjustments, Irregular appointments.			495 154
Transversal contracts condoned by OCPO			(194 685)
MFIP Condoned by OAG including other contracts			(141 668)
Relating to 2017/18			1 192 216
Tender objectivity			1 004 147
Procurement Deviations and Payment of legal costs			5 094
RESP, Petty Cash and VIA. Other overstatements			182 975
<b>Total</b>			<b>1 351 017</b>
<b>35 Fruitless and wasteful expenditure</b>			
<b>35.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		1 388 462	1 328 945
Prior period error		-	70 746
As restated		1 388 462	1 399 691
Fruitless and wasteful expenditure – relating to prior year		208 944	77 860
Fruitless and wasteful expenditure – relating to current year		204 550	384 313
Less: Amounts condoned		(13 174)	(154 210)
Less: Amounts transferred to receivables for recovery		(8 708)	(319 192)
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<b>1 780 074</b>	<b>1 388 462</b>
<b>35.2 Prior period error</b>			
<b>Nature of prior period error</b>			
Relating to 20WW/XX			70 750
2017/18 amount was overstated and damaged government vehicles			70 750
Relating to 20XX/YY			75 260
Implementing agents NRM, EPIP and other			75 233
Supplier overpayments and storage fees			27

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>36</b>	<b>Related-party transactions</b>		
	<b>Revenue received (paid)</b>		
	Fines, penalties and forfeits		
	Interest, dividends and rent on land	18 424	66 749
	Transactions in financial assets and liabilities	7 243	5 894
	<b>Total</b>	<b>25 667</b>	<b>72 643</b>
	<b>Payments made</b>		
	Goods and services	697 086	386 981
	Payments for financial assets	56 662 588	6 334 290
	Transfers	1 061 979	1 041 258
	<b>Total</b>	<b>58 421 653</b>	<b>7 762 529</b>
	<b>Year end balances arising from revenue/payments</b>		
	Receivables from related parties	24 803	665
	<b>Total</b>	<b>24 803</b>	<b>665</b>
	<b>Loans to/from related parties</b>		
	Non-interest bearing loans to/(from)	1 351 130	1 351 130
	<b>Total</b>	<b>1 351 130</b>	<b>1 351 130</b>
	<b>Guarantees issued</b>		
	Transport: S.A. National Roads Agency (SOC) Ltd.	38 997 795	39 461 778
	National Treasury: Land Bank	1 071 818	955 455
	National Treasury: Development Bank of Southern Africa	6 185 541	4 297 600
	Energy: Guarantees issued to NECSA	20 000	20 000
	Sports: Staff Secondment	60	350
	Guarantees	38 907 500	62 039 372
	<b>Total</b>	<b>85 182 714</b>	<b>106 774 555</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2017/18 R'000
<b>37</b>	<b>Key management personnel</b>		
<b>37.1</b>	<b>Description</b>	<b>No. of Individuals</b>	
	Political office bearers	94	155 536
	Officials:	22	36 066
	Salary level 15 to 16	501	773 945
	Salary level 14	1 114	1 331 586
	Salary level 13	243	253 396
	Family members of key management personnel	93	53 288
	<b>Total</b>	<b>2 603 818</b>	<b>2 510 804</b>
	<b>Description</b>		
	Speaker to Parliament/the Legislature	5 544	5 650
	Deputy Speaker to Parliament/the Legislature	3 921	3 956
	Secretary to Parliament/ the Legislature	4 948	8 090
	Deputy Secretary	2 243	2 089
	Chief Financial Officer	1	3 565
	Legal Advisor	2	3 642
	Other	4	47 019
	<b>Total</b>	<b>70 882</b>	<b>58 905</b>
<b>38</b>	<b>Public Private Partnership</b>		
	<b>Concession fee received</b>	43	-
	Other fees received	43	-
	<b>Unitary fee paid</b>	2 238 421	2 255 487
	Fixed component	746 427	794 919
	Indexed component	1 491 994	1 460 568
	<b>Analysis of indexed component</b>	1 491 994	1 460 568
	Goods and Services (excluding lease payments)	1 379 179	1 357 759
	Operating leases	7 799	7 862
	Interest	105 016	94 947
	<b>Capital/ (Liabilities)</b>	1 768 806	1 837 880
	Property	1 711 336	1 780 410
	Plant and equipment	57 470	57 470
	<b>Other</b>	53 516	49 195
	Prepayments and advances	3 734	-
	Other Obligations	49 782	49 195

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2017/18 R'000
<b>39</b>	<b>Impairment</b>		
	Debtor	15 318	11 508
	Investments	1 311	629
	Ex-employee debtors	43 412	42 809
		<b>60 041</b>	<b>54 946</b>
<b>40</b>	<b>Provisions</b>		
	Admin Expenses and claims	417 816	268 772
	Curators	314 144	254 542
	Environmental liabilities	484 410	589 268
	Injury on Duty	203 130	138 596
	Long Service Awards	171 658	12 636
	Post retirement benefit	1 433 149	1 305 698
	Emfuleni LM intervention	-	1 038 622
	Retentions	325 663	339 262
	Gratuity	258 901	340 251
	other	174 482	247 406
	<b>Total</b>	<b>3 783 353</b>	<b>4 535 053</b>

## 40.1 Reconciliation in movement in provisions – 2019/20

	Environmental Liability R'000	Claims and admin expenses R'000	Retention fees R'000	Other R'000	TOTAL R'000
Opening balance	3 432 370	590 383	285 658	223 442	<b>4 531 853</b>
Increase in provision	750 523	215 586	174 825	205 767	<b>1 346 701</b>
Settlement of provision	(734 288)	(288 109)	(70 303)	(48 954)	<b>(1 141 654)</b>
Unused amount reversed	(1 082 353)	(41)		(3 918)	<b>(1 086 312)</b>
Reimbursement expected from third party		25 211			<b>25 211</b>
Change in provision due to change in estimation of inputs	124 326	(56)		(16 716)	<b>107 554</b>
<b>Closing balance</b>	<b>2 490 578</b>	<b>542 974</b>	<b>390 180</b>	<b>359 621</b>	<b>3 783 353</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 40.2 Reconciliation in movement in provisions – 2018/19

	Environmental Liability R'000	Claims and admin expenses R'000	Retention fees R'000	Other R'000	TOTAL R'000
Opening balance	1 989 922	699 805	178 781	163 199	3 031 707
Increase in provision	1 805 487	435 002	127 443	101 893	2 469 825
Settlement of provision	(563 269)	(378 868)	(12 029)	(36 067)	(990 233)
Unused amount reversed	(54 340)	(194 060)	(1 366)	(5 583)	(255 349)
Reimbursement expected from third party	(61 452)	(21)			(61 473)
Change in provision due to change in estimation of inputs	319 221	28 526	(7 171)		340 576
<b>Closing balance</b>	<b>3 435 569</b>	<b>590 384</b>	<b>285 658</b>	<b>223 442</b>	<b>4 535 053</b>

## 41 Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	332 354	-	439	17	332 776
Heritage assets	332 354	-	439	17	332 776
<b>MACHINERY AND EQUIPMENT</b>	47 656 691	(347)	4 350 790	1 390 065	50 617 070
Transport assets	22 232 747	832	2 203 249	790 170	23 646 658
Computer equipment	8 500 301	(18)	728 694	342 077	8 886 900
Furniture and office equipment	2 395 388	29	149 459	34 050	2 510 827
Other machinery and equipment	14 528 255	(1 190)	1 269 389	223 768	15 572 686
<b>SPECIALISED MILITARY ASSETS</b>	49 691 351	-	23 550	-	49 714 901
Specialised military assets	49 691 351	-	23 550	-	49 714 901
<b>BIOLOGICAL ASSETS</b>	991 862	102 837	28 243	205 552	917 390
Biological assets	991 862	102 837	28 243	205 552	917 390
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>98 672 258</b>	<b>102 490</b>	<b>4 403 022</b>	<b>1 595 634</b>	<b>101 582 137</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 41.2 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
<b>HERITAGE ASSETS</b>	439	-	-	-	439
Heritage assets	439	-	-	-	439
<b>MACHINERY AND EQUIPMENT</b>	3 866 162	784 907	(358 034)	57 756	4 350 790
Transport assets	2 090 462	328 351	(191 415)	(24 149)	2 203 249
Computer equipment	664 750	68 251	(1 133)	(3 174)	728 694
Furniture and office equipment	144 806	10 759	(5 849)	(257)	149 459
Other machinery and equipment	966 144	377 546	(159 637)	85 336	1 269 389
<b>SPECIALISED MILITARY ASSETS</b>	-	23 550	-	-	23 550
Specialised military assets	-	23 550	-	-	23 550
<b>BIOLOGICAL ASSETS</b>	4 465	23 778	-	-	28 243
Biological assets	4 465	23 778	-	-	28 243
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 871 066</b>	<b>832 235</b>	<b>(358 034)</b>	<b>57 756</b>	<b>4 403 022</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 41.3 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
<b>HERITAGE ASSETS</b>	-	17	17	-
Heritage assets	-	17	17	-
<b>MACHINERY AND EQUIPMENT</b>	693 438	696 627	1 390 065	117 118
Transport assets	520 049	270 121	790 170	114 262
Computer equipment	129 970	212 107	342 077	646
Furniture and office equipment	11 516	22 534	34 050	337
Other machinery and equipment	31 903	191 865	223 768	1 873
<b>SPECIALISED MILITARY ASSETS</b>	-	-	-	2 504
Specialised military assets	-	-	-	2 504
<b>BIOLOGICAL ASSETS</b>	529	205 023	205 552	6
Biological assets	529	205 023	205 552	6
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>693 967</b>	<b>901 667</b>	<b>1 595 634</b>	<b>119 628</b>

## 41.4 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>337 506</b>	<b>(5 192)</b>	<b>40</b>	<b>-</b>	<b>332 354</b>
Heritage assets	337 506	(5 192)	40	-	332 354
<b>MACHINERY AND EQUIPMENT</b>	<b>44 408 689</b>	<b>67 116</b>	<b>4 789 866</b>	<b>1 608 980</b>	<b>47 656 691</b>
Transport assets	20 631 912	31 154	2 370 965	801 285	22 232 747
Computer equipment	8 103 147	(9 458)	853 448	446 836	8 500 301
Furniture and office equipment	2 326 843	735	120 327	52 517	2 395 388
Other machinery and equipment	13 346 786	44 685	1 445 127	308 343	14 528 255
<b>SPECIALISED MILITARY ASSETS</b>	<b>47 804 082</b>	<b>1 630 726</b>	<b>256 543</b>	<b>-</b>	<b>49 691 351</b>
Specialised military assets	47 804 082	1 630 726	256 543	-	49 691 351
<b>BIOLOGICAL ASSETS</b>	<b>1 037 806</b>	<b>47</b>	<b>37 287</b>	<b>83 278</b>	<b>991 862</b>
Biological assets	1 037 806	47	37 287	83 278	991 862
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>93 588 083</b>	<b>1 692 697</b>	<b>5 083 736</b>	<b>1 692 258</b>	<b>98 672 258</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 42 Minor assets

### 42.1 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	12 974	5 310	4 921 821	20 286	4 960 391
Value adjustments	-	-	-	5	(3 583)	3 578
Additions	-	868	9	228 863	13 143	242 883
Disposals	-	363	-	135 677	5 671	141 711
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>13 479</b>	<b>5 319</b>	<b>5 015 012</b>	<b>24 175</b>	<b>5 057 985</b>

### 42.1 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	11 273	5 338	4 769 686	13 913	4 800 210
Value adjustments	-	1	(20)	2 952	-	2 933
Additions	-	1 787	-	252 029	12 341	266 157
Disposals	-	87	8	102 846	5 968	108 909
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>12 974</b>	<b>5 310</b>	<b>4 921 821</b>	<b>20 286</b>	<b>4 960 391</b>

### 42.3 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2020

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	50	17 340	-	1 036 351	6 739	1 060 480
	<b>50</b>	<b>17 340</b>	<b>-</b>	<b>1 036 351</b>	<b>6 739</b>	<b>1 060 480</b>

### 42.4 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	23	665	-	1 023 120	5 396	1 029 204
	<b>23</b>	<b>665</b>	<b>-</b>	<b>1 023 120</b>	<b>5 396</b>	<b>1 029 204</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 43 Intangible Capital Assets

### 43.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	8 085 574	(39)	512 216	88 705	8 509 046
Patents, Licences, Copyright, Brand names, Trademarks	36	-	-	-	36
Recipes, Formulae, Prototypes, Designs, Models	7 375	-	711	-	8 086
Services and Operating rights	3 024 747	-	1 029 389	9 373	4 044 763
	382	-	-	-	382
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>11 118 114</b>	<b>(39)</b>	<b>1 542 316</b>	<b>98 078</b>	<b>12 562 313</b>

### 43.2 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash R'000	Non-cash R'000	(Developm ent work- in-progress current costs ) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
Software	616 638	99 312	(156 716)	(47 018)	512 216
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs, Models	711	-	-	-	711
Services and Operating rights	-	1 029 389	-	-	1 029 389
	-	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>617 349</b>	<b>1 128 701</b>	<b>(156 716)</b>	<b>(47 018)</b>	<b>1 542 316</b>

### 43.3 DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
Software	116	88 589	88 705	-
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-
Recipes, Formulae, Prototypes, Designs, Models	-	-	-	-
Services and Operating rights	-	9 373	9 373	-
	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>116</b>	<b>97 962</b>	<b>98 078</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 43.4 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	4 392 447	386 114	3 645 877	338 864	8 085 574
Patents, Licences, Copyright, Brand names, Trademarks	-	-	36	-	36
Recipes, Formulae, Prototypes, Designs, Models	7 676	-	1 233	1 534	7 375
Services and Operating rights	1 844 407	(166 681)	1 348 637	1 616	3 024 747
	435	-	-	53	382
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>6 244 965</b>	<b>219 433</b>	<b>4 995 783</b>	<b>342 067</b>	<b>11 118 114</b>

## 44 Immovable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	44 006 636	-	5 842 209	5 099 192	44 749 653
Dwellings	3 694 827	-	63 666	45 026	3 713 467
Non-residential buildings	24 138 367	-	1 478 369	902 284	24 714 452
Other fixed structures	16 173 443	-	4 300 174	4 151 882	16 321 735
<b>HERITAGE ASSETS</b>	3 052 065	-	3 064	-	3 055 129
Heritage assets	3 052 065	-	3 064	-	3 055 129
<b>LAND AND SUBSOIL ASSETS</b>	14 116 304	-	14 950	78 796	14 052 458
Land	14 116 304	-	14 950	78 796	14 052 458
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>61 175 006</b>	<b>-</b>	<b>5 860 223</b>	<b>5 177 988</b>	<b>61 857 241</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 43 Immovable Tangible Capital Assets

### 44.2 ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	6 254 934	5 416 103	(5 858 214)	29 386	5 842 209
Dwellings	316 312	178 478	(431 124)	-	63 666
Non-residential buildings	2 417 971	1 247 489	(2 257 581)	70 490	1 478 369
Other fixed structures	3 520 651	3 990 136	(3 169 509)	(41 104)	4 300 174
<b>HERITAGE ASSETS</b>	39 434	2 864	(39 234)	-	3 064
Heritage assets	39 434	2 864	(39 234)	-	3 064
<b>LAND AND SUBSOIL ASSETS</b>	72 883	248	(61 915)	3 734	14 950
Land	72 883	248	(61 915)	3 734	14 950
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>6 367 251</b>	<b>5 419 215</b>	<b>5 959 363)</b>	<b>33 120</b>	<b>5 860 223</b>

### 44.3 DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	5 099 192	5 099 192	-
Dwellings	-	45 026	45 026	-
Non-residential buildings	-	902 284	902 284	-
Other fixed structures	-	4 151 882	4 151 882	-
<b>HERITAGE ASSETS</b>	-	-	-	-
Heritage assets	-	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>	-	78 796	78 796	-
Land	-	78 796	78 796	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>5 177 988</b>	<b>5 177 988</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 44.4 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>41 946 591</b>	<b>(799 740)</b>	<b>4 985 387</b>	<b>2 125 602</b>	<b>44 006 636</b>
Dwellings	3 579 868	102 742	36 944	24 727	3 694 827
Non-residential buildings	22 367 692	(317 005)	2 157 846	70 166	24 138 367
Other fixed structures	15 999 032	(585 477)	2 790 597	2 030 709	16 173 443
<b>HERITAGE ASSETS</b>	<b>2 923 061</b>	<b>18 154</b>	<b>110 850</b>	<b>-</b>	<b>3 052 065</b>
Heritage assets	2 923 061	18 154	110 850	-	3 052 065
<b>LAND AND SUBSOIL ASSETS</b>	<b>14 437 206</b>	<b>13 511</b>	<b>32 894</b>	<b>367 307</b>	<b>14 116 304</b>
Land	14 437 206	13 511	32 894	367 307	14 116 304
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>59 306 859</b>	<b>(768 075)</b>	<b>5 129 131</b>	<b>2 492 909</b>	<b>61 175 006</b>

## 44.5 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2020

	Opening Balance 1 April 2019 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2020 R'000
Heritage assets	289 149	39 234	2 864	325 519
Buildings and other fixed structures	33 104 690	5 152 849	6 363 112	31 894 427
Machinery and equipment	10 602 388	1 438 436	10 408	12 030 416
Intangible assets	394 370	167 907	80 367	481 910
<b>TOTAL</b>	<b>44 390 597</b>	<b>6 798 426</b>	<b>6 456 751</b>	<b>44 732 272</b>

## 44.6 Age analysis on on-going projects

	Planned, construction not started	Number of projects Planned, construction started	2019/20 R'000
0 to 1 year	78	580	824 587
1 to 3 year(s)	86	299	4 670 161
3 to 5 years	38	227	7 918 082
Longer than 5 years	126	242	42 196 587
<b>TOTAL</b>	<b>326</b>	<b>1 205</b>	<b>55 609 417</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 44.7 Accruals and payables not recognised relating to Capital WIP

	2019/20 R'000	2018/19 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	289 220	1 097 150
<b>TOTAL</b>	<b>289 220</b>	<b>1 097 150</b>

## CAPITAL WORK-IN-PROGRESS AS AT 31

### 44.8 MARCH 2019

	Opening Balance 1 April 2018 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2019 R'000
Heritage assets	392 332	(26 662)	32 846	109 367	-
Buildings and other fixed structures	30 422 440	296 085	7 057 714	4 671 549	33 400 330
Machinery and equipment	36 052	9 572 690	996 189	2 543	6 849 869
Intangible assets	272 355	9 697	113 642	1 324	10 959 942
<b>TOTAL</b>	<b>31 123 179</b>	<b>9 851 810</b>	<b>8 200 391</b>	<b>4 784 783</b>	<b>51 210 141</b>

## Age analysis on on-going projects

	Number of projects		2018/19 R'000
	Planned, construction not started	Planned, construction started	
0 to 1 year	25	266	1 599 481
1 to 3 year(s)	62	404	7 403 148
3 to 5 years	42	462	9 846 215
Longer than 5 years	120	143	31 671 461
<b>TOTAL</b>	<b>142</b>	<b>1 221</b>	<b>50 520 305</b>

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### S42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2019/20

#### BUILDINGS AND OTHER FIXED STRUCTURES

Dwellings	10 291 080	9 568 859
Non-residential buildings	218 153	-
Other fixed structures	2 953 287	1 857 582
	7 119 640	7 711 277

#### HERITAGE ASSETS

Heritage assets	163 490	160 253
	163 490	160 253

#### TOTAL

	10 454 570	9 729 112
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>46</b>	<b>Reconciliation of Note 41, 43 &amp; 44 to Expenditure on Capital Assets per Statement of Financial Performance</b>		
	Capital expenditure additions per note 41	4 403 022	5 083 736
	Capital expenditure additions per note 43	1 542 316	4 995 783
	Capital expenditure additions per note 45	5 860 223	5 129 131
	<b>Total additions per disclosure notes</b>	<b>11 805 561</b>	<b>15 208 650</b>
	<b>Total reconciling items</b>	<b>2 868 508</b>	<b>1 050 802</b>
	Non-Cash Movement	(7 380 151)	(7 459 244)
	Capital Work in Progress-current costs	6 474 113	10 565 319
	Received but not paid/ (Paid current year but received prior year)	43 858	85 007
	Other	3 730 687	(2 140 280)
	<b>Capital expenditure per statement of financial performance</b>	<b>13 478 636</b>	<b>16 261 860</b>
<b>47</b>	<b>Agent-principal arrangements</b>		
<b>47.1</b>	<b>Department acting as the principal</b>		
	Corporative Governance: CWP	405 754	564 089
	Rural Development and Land Reform	178 758	83 743
	Transport	144 236	37 019
	Public Works and Infrastructure, Basic Education and Rural Development	76 650	168 515
	Rural Development and Land Reform	2 910	13 829
	Basic Education: SAB and T		2 706
	Transport, Rural Development and Basic Education	248 433	76 679
	Rural Development and Land Reform	7 674	5 501
	Rural Development and Land Reform and Transport	125 834	40 543
	Rural Development and Land Reform	25 034	133 081
	<b>Total</b>	<b>1 215 283</b>	<b>1 125 705</b>
<b>47.2</b>	<b>Department acting as the agent</b>		
	<b>Revenue received for agency activities</b>		
	CARA receives proceeds in cash, property, motor vehicles equipment and other assets from the enforcement of court orders granted in terms of the Prevention of Organised Crime Act (Act 121 of 1998) as amended, and the Financial Intelligence Act(Act 38 of 2001). The proceeds are deposited into CARA which is an account in the National Revenue Fund.	196 112	190 921
	State Attorney Monies: Money collected by the State Attorney on behalf of Government Institutions. The State Attorney also collects a commission on debt collections on behalf of Government Institutions which is paid over to the National Revenue Fund.	59 295	244 001
	<b>Total</b>	<b>255 407</b>	<b>434 922</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>48</b>	<b>Prior period errors</b>		
	<b>Correction of prior period error for secondary information</b>		
	<b>Revenue: (e.g. Annual Appropriation, Departmental Revenue, Aid assistance, etc.)</b>		
	Advances paid(expensed) Note 14. National Departments:		20 158
	Administration		(90 120)
	Legal, Authorisations, Compliance and Enforcement		(5 573)
	Oceans and Coasts		(35 421)
	Climate Change, Air Quality and Sustainable Development		125 541
	Biodiversity and Conservation		18 298
	Environmental Programmes		(16 598)
	Chemicals and Waste Management		3 873
	Administration		3 950
	International Affairs and Trade		5 349
	Policy, Research And Capacity Development		648
	ICT Enterprise Development		(4 647)
	ICT Infrastructure Support		(5 300)
	Departmental revenue - Annual appropriation		23 575
	Total revenue per Statement of Financial Performance		23 595
	Salaries and wages for Programme 1 (Final Appropriation)		55
	Salaries and wages for Programme 1 (Final Appropriation)		(55)
	Departmental revenue - Received		(100)
	Revenue: Departmental revenue		299
	Aid Assistance		24 652
	Cash Flow Statement: Surrendered to revenue fund (adjustment Dirco)		112 291
	Net working capital (adjustment Dirco)		(112 291)
	Aid Assistance		(697)
	Statement of Aid Assistance Received (Cash)		(697)
	<b>Net effect on the note</b>		<b>90 785</b>
	<b>Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)</b>		
	Movable Tangible Capital Assets		1 486
	Minor Assets		14 569
	Intangible capital assets		(4 513)
	Immovable Tangible Capital Assets		2 969
	Goods and services:		867 822
	Compensation of Employees		(1 372)
	Expenditure for Capital assets		(59 275)
	Transfers and Subsidies		(804 124)
	Tangible Assets		14 188
	Tangible minor assets		(78)
	Payments for Financial Assets		72
	<b>Net effect on the note</b>		<b>31 744</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)</b>			
Investments: foreign			(208 039)
Receivables			6 854
Cash on hand			(4 188)
Prepayments and advances			(330 172)
Moveable tangible capital assets			10 435 238
Minor assets			(1 381)
Intangible assets			261 814
Immovable Tangible Capital Asset			(1 158 642)
Contingent asset			120
Accrued Departmental Revenue			(57 906)
Operating Lease Revenue			39 015
Neighbourhood Development Partnership Grant			12 594
Jobs Fund			370
Irregular Expenditure			(1)
Other			(22)
<b>Net effect on the note</b>			<b>8 995 664</b>
<b>Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)</b>			
Payables			(90 449)
Accruals			(65 714)
Commitments			3 366 586
Provisions			142 520
Contingent liabilities			(94 006 463)
Employee benefits			(1 630)
Finance Leases			2 785
Other guarantees			366 425
Aid assistance - PFMA			94
Voted Funds to be surrendered to the Revenue Fund			(72)
Departmental revenue to be surrendered to the Revenue Fund			299
Dept NRF Payable(adjustments Dirco)			(112 291)
Voted funds to be surrendered (Overstated Fruitless expenditure)			(1 313)
<b>Net effect on the note</b>			<b>(90 399 222)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc.)</b>			
Accruals			(210 692)
Aid assistance prepayments			16 211
Assets			(536 745)
Commitments			(163 729)
Contingent Liabilities			2 505 375
Fruitless and wasteful			149 494
Irregular expenditure			1 103 267
Key Management Personnel			(43 269)
Minor assets			1 840
Payable			221 871
Principal-agent arrangements			(30 871)
Related party transaction			441 008
SAICA Appointment			17 750
Unauthorised Expenditure			16 588
Development Bank of Southern Africa- Management fees			2 140
Fees paid to agents and the cost of taxis scrapped			138 846
Other			(8 579)
<b>Net effect on the note</b>			<b>3 620 505</b>

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## Inventory

Opening balance	72 973	45 303
Add/(less): Adjustment to prior year balances	(452)	(8 133)
Add: Additions/Purchases - Cash	2 952 088	2 308 071
Add: Additions - Non-Cash	9 750	9 791
(Less): Disposals	-	(6 547)
(Less): Issues	(3 005 426)	(2 262 180)
Add/(less): Adjustments	-	72
	(272)	(13 046)
<b>Closing balance</b>	<b>28 661</b>	<b>73 331</b>

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## Departures and Exemptions

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

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## Financial Sustainability

Over the medium term, continued expenditure restraint is required to fiscal sustainability, defined as stabilisation of the debt-to-GDP ratio. Efforts to narrow the budget deficit and improve the composition of spending – primarily through restraining the wage bill growth remain on course.

The consolidated deficit is projected to narrow from 14 per cent of GDP in the current year to 6.3 per cent in 2023/24. Gross national debt is projected to stabilise at a lower level of 88.9 per cent of GDP in 2025/26.

In the light of the COVID-19 pandemic and COVID-19 lockdowns the outlook remains highly uncertain and the economic effects of the pandemic are far-reaching and will likely be long-lasting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Government's balanced and prudent fiscal strategy is designed to stabilise the public finances and an immediate priority is to support a rapid return to economic growth.

Resurgent spikes in infection rates have either halted or threaten the momentum from stronger-than-expected growth in the second half of 2020. Economic growth is expected to gain momentum during the second half of 2021, but much depends on the efficacy of the vaccine rollout and the impact of stimulus measures. Apart from the direct health benefits, a successful vaccination programme will allow for the economy to fully reopen.

The South African economy contracted by an estimated 7.2 per cent in 2020. By the third quarter of 2020, there were 1.7 million fewer jobs than in the same period in 2019. Although economic recovery is expected to continue, output and employment will remain well below pre-pandemic levels until 2023, with considerable uncertainty surrounding the outlook.

South Africa's fiscal challenge is to balance the immediate need for support to the economy during the pandemic with ongoing efforts to close a large, pre-existing budget deficit. Prior to the outbreak of COVID-19, economic growth had slowed to less than 1 per cent per year. The pandemic and associated lockdowns led to a severe contraction in GDP and tax revenue.

In response government proposed through the budget processes a combination of short-term measures to support the economy, while stabilising the debt-to-GDP ratio through reductions to expenditure. Most of these reductions applied to compensation budgets. Furthermore, State-owned companies in financial distress also will need to expedite the implementation of reforms, which include facilitating private-sector participation, costing developmental mandates and streamlining operations to focus on core mandates. A central reform is to restructure the electricity sector and ensure that sufficient electricity is generated to supply businesses and households. Unreliable electricity supply continues to throttle economic activity. Eskom is exploring short-term energy purchases to reduce load shedding and offset planned maintenance outages.

Government's response to the COVID-19 pandemic resulted in the gross borrowing requirement increasing significantly from R432.7 billion to R670.3 billion in 2020/21 or from 8.0 to 13.6 per cent of GDP. The borrowing requirement is expected to decline to R541.7 billion in 2023/24. This borrowing enabled government to finance essential health and economic measures to contain and mitigate the effects of the pandemic and to bail out State-owned entities. The gross borrowing requirement will be funded from short- and long-term borrowing in the domestic market, and foreign currency loans. Government will continue its bond-switch programme over the medium term, switching shorter-dated for longer-dated bonds and using surplus cash balances from borrowing to reduce refinancing risk. Domestic borrowing remains the major source of funding. Government will continue to borrow in the international market to meet its foreign-currency commitments which will average about 10 per cent of gross loan debt over the medium term, well below the strategic portfolio risk benchmark of 15 per cent. Gross loan debt is expected to increase from R3.95 trillion, or 80.3 per cent of GDP, in 2020/21 to R5.23 trillion, or 87.3 per cent of GDP by 2023/24.

The public finances remain under severe strain. Government's pro-growth fiscal consolidation aims to narrow the deficit and stabilise debt. These policy objectives are on course, but will require ongoing restraint in spending growth, the implementation of economic reforms and longstanding structural reforms to sustainably move South Africa to a higher growth path. The largest risks are that the global and domestic recovery remains highly uncertain, the spending pressures from State-owned companies and possible salary increases continue to exert upward pressure on the expenditure ceiling.

The National Treasury has outlined the support for economic recovery through immediate fiscal support and medium-term fiscal reforms. The Government continues to provide relief to households and businesses. The composition of spending shifts from consumption towards capital investment. And over time, the stabilisation of debt will reduce borrowing costs and the cost of capital, providing greater incentive for investment that can support the economy. Apart from the direct health benefits, a successful vaccination programme will allow for the economy to fully reopen. Yet a faster recovery, characterised by growing investment and job creation, requires broader structural reforms to reverse the pattern of the last decade. Government's economic reforms are designed to remove barriers to growth, lower the cost of doing business, bolster confidence and boost investment to ensure South Africa continues on a path of economic recovery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 52 Subsequent Events

The 2020/21 financial year coincided with the accelerated global spread of COVID-19. The resulting volatility and uncertainty in financial markets contributed to heightened risk aversion, leading to a large-scale sell-off of developing-country assets by international investors.

Globally, central banks took steps to maintain financial market liquidity and anchor stability in the financial system. In South Africa, the Reserve Bank conducted a bond-buying programme in the government bond secondary market. This step, announced in March 2020, contributed to continued market liquidity and stabilised government bond yields.

In 2020/21, government's gross borrowing requirement – the budget deficit plus maturing loans – increased significantly, from R432.7 billion to R670.3 billion, or from 8.0 to 13.6 per cent of GDP. This borrowing enabled government to finance essential health and economic measures to contain and mitigate the effects of the pandemic.

Gross loan debt is expected to increase from R3.95 trillion, or 80.3 per cent of GDP, in 2020/21 to R5.23 trillion, or 87.3 per cent of GDP, by 2023/24. Debt is now expected to stabilise at 88.9 per cent of GDP in 2025/26 – down from a projected 95.3 per cent of GDP estimated in the 2020 MTBPS. This is as a result of a decline in the tax revenue shortfall since the tabling of the MTBPS, which resulted in improved cash balances. Over the medium term, these cash balances and reduced budget deficits will be used to lower the government's gross borrowing requirement, resulting in reduced debt issuances.

In 2020/21, debt-service costs were revised upwards by R3.6 billion from R229.3 billion to R232.9 billion due to the higher borrowing requirement.

The financial performance of state-owned companies, which has placed considerable pressure on the public finances for several years, is likely to deteriorate in 2020/21. The pandemic and associated economic restrictions are expected to reduce revenues for entities such as the Airports Company South Africa, Eskom and the South African National Roads Agency Limited. Global market volatility may further limit the ability of state-owned companies to borrow in capital markets and service their debt obligations.

The COVID-19 pandemic underlines the urgent need for broad-based reforms at state-owned companies so that they can become efficient and financially sustainable. These reforms include rationalisation (reducing the number of and merging some state-owned companies, and incorporating certain functions into government), equity partnerships, and stronger policy certainty and implementation. Planned transfers from the fiscus will be strictly conditional on improving their balance sheets.

The Land Bank's financial position is in a dire state with the entity not able to repay all maturing debt. On 1 April 2020 the Land Bank defaulted on its debt obligations. Further in July and August 2020 the Land Bank defaulted on guaranteed debt of R74.4 million, which the National Treasury had to pay in terms of section 70 of the PFMA. To improve the financial position of Land Bank the Special adjustment budget allocated R3 billion to recapitalise the Land Bank. In 2021 Budget, the Land Bank is allocated R7 billion over the medium term, R5 billion in 2021/22, and R1 billion in each of the two subsequent years.

In the Supplementary Budget government introduced a loan guarantee scheme was to support certain businesses affected by COVID-19 and associated lockdown measures. The National Treasury provided a R100 billion guarantee to the Reserve Bank with the option to extend to R200 billion. By 11 February 2021, loans of R89.8 billion had been approved with drawdowns of R13.3 billion.

Subsequent to Moody's downgrading South Africa's credit rating to non-investment grade at the end of March 2020, Fitch, on 3 April 2020, downgraded the country's long term foreign and local currency debt ratings to 'BB' from 'BB+' and maintained a negative outlook. On 29 April 2020, S&P also downgraded the country's long-term foreign and local currency debt ratings to 'BB-' and 'BB' respectively, while it revised the outlook to stable from negative. The agency then affirmed the country's long-term foreign and local currency debt ratings at 'BB-' and 'BB' on 22 May 2020. R&I, on 5 June 2020, lowered the country's long-term foreign and local currency debt ratings to 'BBB-' and 'BBB' respectively, and maintained the negative outlook. More downgrades followed in the second half of the year. On 20 November 2020, Moody's and Fitch downgraded the sovereign's credit ratings to 'Ba2' and 'BB-', respectively. Both agencies maintained a negative outlook. On the same day, S&P, contrary to Moody's and Fitch, affirmed the country's foreign and local currency ratings at 'BB-' and 'BB', respectively and maintained a stable outlook.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 53 Financial Risk Management Market Risk

Government's debt portfolio during 2019/20 was assessed for a sixth year against the strategic risk benchmarks which were implemented in 2014/15. Government's funding programme was monitored against these benchmarks to assess the impact on refinancing, inflation and currency risks. While the numeric benchmarks and indicators will remain unchanged in 2020/21, they will continue to be monitored and reported on a quarterly basis.

### Strategic portfolio risk benchmarks

Description	Range or limit
Treasury bills as % of domestic debt	15
Long-term debt maturing in 5 years as % of fixed-rate and inflation-linked bonds	25
Inflation-linked bonds as % of domestic debt	20-25
Foreign debt as % of total debt	15
Weighted term-to-maturity of fixed-rate bonds and Treasury bills (in years)	10-14
Weighted average term-to-maturity of inflation-linked bonds (in years)	14-17

Government's gross loan debt of R3.2 trillion consist of domestic (R2.9 trillion) and foreign debt (R387.2 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate, inflation-linked, retail and zero-coupon bonds, and other loans). For purposes of calculating the risk benchmarks; borrowings from the CPD, retail bonds, zero coupon bonds and other non-marketable were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

### Inflation risk

Inflation risk is the risk that adverse changes in month on month inflation might result in increases in the outstanding amount of inflation-linked bonds and thus result in higher future redemption amounts. This risk is managed by setting a benchmark for inflation-linked bonds (ILB) as a per cent of domestic debt to range between 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate- and inflation-linked bonds only.

### Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2020	31 March 2019
Domestic debt <sup>1</sup>	R2 834.6 bn	R2 467.6 bn
Inflation-linked bonds	R 650.2 bn	R 567.5 bn
ILBs as % of domestic debt	22.9 %	23.0 %

<sup>1</sup>. Excludes retail bonds, borrowing from the CPD, zero coupon bonds and other loans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## Currency risk

Currency risk arises from the change in price of the rand against major currencies the foreign debt is denominated in. These impacts on the rand value of interest and redemption amounts on foreign loans. The risk is managed by setting a limit of 15 per cent for foreign currency debt as a per cent of total debt. Changes in the exchange rate, mainly the USD/ZAR also impact on the rand value of government's foreign currency deposits with the Reserve Bank.

Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio. Foreign currency deposits are held in US dollar.

## Composition of foreign debt

Indicator	31 March 2020	31 March 2019
Percentage		
As % of total debt		
- Gross foreign debt	11.9	10.6
- Net foreign debt	8.0	6.7
Currency composition		
- US Dollar	94.8	94.0
- Euro	2.6	2.9
- Yen	2.6	2.7
- GBP	0.0	0.0
- Swedish krona	0.1	0.4

## Refinancing risk

Refinancing risk is the possibility that money cannot be borrowed to refinance maturing debt or that these borrowings take place at unfavourable rates. This risk is manifested in the concentration of large volumes of debt that needs to be repaid.

One of the aims of government's debt management strategy is to maintain a smooth debt maturity profile. Refinancing risk is reduced through an active switch programme whereby short dated bonds are exchanged for longer-term bonds.

## Refinancing risk benchmarks

Indicator	31 March 2020	31 March 2019
Treasury bills as % of domestic debt	11.76%	12.46%
Long-term debt maturing in 5 years as % of bonds	15.32%	14.40%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	12.49	13.34
Weighted term-to-maturity of inflation-linked bonds (in years)	13.66	14.20

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## Credit risk

### Credit risk exposure from explicit contingent portfolio

The explicit contingent liabilities of government consist mainly of government guarantees issued to state-owned companies (SOCs), Public-Private Partnerships (PPPs) as well as Independent Power Producers (IPPs).

The explicit contingent liability portfolio of government exposes government to credit risk, in that, should the guaranteed entities fail to settle their government guaranteed financial obligations; government as the guarantor will have to settle the obligations in default on behalf of the entities.

As at 31 March 2020, guarantees to public institutions decreased by R3.3 billion, from R487.7 billion in 2018/19 to R484.4 billion. This is mainly due to decreases in the guarantees issued to the Development Bank of Southern Africa, South African National Roads Agency Limited, South African Post Office and South African Express. The total amount borrowed, revaluation adjustments due to inflation rate movements, and accrued interest against the guarantees, was approximately R385.3 billion (2018/19: R368.1 billion).

### Counterparty risk exposure from investment of government surplus cash

Government's surplus cash is invested with four South African commercial banks, namely: Standard Bank, First National Bank, ABSA and Nedbank. As at 31 March 2020, the total surplus cash invested with the banks amounted to R44.5 billion (2018/19: R63.4 billion).

The risk that emanates from government's surplus cash investments with the banks is the possibility that as a result of these banks being in financial distress; government will not be able to access its deposits when needed.

The amount of government surplus cash invested with each of the four banks is based on government's risk assessment of each bank. The bank with the highest risk out of the four banks is allocated the lowest amount of surplus cash while the bank with the lowest risk is allocated the highest amount of surplus cash. As at 31 March 2020, government's risk exposure to the banks was equal and therefore the surplus cash was allocated equally between the banks.

## Sovereign Risk

Sovereign credit ratings play an important role in a country's ability to access capital markets, as they influence investor perceptions of the quality of its debt. Credit rating agencies carry out annual reviews of South Africa's credit-worthiness. However, since the inception of the European Union's Credit Regulation Act 3 in 2013, European-based credit rating agencies are obliged to review their credit ratings every six months. South Africa continues to solicit ratings from four major rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

Fiscal year 2019/20 was characterised by heightened risk of policy uncertainty amid the national elections in May 2019. However, the risk of adverse rating actions somewhat subsided following the outcome of the elections. Moreover, the 2019 Budget outlined a dire picture of the weak economic environment as well as deteriorating fiscal strength. Rating agencies were further concerned about the announced measures aimed at reducing the public sector wage bill by R160 billion over the medium term, alluding that such savings are too ambitious given the history of wage negotiations between the government and strong labour unions.

Subsequently, on 22 May 2019, S&P affirmed South Africa's long-term foreign and local currency debt ratings at 'BB' and 'BB+', respectively and maintained a stable outlook. On the same day, R&I affirmed the country's long-term foreign and local currency ratings at 'BBB' and 'BBB+', respectively and maintained a stable outlook.

On 23 July 2019, Minister of Finance tabled a Special Appropriation Bill for Eskom aimed at providing additional support of R26 billion in 2019/20 and R33 billion in 2020/21 to the entity. This allocation added more pressure on the already weak government balance sheet. As such, on 26 July 2019, Fitch affirmed the sovereign's long-term foreign and local currency debt ratings at 'BB+'. The outlook was revised to negative from stable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Soon after the tabling of the 2019 MTBPS, Moody's, on 1 November 2019, affirmed South Africa's long term foreign and local currency debt ratings at 'Baa3' but revised the outlook to negative from stable. South Africa's credit ratings by Moody's remained investment grade. Similarly, S&P on 22 November 2019, affirmed the country's foreign and local currency debt ratings at 'BB' and 'BB+', respectively and changed the outlook to negative from stable. Fitch later followed suit, on 18 December 2019, affirmed the country's long term foreign and local currency debt ratings at 'BB+' and maintained a negative outlook. The rating agencies remained concerned about the deteriorating economic environment as well as rising public debt and contingent liabilities.

Moody's conducted its first annual credit rating review mission on 2 to 4 March 2020, and subsequently downgraded the country's long term foreign and local currency debt ratings to 'Ba1' (non-investment grade) and maintained a negative outlook as the coronavirus exacerbated South Africa's fiscal and economic challenges. South Africa's credit ratings by the big three ratings agencies are non-investment grade. This saw South Africa being excluded from the World Government Bond Index.

Herewith South Africa's Credit Ratings per solicited rating agency:

**Table: South Africa's Credit Ratings by R&I, S&P, Fitch and Moody's**

Rating Agency	Latest credit rating action	Action	LTFC <sup>1</sup>	LTLC <sup>2</sup>	Outlook
R&I	24 May 2019	Ratings affirmed	BBB	BBB+	Stable
S&P	22 November 2019	Ratings affirmed	BB	BB+	Negative
Fitch	18 December 2019	Ratings affirmed	BB+	BB+	Negative
Moody's	27 March 2020	Ratings downgrade	Ba1	Ba1	Negative

<sup>1</sup>LTFC = Long Term Foreign Currency Rating, <sup>2</sup>LTLC = Long Term Local Currency Rating



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 54 Non-adjusting events after reporting date

"In terms of section 22 of the 2019 Division of Revenue Act the approval for roll over was only received after 31 March 2020. Unspent conditional grants should be surrendered by the Province to the National Revenue Fund through the relevant National Departments. As these approvals were received after June 2020 the amounts for unspent conditional grants to be surrendered were not included in the audited Annual Financial Statements of the relevant National departments. The National Revenue Fund should therefore receive the amount of R1,768 million. See breakdown below:

	2019/20	2018/19
Province/Agency	R'000	R'000
Western Cape	15 927	154
Mpumalanga	47 096	15 668
Northern Cape	60 930	31 199
Kwazulu Natal	28 490	39 547
North West	553 758	66 586
Limpopo	569 458	139 334
Eastern Cape	84 142	156 546
Free State	245 114	205 467
Gauteng	503 593	967 529
<b>Total</b>	<b>2 108 508</b>	<b>1 622 030</b>



# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

## ■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2019/20	2019/20	2019/20	2019/20	2019/20
<b>REVENUE</b>						
Annual Appropriation	2	108 816 616	180 020 780	92 025 715	203 671 434	358 577 718
Statutory Appropriation	3	607 772			3 362 241	18 283 844
Departmental Revenue	5	123 499	1 713 027	8 644 445	3 512 394	332 886
Aid assistance		3 073	317 934	142 389	179 091	1 203 253
<b>TOTAL REVENUE</b>		<b>109 550 960</b>	<b>182 051 741</b>	<b>100 812 549</b>	<b>210 725 160</b>	<b>378 397 701</b>
<b>EXPENDITURE</b>						
<b>Current expenditure</b>						
Compensation of employees	8	6 440 093	11 593 280	3 340 096	142 283 054	12 849 359
Goods and services	9	7 517 206	14 097 563	2 380 460	45 879 425	5 327 384
Interest and rent on land	10	106 353	36 029	446	520	50 628
Aid assistance		2 228	6 881	73 458	108 695	796 991
<b>Total current expenditure</b>		<b>14 065 880</b>	<b>25 733 753</b>	<b>5 794 460</b>	<b>188 271 694</b>	<b>19 024 362</b>
<b>Transfers and subsidies</b>						
Transfers and subsidies	13	91 343 957	144 017 669	24 143 032	9 969 837	369 541 426
Aid assistance			299 795	131	41 666	27 850
<b>Total transfers and subsidies</b>		<b>91 343 957</b>	<b>144 317 464</b>	<b>24 143 163</b>	<b>10 011 503</b>	<b>369 569 276</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2019/20	2019/20	2019/20	2019/20	2019/20
<b>Expenditure for capital assets</b>						
Tangible assets	11.1	171 855	3 834 197	349 990	6 520 428	2 141 529
Intangible assets	11.2	18 438	88 424	4 111	341 591	8 073
<b>Total expenditure for capital assets</b>		<b>190 293</b>	<b>3 922 621</b>	<b>354 101</b>	<b>6 862 019</b>	<b>2 149 602</b>
Unauthorised expenditure approved without funding		-	-	-	-	705
Payments for financial assets	14	1 878	3 296 403	60 883 707	84 513	252 400
<b>TOTAL EXPENDITURE</b>		<b>105 602 008</b>	<b>177 270 241</b>	<b>91 175 431</b>	<b>205 229 729</b>	<b>390 996 345</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 948 952</b>	<b>4 781 500</b>	<b>9 637 118</b>	<b>5 495 431</b>	<b>-12 598 644</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>						
Voted Funds		3 824 969	3 057 246	923 873	1 962 577	-13 274 543
Departmental revenue and NRF Receipts		123 499	1 713 027	8 644 445	3 512 394	332 886
Aid assistance		484	11 227	68 800	20 460	343 013
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 948 952</b>	<b>4 781 500</b>	<b>9 637 118</b>	<b>5 495 431</b>	<b>-12 598 644</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

## ■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	Note	2019/20	2019/20	2019/20	2019/20	2019/20
<b>ASSETS</b>						
<b>Current Assets</b>		<b>5 387 051</b>	<b>5 318 262</b>	<b>2 414 645</b>	<b>13 745 031</b>	<b>18 262 931</b>
Unauthorised expenditure	12	960 355	2 184 872	185 371	6 708	15 140 276
Cash and cash equivalents	15	3 602 506	1 937 941	2 111 348	9 732 436	1 617 133
Other financial assets		19 687	507			
Prepayments and advances	16	326 452	569 427	30 087	367 024	573 931
Receivables	17	478 051	591 520	87 839	3 636 741	903 462
Loans	18		894			3 200
Aid assistance prepayments					2 122	
Aid assistance receivable	6		33 101			24 929
<b>Non-Current Assets</b>		<b>282 946</b>	<b>21 744 616</b>	<b>189 419 115</b>	<b>1 838 909</b>	<b>1 238 907</b>
Investments	19		20 087 097	189 399 090	182 164	
Receivables	17	215 224	83 703	20 025	1 656 745	1 233 880
Loans	18		1 572 930			5 027
Other financial assets		67 722	886			
<b>TOTAL ASSETS</b>		<b>5 669 997</b>	<b>27 062 878</b>	<b>191 833 760</b>	<b>15 583 940</b>	<b>19 501 838</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2019/20	2019/20	2019/20	2019/20	2019/20
<b>LIABILITIES</b>						
<b>Current Liabilities</b>		<b>4 965 165</b>	<b>4 822 753</b>	<b>2 425 413</b>	<b>6 948 412</b>	<b>18 350 004</b>
Voted funds to be surrendered to the Revenue Fund	20	4 056 111	3 112 541	974 813	1 940 630	1 857 928
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	21	162 499	106 625	808 443	2 444 334	258 753
Bank overdraft	22	183 192	1 090 642	138 952	1 857 093	15 482 252
Payables	23.1	563 363	498 465	274 195	688 345	418 669
Aid assistance repayable	6		12 773	57 363	4 018	332 286
Aid assistance unutilised	6		1 707	171 647	13 992	116
<b>Non-Current Liabilities</b>						
Payables	23.2	509 553	187	671	266	1 087 159
<b>TOTAL LIABILITIES</b>		<b>5 474 718</b>	<b>4 822 940</b>	<b>2 426 084</b>	<b>6 948 678</b>	<b>19 437 163</b>
<b>NET ASSETS</b>						
<b>Represented by:</b>		<b>195 279</b>	<b>22 239 938</b>	<b>189 407 676</b>	<b>8 635 262</b>	<b>64 675</b>
Capitalisation reserve			21 453 140	189 399 090	75 000	8 227
Recoverable revenue		78 329	786 798	8 586	1 259 886	26 196
Retained funds		116 950			7 300 376	30 252
<b>TOTAL</b>		<b>195 279</b>	<b>22 239 938</b>	<b>189 407 676</b>	<b>8 635 262</b>	<b>64 675</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

## ■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

		Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	Note	2018/19	2018/19	2018/19	2018/19	2018/19
<b>OPERATING INCOME</b>						
Annual Appropriation	2	102 802 927	171 650 032	40 348 475	192 728 803	325 866 647
Statutory Appropriation	3	499 903			3 237 629	17 479 896
Departmental Revenue	5	116 689	1 748 363	7 122 460	3 014 434	106 552
Aid assistance		3 080	173 062	133 635	103 330	1 138 284
<b>TOTAL REVENUE</b>		<b>103 422 599</b>	<b>173 571 457</b>	<b>47 604 570</b>	<b>199 084 196</b>	<b>344 591 379</b>
<b>EXPENDITURE</b>						
<b>Current expenditure</b>						
Compensation of employees	8	6 036 870	10 998 268	3 215 692	133 353 656	12 006 950
Goods and services	9	7 267 384	12 011 902	2 314 484	42 777 149	5 541 646
Interest and rent on land	10	95 392	24 923	334	2 064	54 303
Aid assistance		2 621	18 024	94 545	41 861	801 028
<b>Total current expenditure</b>		<b>13 402 267</b>	<b>23 053 117</b>	<b>5 625 055</b>	<b>176 174 730</b>	<b>18 403 927</b>
<b>Transfers and subsidies</b>						
Transfers and subsidies	13	86 302 395	137 988 190	22 521 466	9 637 272	320 962 183
Aid assistance			115 058	63	24 652	42 617
<b>Total transfers and subsidies</b>		<b>86 302 395</b>	<b>138 103 248</b>	<b>22 521 529</b>	<b>9 661 924</b>	<b>321 004 800</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2018/19	2018/19	2018/19	2018/19	2018/19
<b>Expenditure for capital assets</b>						
Tangible assets	11.1	158 720	4 631 022	324 897	7 835 241	2 829 352
Intangible assets	11.2	6 554	124 777	8 239	330 798	12 260
<b>Total expenditure for capital assets</b>		<b>165 274</b>	<b>4 755 799</b>	<b>333 136</b>	<b>8 166 039</b>	<b>2 841 612</b>
Unauthorised expenditure approved without funding		-	-	-	-	-
Payments for financial assets	14	16 512	3 351 419	10 855 305	136 332	4 865
<b>TOTAL EXPENDITURE</b>		<b>99 886 448</b>	<b>169 263 583</b>	<b>39 335 025</b>	<b>194 139 025</b>	<b>342 255 204</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 536 151</b>	<b>4 307 874</b>	<b>8 269 545</b>	<b>4 945 171</b>	<b>2 336 175</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>						
Voted Funds		3 419 003	2 519 571	1 108 473	1 915 780	1 952 950
Departmental revenue and NRF Receipts		116 689	1 748 363	7 122 460	3 014 434	106 552
Aid assistance		459	39 940	38 612	14 957	276 673
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 536 151</b>	<b>4 307 874</b>	<b>8 269 545</b>	<b>4 945 171</b>	<b>2 336 175</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

## ■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	Note	2018/19	2018/19	2018/19	2018/19	2018/19
<b>ASSETS</b>						
<b>Current Assets</b>		<b>5 037 461</b>	<b>4 397 538</b>	<b>1 717 577</b>	<b>12 942 180</b>	<b>2 138 179</b>
Unauthorised expenditure	12	710 188	2 052 187	134 431	6 708	7 193
Cash and cash equivalents	15	3 491 660	1 249 354	1 493 024	9 553 636	586 075
Other financial assets		17 497	442			
Prepayments and advances	16	219 358	241 974	22 364	297 771	544 075
Receivables	17	598 274	821 792	67 758	3 084 065	992 890
Loans	18		1 398			3 100
Aid assistance receivable	6	484	30 391			4 846
<b>Non-Current Assets</b>		<b>251 144</b>	<b>21 710 810</b>	<b>132 804 906</b>	<b>2 076 175</b>	<b>1 421 876</b>
Investments	19		20 037 098	132 799 089	182 164	
Receivables	17	178 399	98 724	5 817	1 894 011	1 413 651
Loans	18		1 574 081			8 225
Other financial assets		72 745	907			
<b>TOTAL ASSETS</b>		<b>5 288 605</b>	<b>26 108 348</b>	<b>134 522 483</b>	<b>15 018 355</b>	<b>3 560 055</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2020

		Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	Note	2018/19	2018/19	2018/19	2018/19	2018/19
<b>LIABILITIES</b>						
<b>Current Liabilities</b>		<b>4 605 451</b>	<b>3 691 285</b>	<b>1 714 383</b>	<b>6 242 187</b>	<b>2 222 244</b>
Voted funds to be surrendered to the Revenue Fund	20	3 488 209	1 144 219	1 165 610	1 935 626	1 199 070
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	21	158 233	149 580	24 383	2 444 146	84 928
Bank overdraft	22	294 883	2 021 839	98 362	1 652 431	496 397
Payables	23.1	663 183	359 241	241 457	187 894	177 024
Aid assistance repayable	6	943	14 675	23 489	10 490	262 567
Aid assistance unutilised	6		1 731	161 082	11 600	2 258
<b>Non-Current Liabilities</b>						
Payables	23.2	522 557	241	717	4 220	1 303 891
<b>TOTAL LIABILITIES</b>		<b>5 128 008</b>	<b>3 691 526</b>	<b>1 715 100</b>	<b>6 246 407</b>	<b>3 526 135</b>
<b>NET ASSETS</b>		<b>160 597</b>	<b>22 416 822</b>	<b>132 807 383</b>	<b>8 771 948</b>	<b>33 920</b>
<b>Represented by:</b>						
Capitalisation reserve			21 405 628	132 799 090	75 000	11 325
Recoverable revenue		37 797	1 011 194	8 293	1 435 631	22 340
Retained funds		122 800			7 261 317	255
<b>TOTAL</b>		<b>160 597</b>	<b>22 416 822</b>	<b>132 807 383</b>	<b>8 771 948</b>	<b>33 920</b>



# ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2020

<b>Central Government Administration</b>	
	The Presidency
	Parliament
DIRCO	International Relations and Cooperation
DCOG	Cooperative Governance
DPW	Public Works
DW	Women
DPME	Performance Monitoring and Evaluation
DTA	Traditional Affairs
<b>Economic Services and Infrastructure Development</b>	
DAFF	Agriculture, Forestry and Fisheries
DCO	Communications
DED	Economic Development
DEN	Energy
DEA	Environmental Affairs
DHS	Human Settlements
DMR	Mineral Resources
DRDLR	Rural Development and Land Reform
DST	Science and Technology
TOURISM	Tourism
DTI	Trade and Industry
DOT	Transport
DWS	Water and Sanitation
DSBD	Small Business Development
DTPS	Telecommunications and Postal Services
<b>Financial administration Services</b>	
GCIS	Government Communication and Information System
NT	National Treasury
DPE	Public Enterprises
DPSA	Public Service and Administration
PSC	Public Service Commission
NSG	National School of Government
STATSSA	Statistics South Africa
CPSI	Centre for Public Service Innovation

# ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2020

<b>Justice and Protection Services</b>	
SAPS	Police
IPID	Independent Police Investigative Directorate
DCORR	Correctional Services
DOJCD	Justice and Constitutional Development (Incl. National Prosecuting Authority)
DOD	Defence
DMV	Military Veterans
CSP	Civilian Secretariat
OCJ	Office of the Chief Justice
DHA	Home Affairs
<b>Social Services</b>	
DAC	Arts and Culture
DBE	Basic Education
DHE	Higher Education and Training
HEALTH	Health
DOL	Labour
DSD	Social Development
SRSA	Sports and Recreation

# REVIEW OF OPERATING RESULTS



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## Public entities

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

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

The approach used by NT is as follows:

- NT makes use of a consolidation software solution in the consolidation process.
- This template is sent to the public entities for completion.
- The auditors review and sign the templates off to ensure that the figures on the template agree to the figures published in the entities' AFS, that conversion journals were identified where applicable and that inter-entity worksheets were completed.
- Where this process has not been performed by the auditors, the templates received from the entity are considered draft templates. The details of these templates are listed in the various annexures to the consolidated financial statements.
- NT then uses these templates as a source to the consolidation model.

## Consolidations statistics

In terms of Section 47(1)(a) and (b) of the PFMA, the Minister, by notice in the national Government Gazette, must amend Schedule 3 to include all public entities not listed and make technical changes to the list. Furthermore per Section 47(2), the accounting authority for a public entity that is not listed in either Schedule 2 or 3, must without delay notify the National Treasury in writing that the public entity is not listed. As a result, all listed entities were identified as per the list on NT website and have thus been consolidated, except for those listed as per Annexure C.

The updated list of entities that will be consolidated is published on the Treasury website as at 24 May 2019. As mentioned above, the consolidated financial statements also include some entities not listed on the PFMA Schedules but falling within the criteria to consolidate. Confirmation is sent annually to all departments to confirm the entities under control of the departments. NT continued to strive for a 100% consolidation of all listed and known public entities and the OAG placed an extra emphasis on a proactive approach in collecting financial information and assisting entities with completing the consolidation templates. In certain circumstances, listed national entities and known non listed entities that must be consolidated are excluded if no templates are forwarded for reasons beyond the OAG's intervention.

*All Annexures refer to the Annexures of the Consolidated Financial Statements.*

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

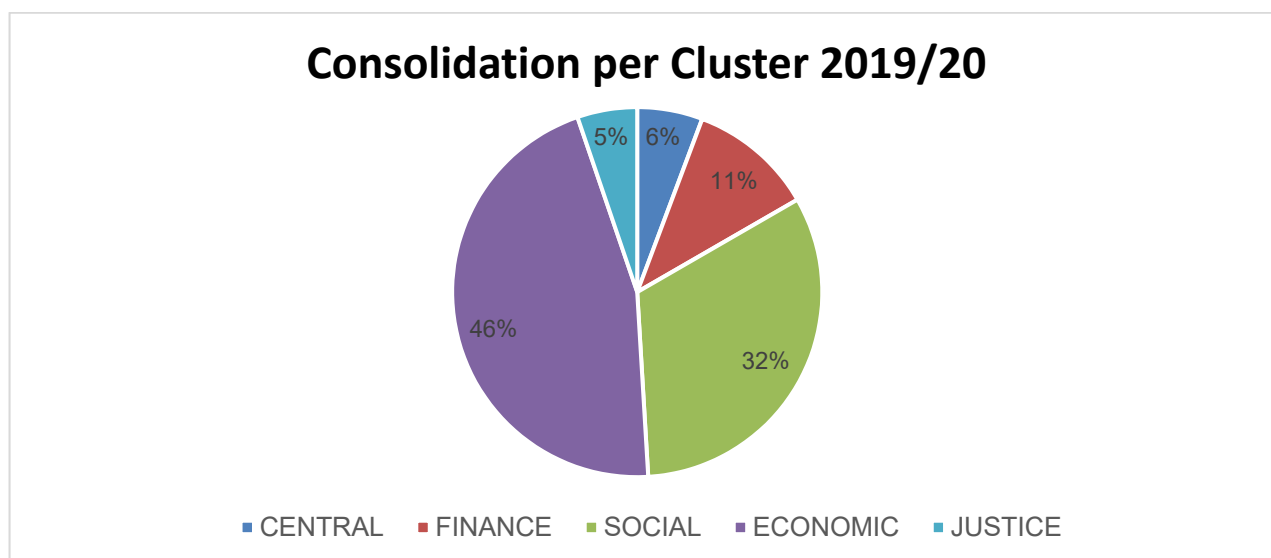
The following is a statistical consolidation summary:

	Actual 2019/20		Actual 2018/19	
	Listed entities	Non Listed entities	Listed entities	Non Listed entities
Total Entities	202	13	202	18
Consolidated	198	12	198	16
Not consolidated	4	1	4	2

In 2019/20, a total of 210 entities were consolidated, please refer to Annexure A. Of the total entities consolidated, a total of 198 (98%) of listed entities are consolidated. The total number of listed consolidated entities in the current year is equal to that of the previous where 198 of the listed entities were consolidated. A total of 12 non listed entities were consolidated in 2019/20.

There are entities whose reporting date differs from the reporting date of other public entities, however these entities have been included as part of the consolidation. These entities are disclosed in Annexure C of this report.

The Economic and Infrastructure Services cluster contributes the largest proportion (46%) of total number of entities consolidated, followed by the Social Services cluster (32%), Finance Services cluster (11%), Central Services cluster (6%) and lastly, the Justice and Protection Services cluster (5%).



### Consistency in the entities being consolidated

Achieving consistency in the entities being consolidated every year is a challenge, as some entities were consolidated in the current year but not in the previous year and by the same token some were consolidated in the previous year but not in the current year and some were disestablished during the year. This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2018/19 financial year.

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

- **Annexure A** – Lists of entities consolidated
- **Annexure B** – Lists of entities not consolidated but included in the PFMA list

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

- **Annexure C** – Lists of entities consolidated with year ends other than 31 March 2020
- **Annexure D** - Lists of entities consolidated based on draft annual financial statements

## Financial Performance

### Total revenue

Total revenue for the year under review increased by 3% from R697 billion in 2018/19 to R720 billion in 2019/20. Non-exchange revenue consisting of government grants and subsidies, public contributions and donations, transfer and sponsorships, fines and penalties, legislative and oversight functions, taxation revenue and licences and permits, grew by 8%.

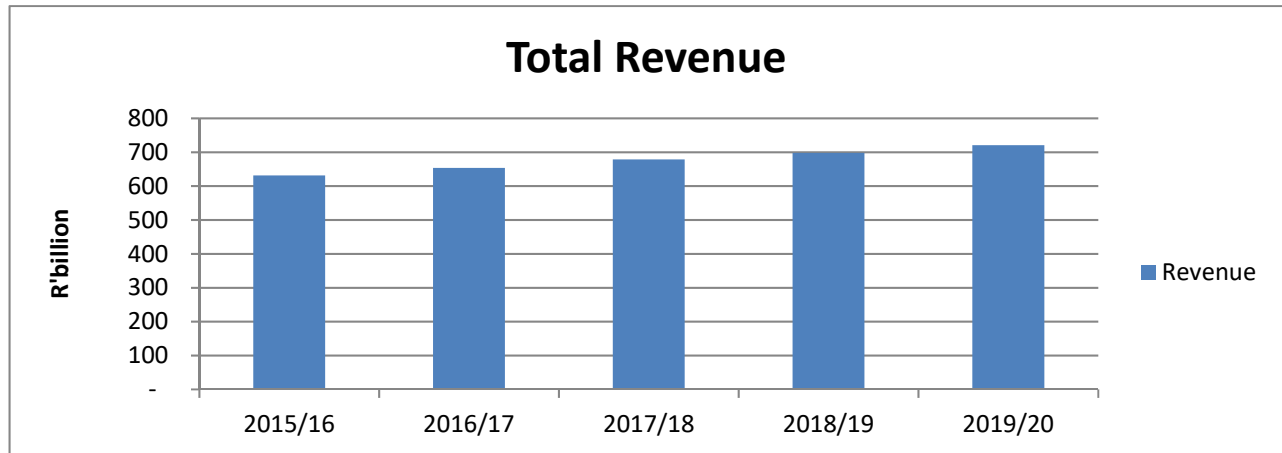
Exchange revenue for both 2018/19 and 2019/20 constitutes 74% and 73% of total revenue respectively in the respective years. The major drivers of exchange revenue are sale of goods and rendering of services, rental of facilities and equipment, interest earned from external investments and outstanding receivables as well as other income. Sale of goods and rendering of services constitutes 79% of exchange revenue and 57% of total revenue in the current year.

Revenue	Actual 2019/20 R'million	Actual 2018/19 R'million
<b>Revenue from non-exchange transactions</b>		
Government grants and subsidies	68 401	69 103
Public contributions and donations	5 257	4 551
Transfers and Sponsorships	8 966	8 580
Fines and Penalties	1 217	1 132
Legislative and Oversight functions	105 459	91 676
Taxation revenue	7 346	7 069
Licences and permits	340	321
	<b>196 986</b>	<b>182 433</b>
<b>Revenue from exchange transactions</b>		
Sale of Goods & Rendering of Services	413 699	398 967
Rental of facilities and equipment	6 894	6 849
Interest earned - external investments	57 920	65 822
Interest earned - outstanding receivables	5 963	5 638
Other income	37 817	36 766
Licences and permits	1 205	1 519
	<b>523 498</b>	<b>515 560</b>
<b>TOTAL REVENUE</b>	<b>720 484</b>	<b>697 992</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## Total Revenue



Growth in revenue has remained relatively stable at an average of 3% from 2015/16 financial year to the current year. The finance cluster is the major driver of revenue making up 50% of total revenue followed by the economic cluster making up 31% of total revenue. Approximately 57% of the revenue generated from the finance cluster is through Eskom with total revenue of R203 billion. In 2019/20 financial year, CEF, IDC, PRASA, RAF and SANRAL collectively contributed 49% of the revenue within economic cluster, a slight increase as compared to the previous year which was 47% with a combined total of R107 billion (cluster total revenue of R220 billion). These entities derive revenue through exchange and non-exchange transactions.

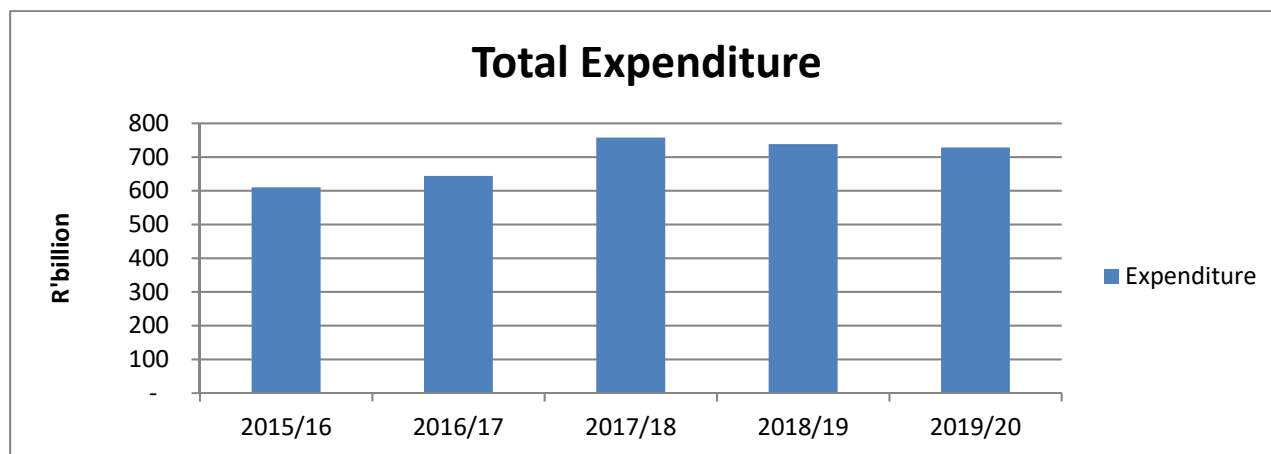
## Total expenditure

Analysis of total expenditure	Actual 2019/20 R'million	Actual 2018/19 R'million
Employee related costs	141 810	139 756
Repairs and maintenance	22 617	23 530
Depreciation and amortisation expense	65 352	66 091
Contracted services	5 054	4 845
Grants and subsidies paid	28 146	25 429
Finance costs	80 347	78 516
General expenses	386 904	383 386
Bad debts	7 532	6 523
Non Profit institutions and donor project expenses	522	451
<b>Total expenditure</b>	<b>738 282</b>	<b>728 527</b>

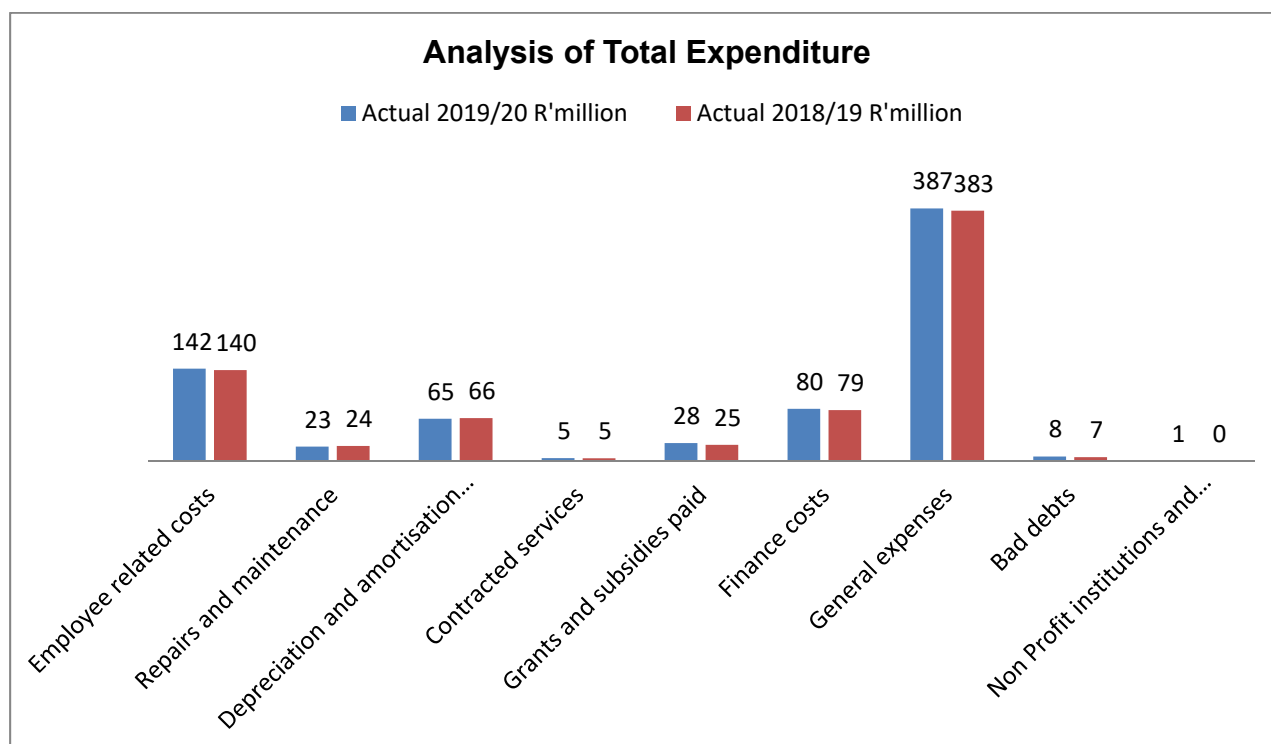
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## Total expenditure



## Analysis of Total expenditure



Total expenditure amounted to R738 billion for the current year which is a R9 billion increase from the prior year's total of R729 billion. Employee related costs and general expenses account for 71% of total expenditure; with general expenses at 52% and employee related costs at 19% of total expenditure. The main expenditure items under general expenses are cost of sales (42%), movements in other provisions (13%) and administration fees (12%). The economic cluster and the finance cluster accounts for 35% and 51% of total expenditure, respectively.



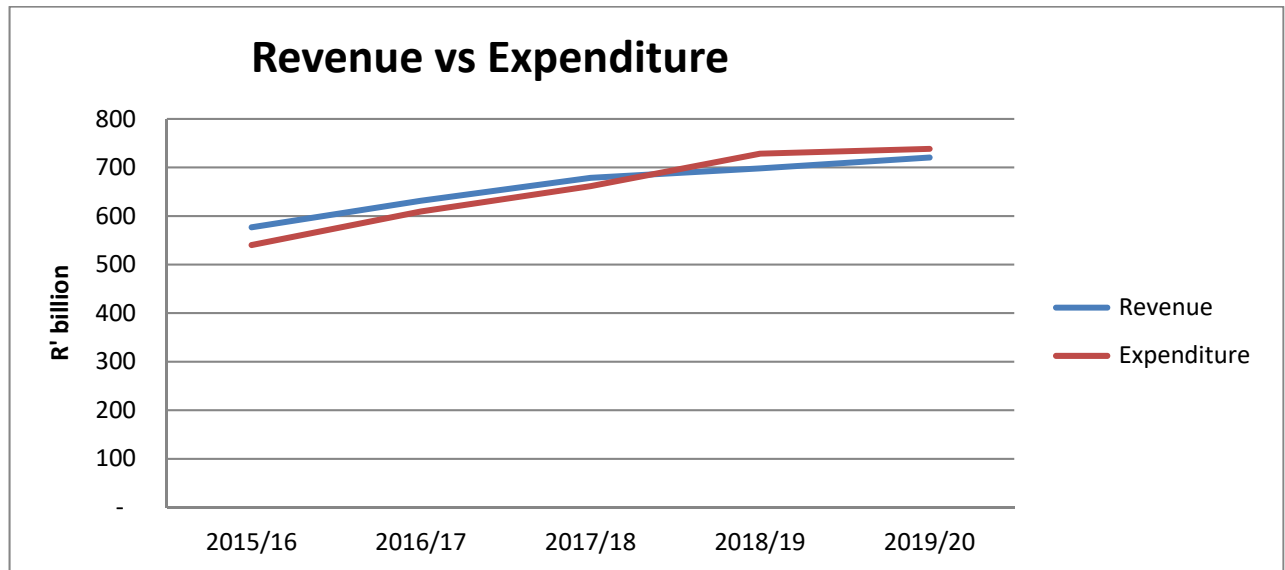
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

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

Revenue vs. Expenditure R'million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Revenue	631 588	653 364	678 653	697 992	720 484
Expenditure	609 573	646 029	661 404	728 527	738 282
<b>Surplus/(Deficit) from operations</b>	<b>22 015</b>	<b>7 335</b>	<b>17 249</b>	<b>(30 535)</b>	<b>(17 798)</b>

## Revenue vs. Expenditure



A deficit from operations has improved by 42% in the current year from a deficit of R30.5 billion in the prior year to a deficit of R17.8 billion. The deficit is mainly due to the RAF movement in provisions and from ESKOM general expenses. The number of loss making entities have increased including the value of deficit.

## Loss / Deficit making Public Entities

The following is a list of the entities which have disclosed losses/deficits for the current year

Name of Entity	2019/20	2018/19	Movement in Loss
Schedule 2	R'000	R'000	R'000
Broadband Infraco	(111 001)	(14 736)	(96 265)
CEF (Pty) Ltd	(3 436 143)	(470 592)	(2 965 551)
DENEL	(1 661 575)	(2 000 311)	338 735
ESKOM	(20 502 074)	(20 932 263)	430 189
Independent Development Trust	(107 612)	2 935	(110 547)
Industrial Development Corporation of South Africa Limited	(3 789 000)	720 000	(4 509 000)
LANDBANK	(1 617 074)	43 109	(1 660 183)
South African Airways (Pty) Ltd	(5 536 844)	(6 126 126)	589 281
South African Broadcasting Corporation Limited	(511 378)	(482 355)	(29 023)
South African Forestry Company Limited	(66 335)	(98 376)	32 042
South African Nuclear Energy Corporation Limited	(78 136)	(6 319)	(71 817)
Telkom SA Limited	(118 665)	976 050	(1 094 715)
	<b>(37 535 838)</b>	<b>(28 388 984)</b>	<b>(9 146 854)</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

Name of Entity	2019/20	2018/19	Movement in Loss
Schedule 3A	R'000	R'000	R'000
Artscape	(13 808)	20 073	(33 881)
Castle Control Board	(34)	2 001	(2 035)
Chemical Industries Education and Training Authority	(39 477)	(4 046)	(35 431)
Commission for Conciliation, Mediation & Arbitration	(53 748)	5 985	(59 733)
Companies Tribunal	(6 635)	(1 290)	(5 345)
Construction Education and Training Authority	(546 307)	(67 340)	(478 967)
Council for Medical Schemes	(26 630)	(12 285)	(14 345)
Council for the Built Environment	(628)	(542)	(86)
Ditsong: Museums of Africa	(12 037)	(10 532)	(1 505)
Education, Training and Development Practices SETA	(51 484)	193 309	(244 792)
Energy & Water Sector Education and Training Authority	(6 504)	(102 513)	96 009
Estate Agency Affairs Board	(14 718)	28 409	(43 127)
Fibre Processing Manufacturing Sector Education and Training	(25 684)	29 593	(55 277)
Financial and Accounting Services SETA	(22 614)	42 137	(64 751)
Financial Intelligence Centre	(2 572)	22 291	(24 863)
Food and Beverages Manufacturing Industry SETA	109 496	73 467	36 029
Freedom Park Trust	(283 997)	(280 233)	(3 764)
Health and Welfare Sector Education and Training Authority	(105 697)	124 988	(230 685)
Housing Development Agency	(1 611)	(12 693)	11 082
Ingonyama Trust Board	(534)	(60)	(474)
Insurance Sector Education and Training Authority	(20 378)	131 252	(151 630)
Isimangaliso Wetland Park	(10 311)	(1 964)	(8 347)
Kwa-Zulu Natal Museum	(2 221)	2 004	(4 225)
Marine Living Resources Fund	(5 841)	55 816	(61 657)
Market Theatre Foundation	(2 656)	2 295	(4 951)
Media, Information and Communication Technologies Sector Edu	(38 632)	86 941	(125 573)
Mine Health and Safety Council	(20 238)	(22 645)	2 407
Municipal Infrastructure Support Agency	(54 590)	(72 793)	18 203
National Agricultural Marketing Council	(1 972)	1 207	(3 179)
National Development Agency	(4 652)	(5 123)	472
National Electronic Media Institute of South Africa	(1 459)	(2 042)	582
National Empowerment Fund	(574 999)	(475 738)	(99 260)
National Research Foundation	(45 936)	2 845	(48 781)
Office of Health Standards Compliance	(10 389)	(5 925)	(4 464)
Perishable Products Export Control Board	(4 715)	25 549	(30 264)
Playhouse Company	(13 208)	4 867	(18 075)
Public Service Sector Education and Training Authority	(1 990)	1 685	(3 675)
Road Accident Fund	(59 624 456)	(55 779 877)	(3 844 579)
Social Housing Regulatory Authority	(413 389)	22 539	(435 928)
South African Heritage Resources Agency	(823)	13 474	(14 297)
South African Revenue Services (SARS)	(847 816)	(184 945)	(662 870)
South African State Theatre	(8 721)	(1 492)	(7 229)
South African Tourism	121 772	(41 007)	162 779
South African Weather Service	(46 716)	(71 034)	24 319
Technology Innovation Agency	(15 976)	23 551	(39 527)
uMalusi Council for Quality Assurance	(9 651)	(14 039)	4 388
Unemployment Insurance Fund	(11 808 950)	2 211 096	(14 020 046)
Universal Service and Access Agency of South Africa	(6 732)	(25 641)	18 909
	(74 580 865)	(54 068 426)	(20 512 439)

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

Name of Entity	2019/20	2018/19	Movement in Loss
Schedule 3B	R'000	R'000	R'000
Amatola Water Board	(19 132)	141 115	(160 247)
Bloem Water	(287 291)	199 272	(486 564)
Lepelle Northern Water	(113 849)	65 553	(179 401)
MINTEK	(54 184)	5 446	(59 629)
Onderstepoort Biological Products Limited	(5 805)	41 280	(47 085)
Sentech Limited	(59 151)	200 319	(259 469)
South African Bureau of Standards	(61 574)	(1 211)	(60 363)
State Diamond Trader	(16 523)	(3 058)	(13 465)
	(617 509)	648 715	(1 266 224)

Name of Entity	2019/20	2018/19	Movement in Loss
Unlisted	R'000	R'000	R'000
Commission on Restitution of Land Rights	(43)	(66)	23
Deeds Registration Trading Account	(80 913)	(16 527)	(64 387)
Government Pensions Administration Agency	(29 432)	22 841	(52 273)
Government Technical Advisory Centre (GTAC)	(10 816)	(5 245)	(5 572)
Represented Political Parties Fund	(280)	186	(466)
	(121 483)	1 190	(122 673)

Loss/deficit making public entities accounts for 34% (33% in 2018/19) of entities consolidated while profit/surplus making entities accounts for 66% of the consolidated entities. Road Accident Fund (RAF) had the highest loss with R60 billion in the current year and R56 billion in 2018/19 financial year. Eskom decreased their deficit from R21 billion in 2018/19 to R20 billion in 2019/20. Unemployment Insurance Fund went from a surplus of R2 billion (2018/19) to a significant deficit of R12 billion in 2019/20. This was mainly attributable to a significant increase in loss on fair value adjustments (other financial liabilities and other fair value adjustments) by 171% in 2019/20 (-R22 billion 2019/20 from -R8 billion in 2018/19).

## Financial position

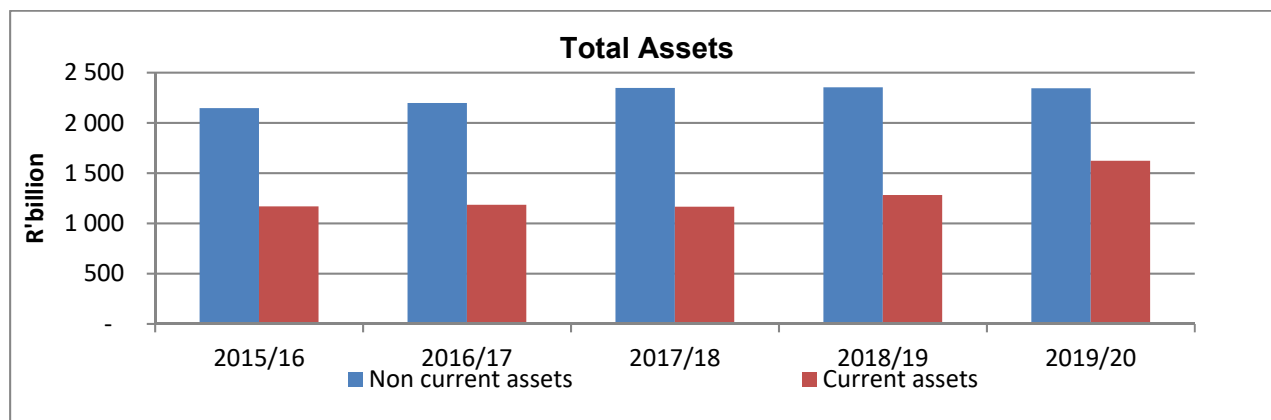
### Total assets

Assets	2019/20	2018/19
R'million	R' million	R' million
Non-current assets	2 344 179	2 353 082
Current assets	1 623 200	1 281 698
<b>Total Assets</b>	<b>3 967 379</b>	<b>3 634 780</b>

Total assets increased by R332 billion to R3.967 trillion (2018/19: R3.634 trillion) in the current year. This significant increase is attributable to increases across all asset balances.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

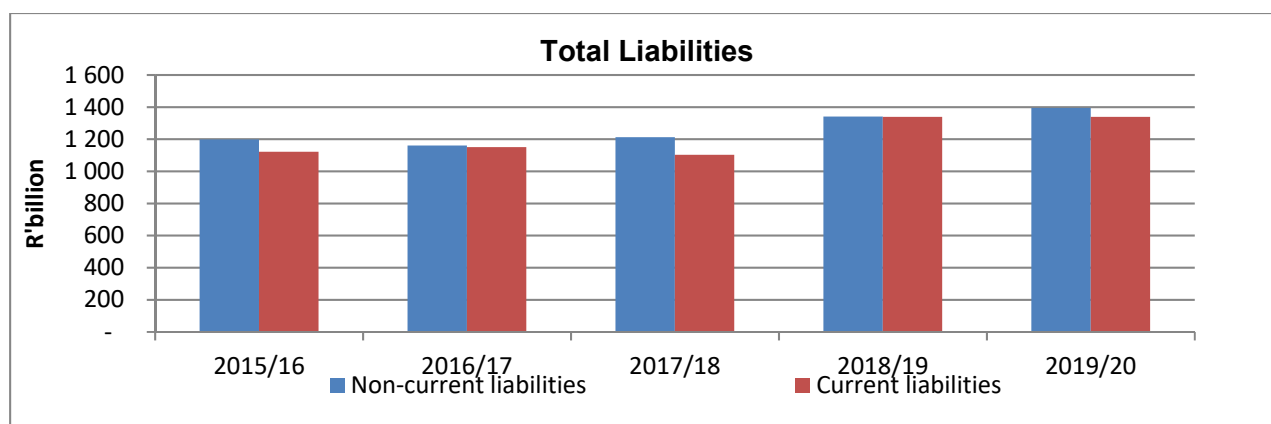


Non-current assets constitute 59% (R 2.344 trillion) of total assets in the current financial year. The significant contributors of non-current assets are Eskom (R692 billion), SANRAL (R441 billion) and Transnet (R334 billion). The three entities combined contribute 63% of the total non-current assets. In addition, SARB (R1 095 billion), Eskom (R129 billion) and UIF (R67 billion) significantly contributed towards current assets. The three entities combined contribute 79% of the total current asset.

## Total liabilities

Liabilities	2019/20	2018/19
R'million	R' million	R' million
Non-current liabilities	1 394 612	1 341 198
Current liabilities	1 338 868	1 080 575
<b>Total liabilities</b>	<b>2 567 085</b>	<b>2 315 667</b>

Total liabilities increased by R251 billion to R2.567 trillion (2018/19: 2.315 trillion) in the current year. This is attributable to a 4% increase in non-current liabilities and 24% increase in current liabilities. Non-current liabilities constitute 54% (2018/19: 58%) of total liabilities in the current year. SARB and Eskom combined contributed a significant 63% (R 1.7 trillion) to total liabilities.

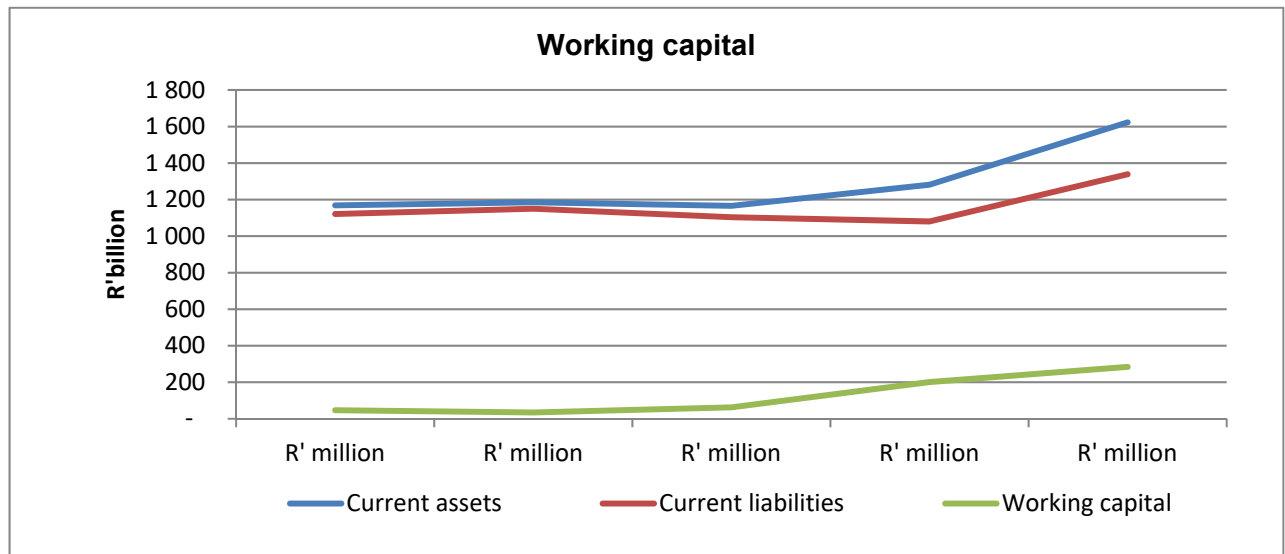


# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## Working Capital

Working Capital	2015/16	2016/17	2017/18	2018/19	2019/20
R'million	R' million	R' million	R' million	R' million	R' million
Current assets	1 168 379	1 185 380	1 166 054	1 281 698	1 623 200
Current liabilities	1 121 525	1 150 565	1 103 451	1 080 575	1 338 868
<b>Working capital</b>	<b>46 854</b>	<b>34 816</b>	<b>62 602</b>	<b>201 123</b>	<b>284 332</b>



The working capital graph indicates a 41% increase in liquidity for the 2019/20 financial year. This is due the current assets of entities exceeding the current liabilities by R284 billion, therefore the entities appear to be liquid i.e. the entities are able to meet their current obligations as they become due and payable.

## Eskom

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

Eskom Summary	Actual	Actual	Actual	Actual	Actual
R' million	2015/16	2016/17	2017/18	2018/19	2019/20
Revenue	169 947	183 725	181 677	184 774	203 319
Expenditure	160 654	180 295	182 350	210 626	219 817
<b>Surplus/(Deficit) from Operations</b>	<b>9 293</b>	<b>3 430</b>	<b>(673)</b>	<b>(25 852)</b>	<b>(16 498)</b>

In 2019/20 Eskom generated a total revenue of R203 billion which represents 26% of national public entities revenues. Revenue from sale of goods & rendering of services increased by 10%. The realised insignificant increase is mainly due to the revised/lowered electricity price increase. Interest from external investments decreased by 8% to R2.1 billion (2018/19: R2.3 billion) and the decrease is mainly attributable to a slight decrease in the acquisition of investments.

## REVIEW OF OPERATING RESULTS

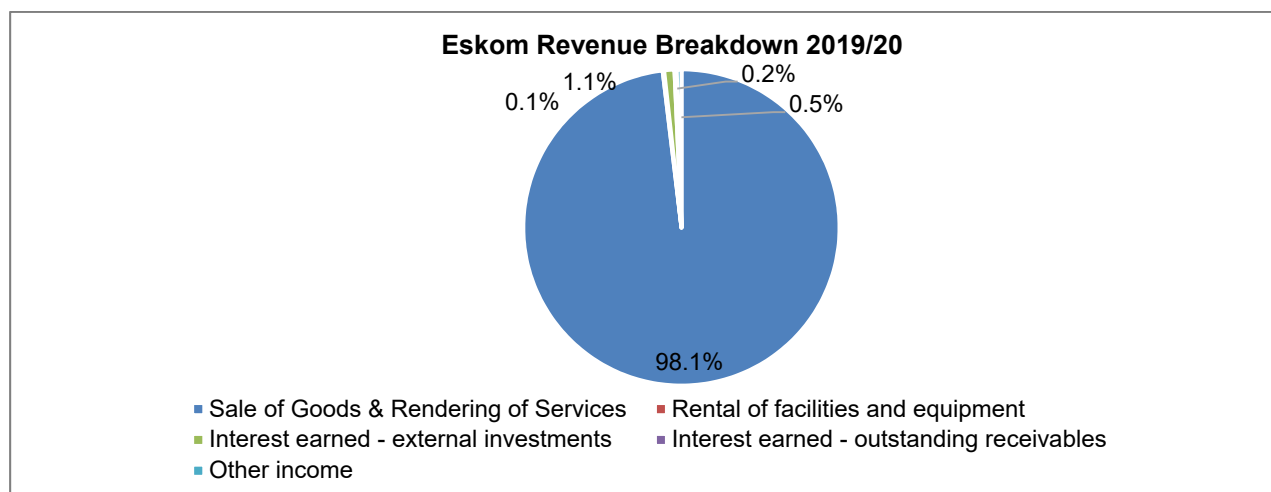
For the year ended 31 March 2020

Electricity sales volumes declined in the current year. Sales of 205 635GWh for the year were 1.3% lower than last year sales of 208 319GWh. The majority of financial ratios achieved their targets, performing better in comparison to the prior financial year. Financial results were higher than target but remain well below levels acceptable to investors and credit rating agencies.

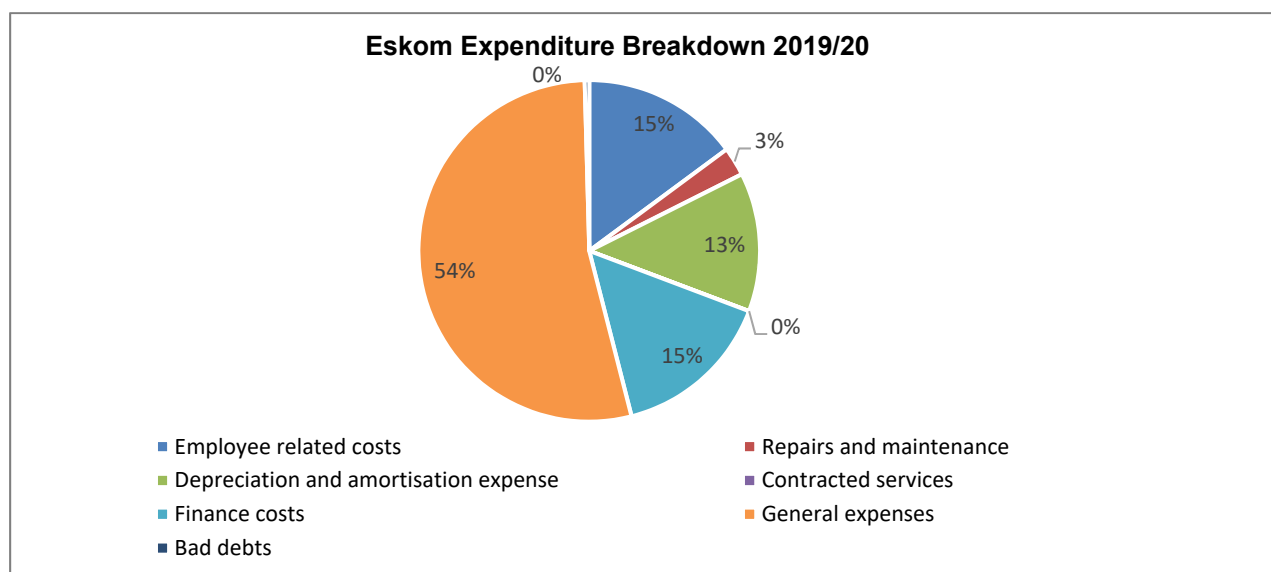
The price of 101.86c/kWh sold reflects a year-on-year increase of 13.87%; this is slightly higher than the NERSA determination due to differences between volume and capacity charges as well as differences in time-of-use tariffs, as consumption patterns varied from expectations.

Expenditure increased by 4% to R219 billion (2018/19: R210 billion) in the current year. The increase is mainly attributable to an increase in general expenses.

Eskom recognized the operating deficit of R16.5 billion (36% improvement) from operating deficit of R25.5 billion as a result of a 10% revenue increase and 4% total expenditure increase. The lower increase in expenses is attributable to lower contracted services, depreciation & amortisation costs, and repairs and maintenance which decreased by 110%, 6% and 4% respectively.



The sale of goods & rendering of services are the biggest contributor of revenue, contributing 98% of the total revenue, while interest earned, rental of facilities and other income combined makes up the remaining 2%.

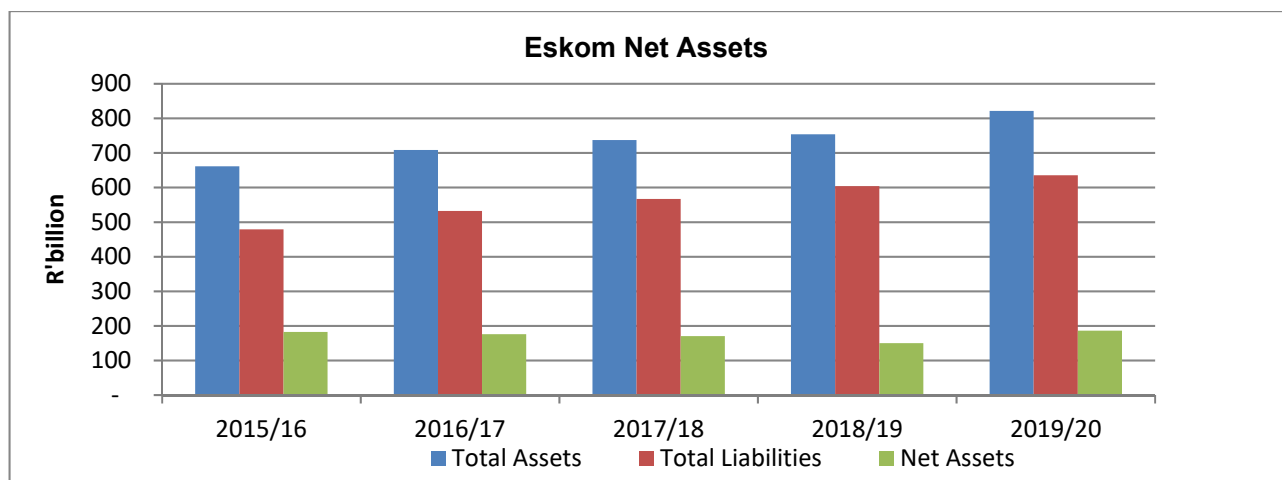


## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

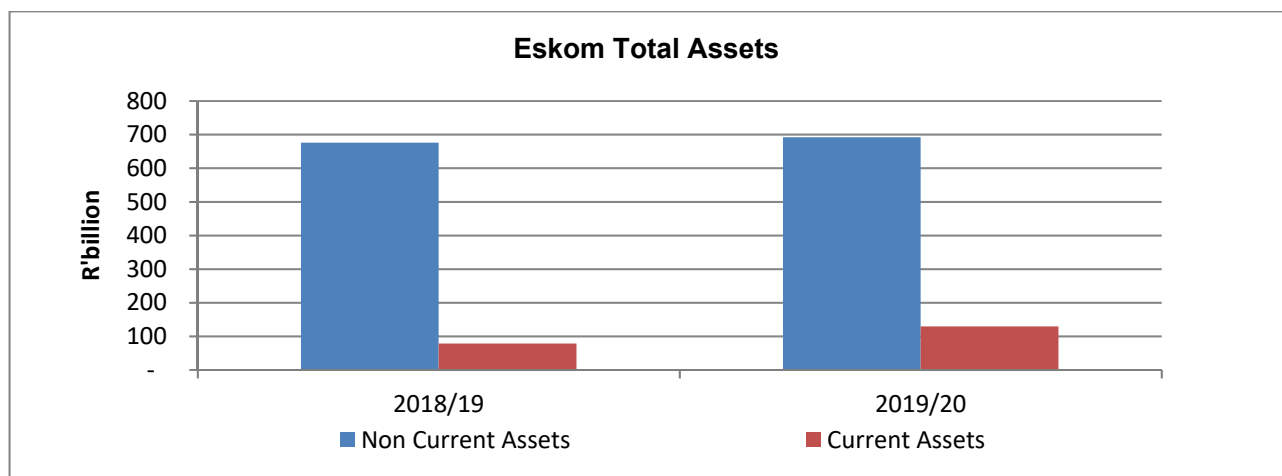
General expenses is the biggest contributor of expenditure, contributing 54% of the total expenditure. Included in general expenses is the expenditure on primary energy costs, which represent Eskom's cost of sales and contributed 90% of general expenditure. Other costs included in total expenditure are as follows, employee costs, which contributed 15%, while depreciation costs accounted for 13% and finance costs 15%.

<b>Eskom Summary</b> <b>R' million</b>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Total Assets	661 363	708 328	737 431	754 022	821 465
Total Liabilities	479 012	532 385	567 095	604 045	635 602
<b>Net Assets</b>	<b>182 351</b>	<b>175 943</b>	<b>170 336</b>	<b>149 977</b>	<b>185 863</b>



The trend over the last five years since 2015/16 has seen a steady increase in total liabilities with 2019/20 total liabilities increasing by 5%. The trend for total assets has also been steadily increasing in the past five years with an increase of 9% in 2019/20.

Eskom contributes 21% of the total assets of national public entities assets in 2019/20, same results as 2018/19. Total assets of Eskom increased by 9% to R821 billion (2018/19: R754 billion) in the current year, with non current assets increasing by only 2%.

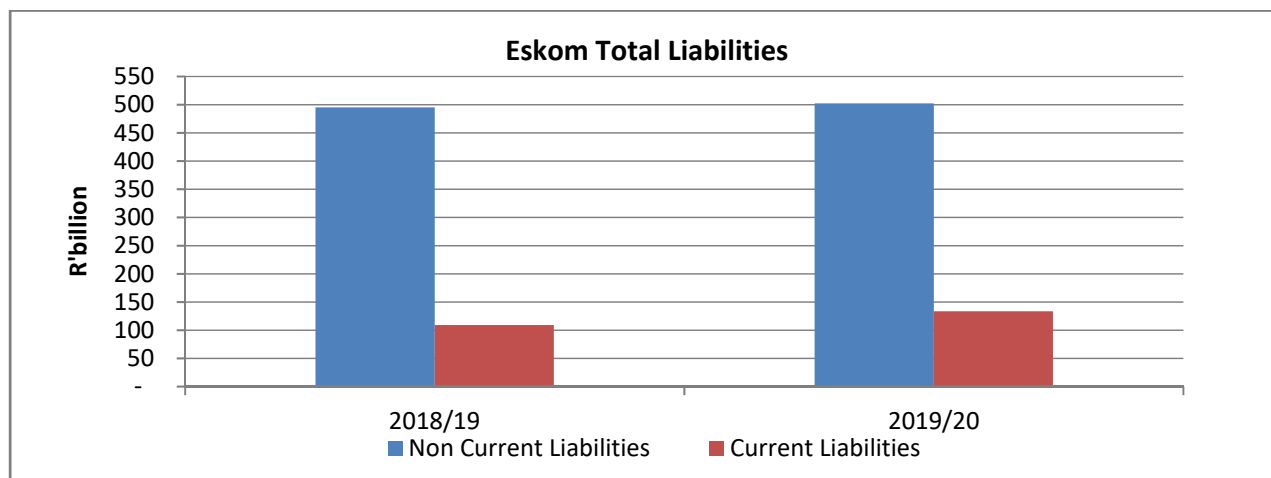


Eskom's total liabilities contributed 24% of the total liabilities of national public entities assets. The 2018/19 total liabilities of Eskom increased by 6.37% to R603 billion (2017/18: R567 billion). The increase is mainly attributable

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

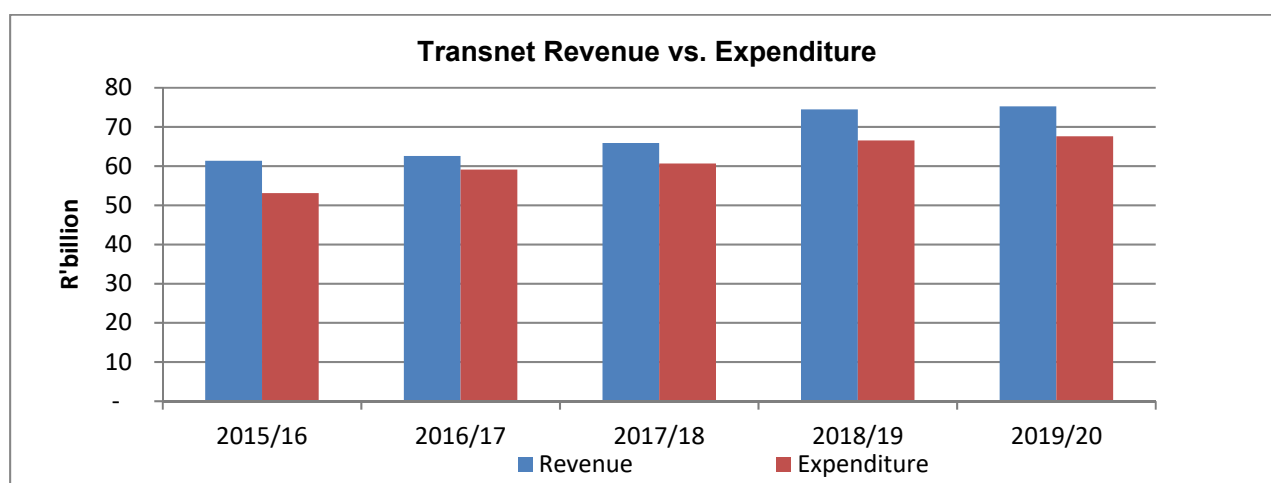
to the long term borrowings which increased by R39 billion and short term borrowings which increased by R13 billion.



### Transnet

Transnet is a public company wholly owned by the Government of the Republic South Africa and is the custodian of the country's rail, ports and pipelines. Transnet is responsible for enabling competitiveness, growth and development of the South African economy through delivering reliable freight transport in a cost-effective and efficient manner, within acceptable benchmarks.

Transnet Summary R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Revenue	61 374	62 575	65 887	74 457	75 236
Expenditure	53 123	59 116	60 679	67 590	67 590
<b>Surplus/(Deficit) from Operations</b>	<b>8 251</b>	<b>3 459</b>	<b>5 208</b>	<b>6 867</b>	<b>7 646</b>



Transnet generated total revenue of R75 billion, which represents 10% of national public entities revenues. Total revenue increased by 1%, the entity's major revenue comes from sale of goods & rendering of services contributing 97% of the total revenue of Transnet which increased by 1.1% in the current year. Other income has shown an

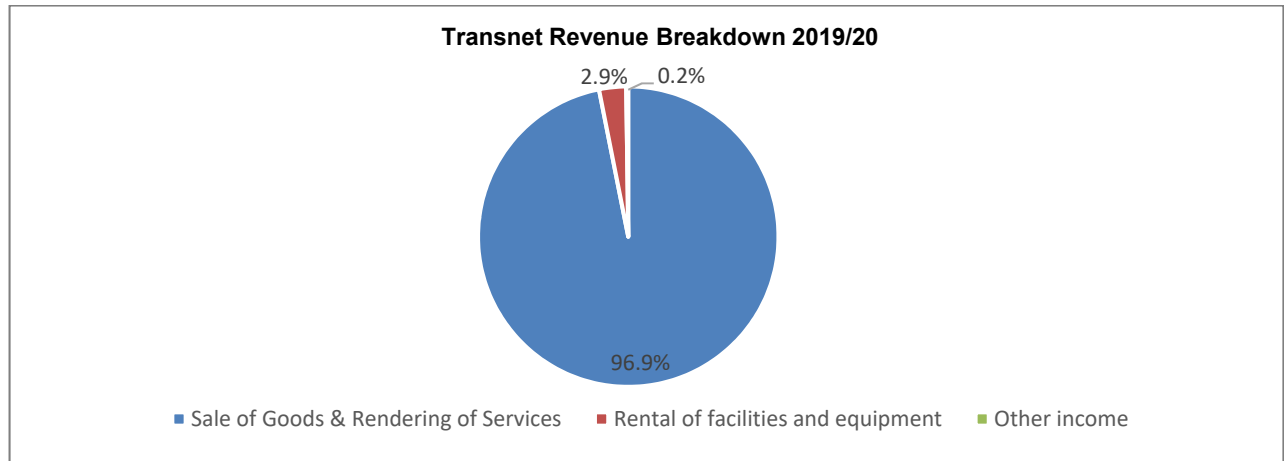


## REVIEW OF OPERATING RESULTS

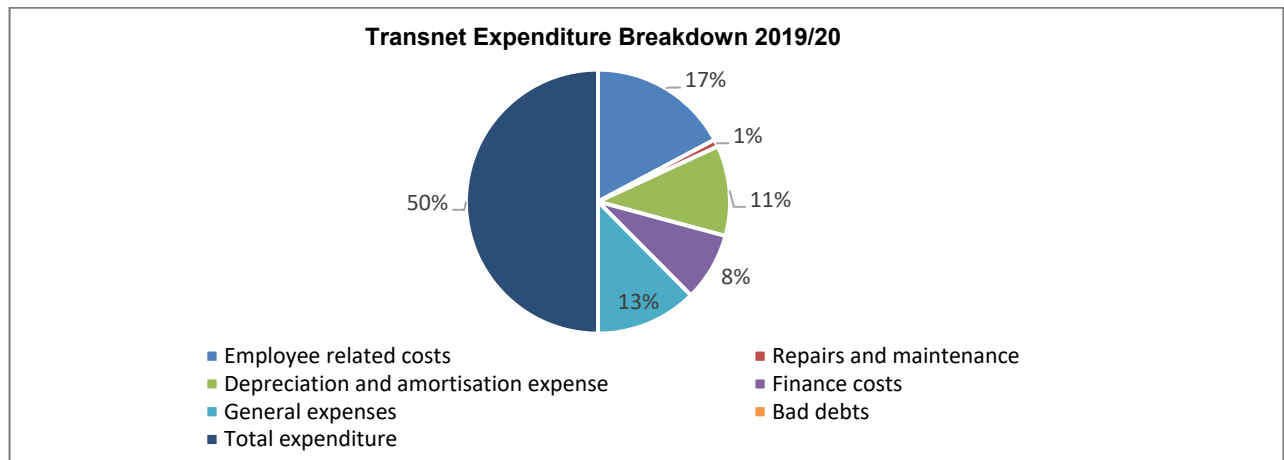
For the year ended 31 March 2020

decrease of 56% during the 2019/20 year end, but due to its small percentage to total revenue this decrease did not make a noticable difference to total revenue growth.

Expenditure increased by 2% in the current year to R67 billion (2018/19: R66 billion). Finance costs decreased by 2% to R11.3 billion (2018/19: R11.6 billion) however this increase was reduced by a 2% increase in employee related costs which is significant in rand value. Overall, the operating surplus decreased by 3% to R7.6 billion (2018/19: R7.9 billion) during the current year.



Sale of goods & rendering of services was the biggest contributor of revenue, contributing 97% of the total revenue. Rental of facilities and other income combined makes up the remaining 3%.

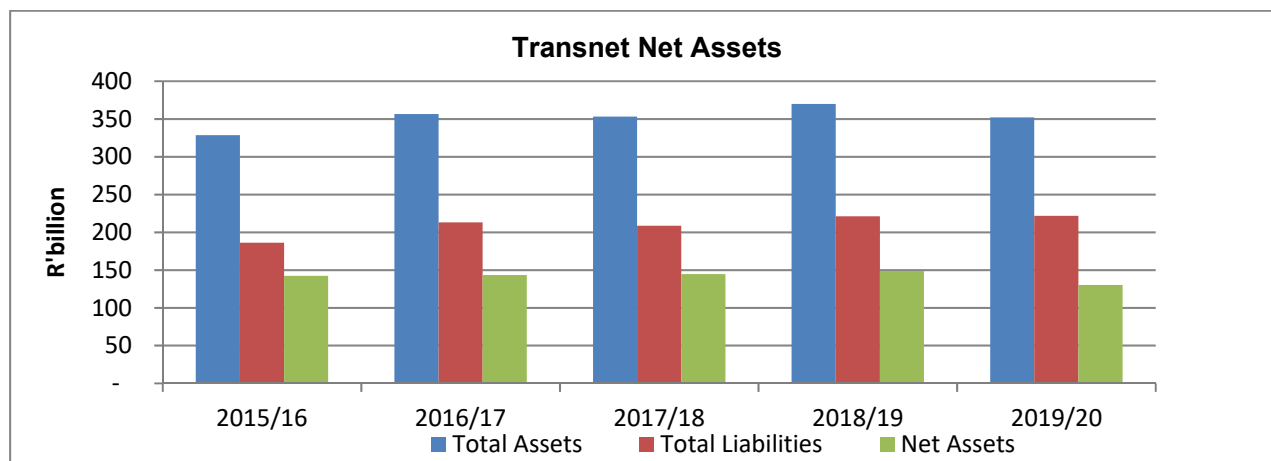


Employee related costs is the biggest contributor of expenditure, contributing 34% of the total expenditure, followed by general expenses contributing 25%, while depreciation costs contributed 22% and finance costs 17%.

<b>Transnet Asset vs. Liabilities</b> <b>R' million</b>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Total Assets	328 439	356 393	353 139	369 766	351 979
Total Liabilities	186 110	213 103	208 494	221 134	221 752
<b>Net Assets</b>	<b>142 329</b>	<b>143 290</b>	<b>144 645</b>	<b>148 632</b>	<b>130 228</b>

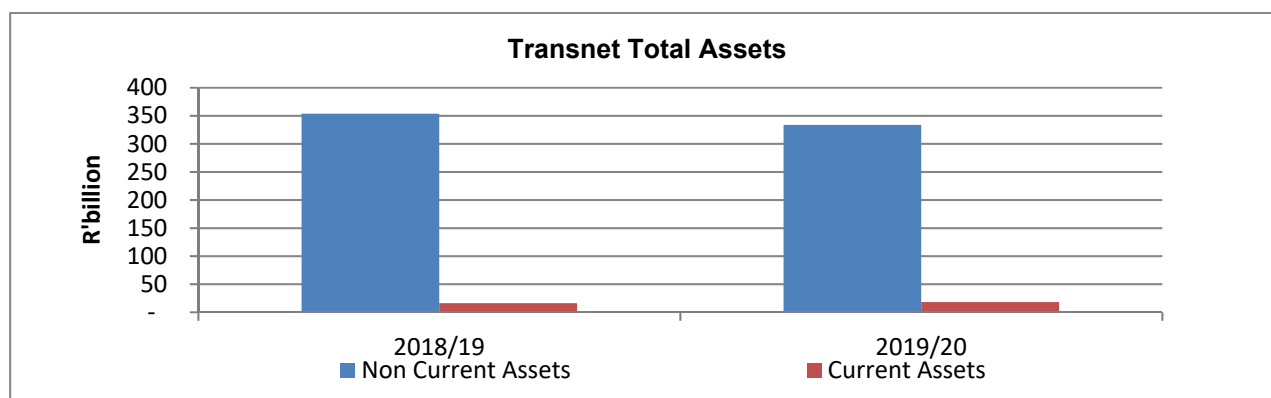
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

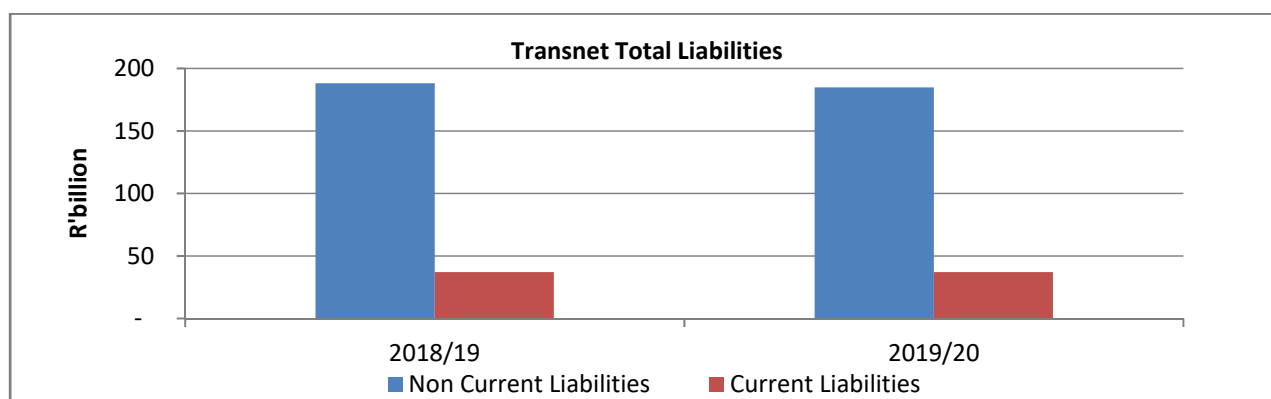


The trend has been fluctuating within the last five year under review between a decrease and an increase in general.

Transnet contributes 9% of the total assets of national public entities assets. Total assets decreased by 5% to R352 billion (2018/19: R370 billion) in the current year, with current assets increasing by 13% and non current assets decreasing by 5% .The increase in current assets are insignificant to the total assets hence the total decrease is remains at 5%.



Transnet total liabilities contributed 8% of the total liabilities of national public entities assets. In 2019/20 total liabilities of Transnet marginally increased by 0.3% to R222 billion (2018/19: R221 billion). The increase is mainly attributable to non-current portion of long-term borrowings which decreased by 1% to R116 billion (2018/19: R114 billion).



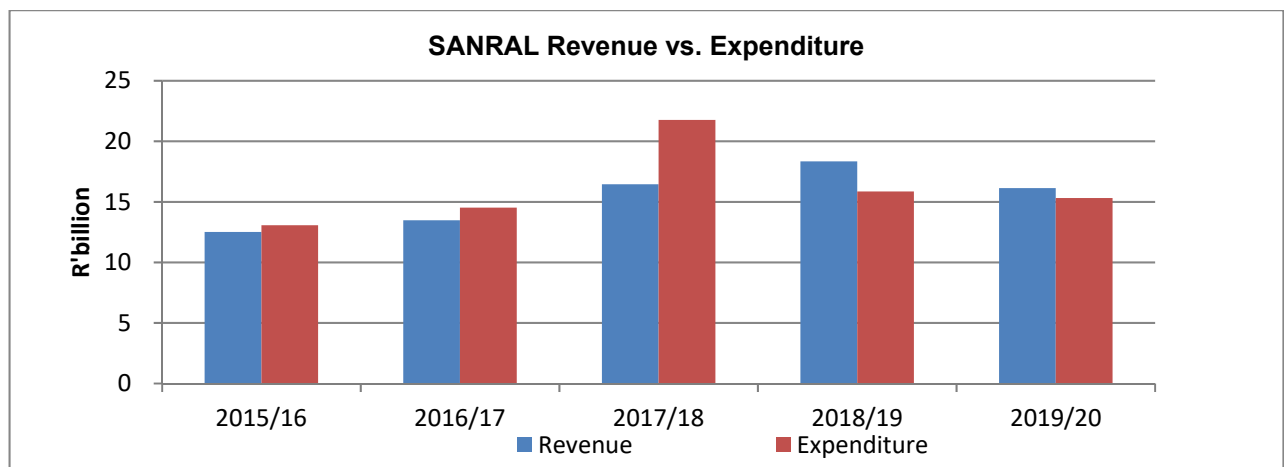
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## The South African National Roads Agency Soc Limited (SANRAL)

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

<b>SANRAL Summary</b> <b>R' million</b>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Revenue	12 513	13 471	16 450	18 345	16 139
Expenditure	13 061	14 525	21 766	15 860	15 308
<b>Surplus/(Deficit) from Operations</b>	<b>-548</b>	<b>-1 054</b>	<b>-5 316</b>	<b>2 485</b>	<b>831</b>



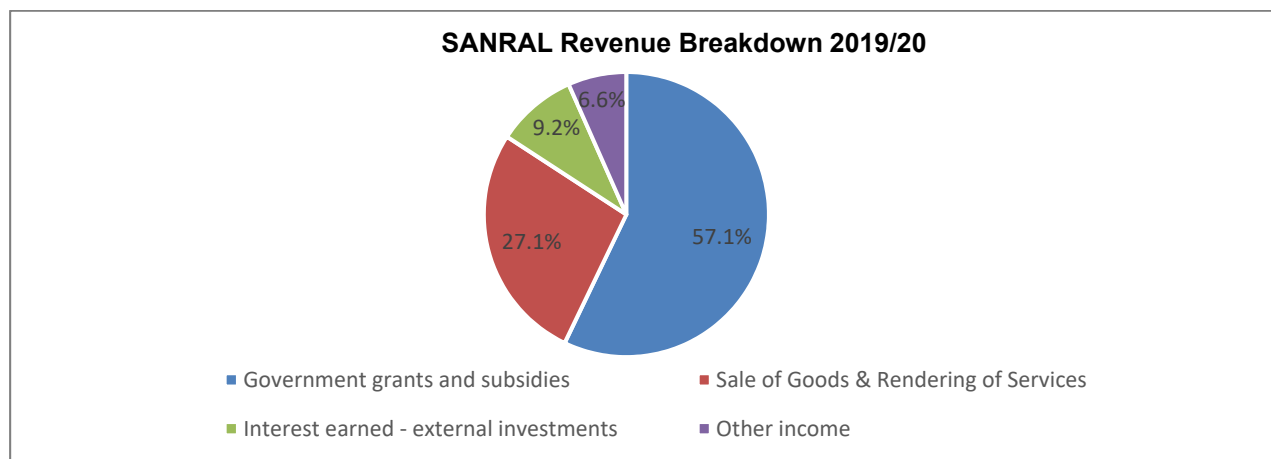
A decrease in 2019/20 has been recorded with the entity relising a R831 million operating surplus. The total revenue in 2019/20 was 5% higher than the total expenditure compared to 16% in 2018/19 hence the slight decrease the operating surplus.

Revenue in the current year decreased by 12% to R16.1 billion (2018/19: R18.3 billion) is mainly attributable to a 26% decrease in Government grants and subsidies which is a significant revenue source for SANRAL.

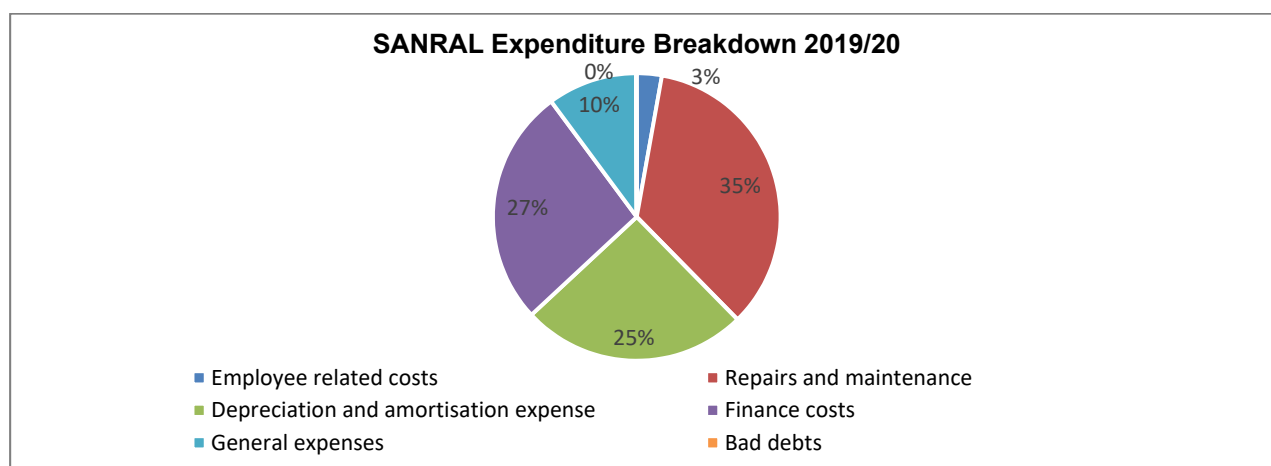
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

Below is the revenue breakdown of SANRAL.



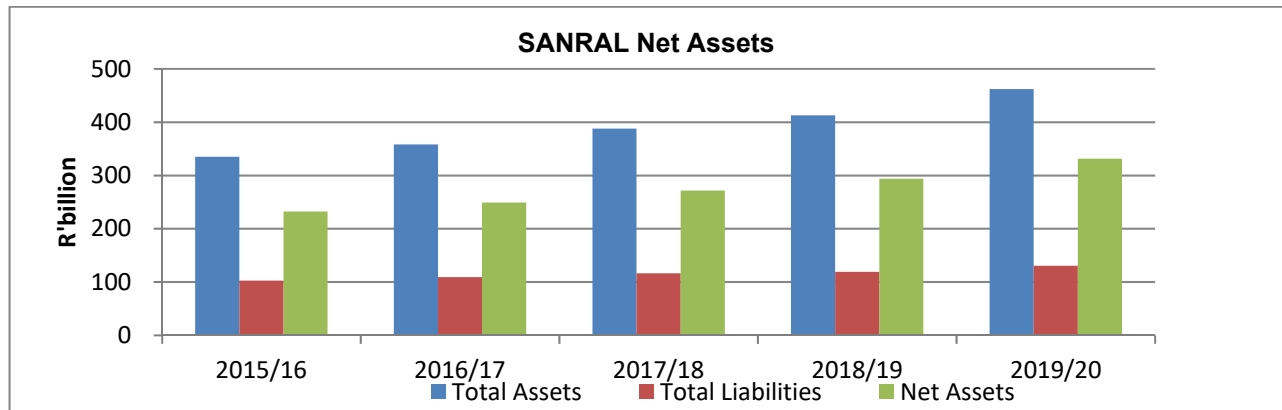
Expenditure also decreased by 3% to R15.3 billion (2018/19: R15.8 billion) in the current year. The decrease is highly attributable to a decrease of 15% in repairs and maintenance and there was also a 3% increase in Finance costs, these have resulted in a total 1% decrease. Below is the expenditure breakdown of SANRAL.



<b>SANRAL Summary</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>R' million</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Total Assets	334 856	358 168	387 861	412 921	462 082
Total Liabilities	102 476	109 064	116 348	119 110	130 586
<b>Net Assets</b>	<b>232 380</b>	<b>249 103</b>	<b>271 513</b>	<b>293 811</b>	<b>331 496</b>

# REVIEW OF OPERATING RESULTS

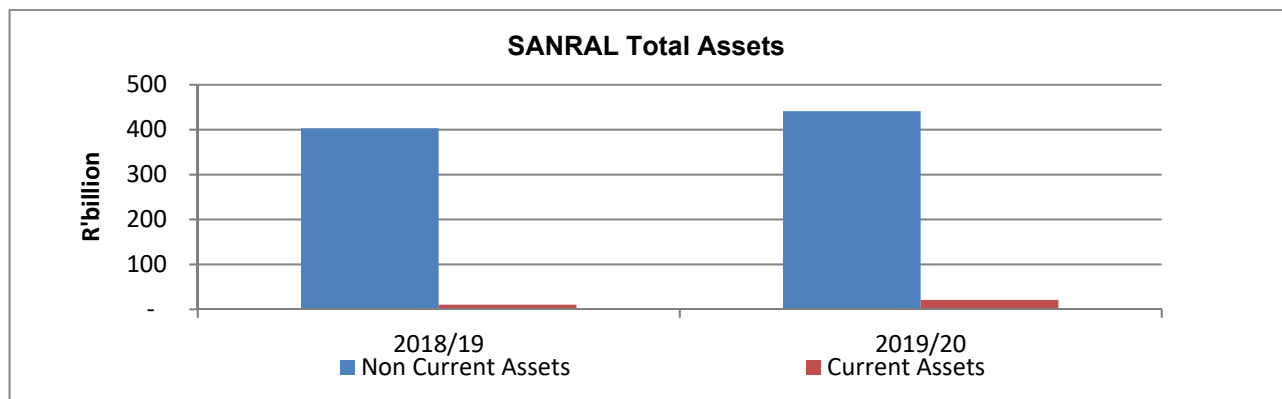
For the year ended 31 March 2020



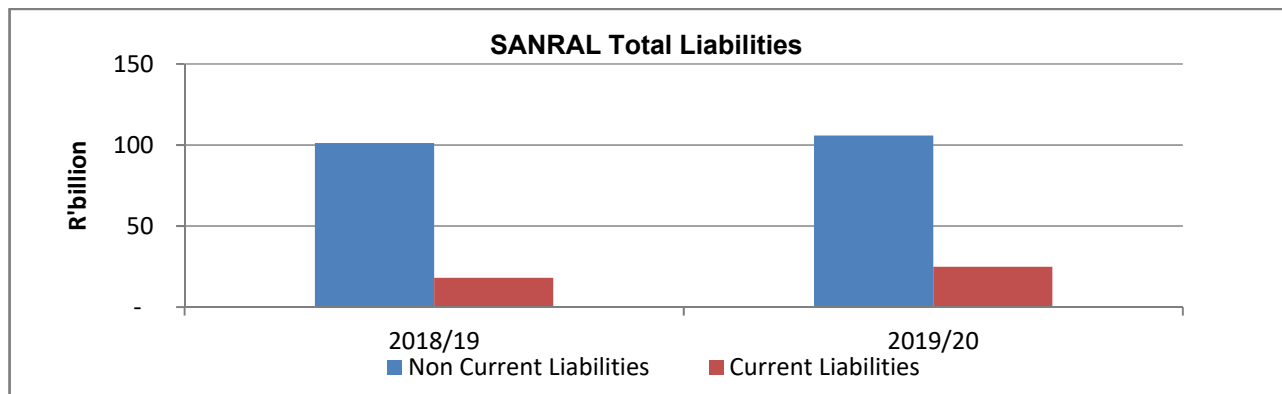
The net asset value of SANRAL has increased marginally by 13% (R38 billion) to R331 billion (2018/19: R294 billion) in the current financial year. This is mainly attributable to a R37 billion increase in revaluation of property plant and equipment as a result of a revaluation of infrastructure assets during the current year. The management reviewed the valuations of the road network and structures as at 31 March 2020 as a result of changes in material unit rates.

Total assets increased by 12% to R462 billion (2018/19: R413 billion) in the current year. Non-current assets constitute 97.6% of the total assets of the entity, with property plant and equipment contributing 95% of the total assets of the entity.

The current assets slightly decreased by 108% to R21 million (2018/19: R10 million) in the current year.



Total liabilities increased by 2.37% to R119 billion (2017/18: R116 billion). This is as a result of a R5.6 billion increase in deferred income, R735 million increase in current portion of long term borrowings. The long term borrowings decreased by R3.4 billion in the current year.



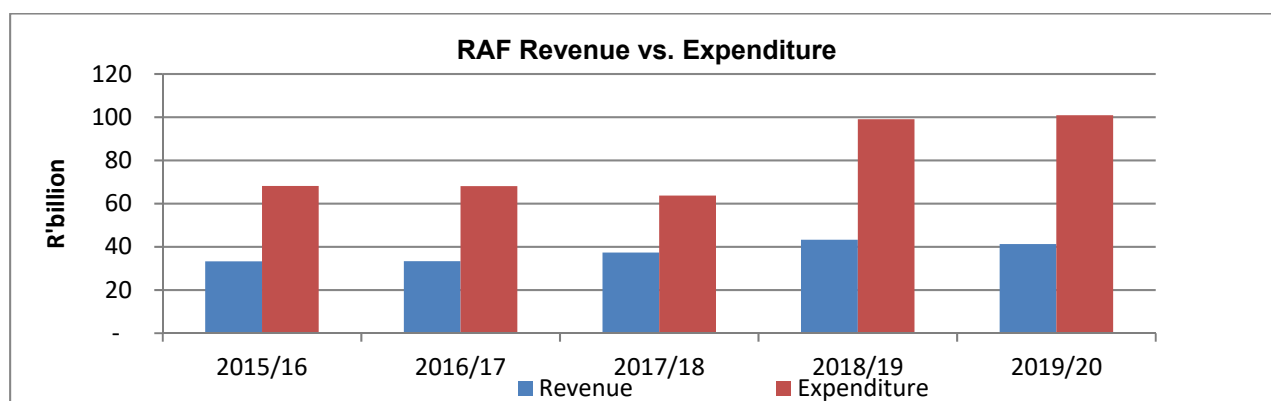
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

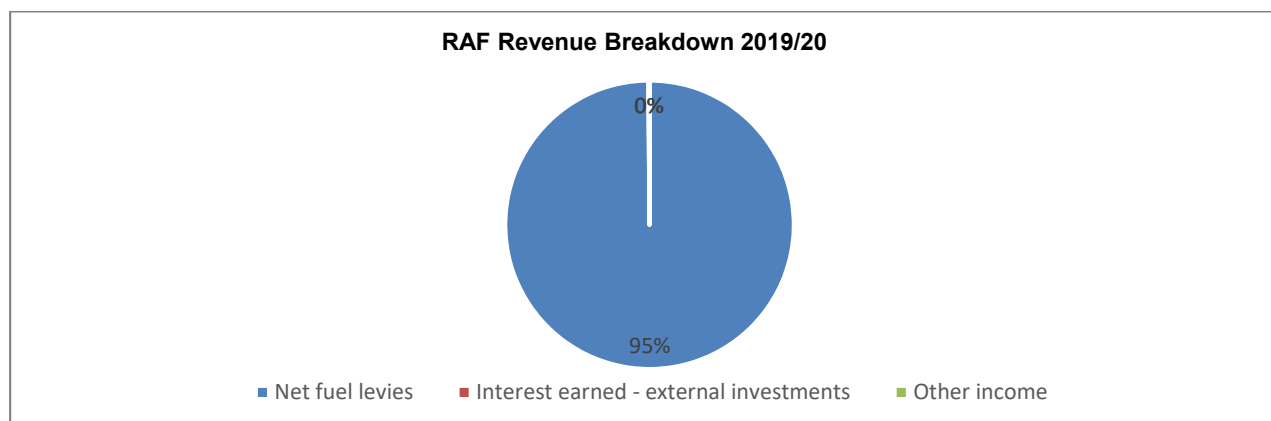
## Road Accident Fund

The Road Accident Fund (RAF) is a schedule 3(A) entity, wholly owned by government. RAF is responsible for providing compulsory social insurance cover to all users of the South African roads; to rehabilitate and compensate persons injured as a result of negligence driving of motor vehicles, in a timely and caring manner; and to actively promote the safe use of South African roads. The RAF provides two types of cover, namely personal insurance cover to accident victims or their families, and indemnity cover to wrongdoers.

RAF Summary R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Revenue	33 204	33 341	37 340	43 239	41 240
Expenditure	68 164	68 083	63 691	99 019	100 864
<b>Surplus/(Deficit) from Operations</b>	<b>(34 960)</b>	<b>(34 743)</b>	<b>(26 350)</b>	<b>(55 779)</b>	<b>(59 624)</b>

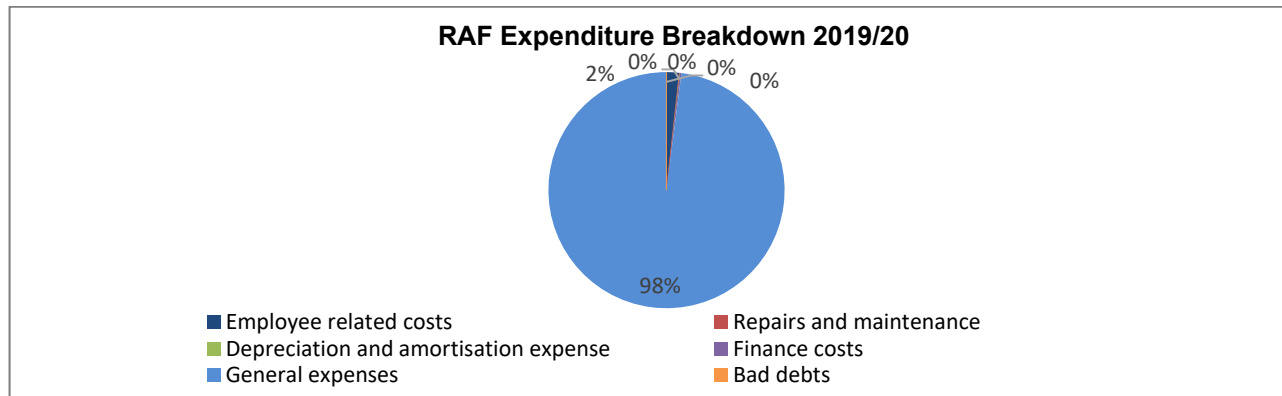


RAF derives its revenue from fuel levy. Net fuel levies account for almost 100% of total revenue, while interest earned from external investments and other income account for a very small portion of revenue. The RAF fuel levy increased by 5c/l (2.6% increase) to 198c/l (2018/19: 193c/l) in the 2019/20 financial year.



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020



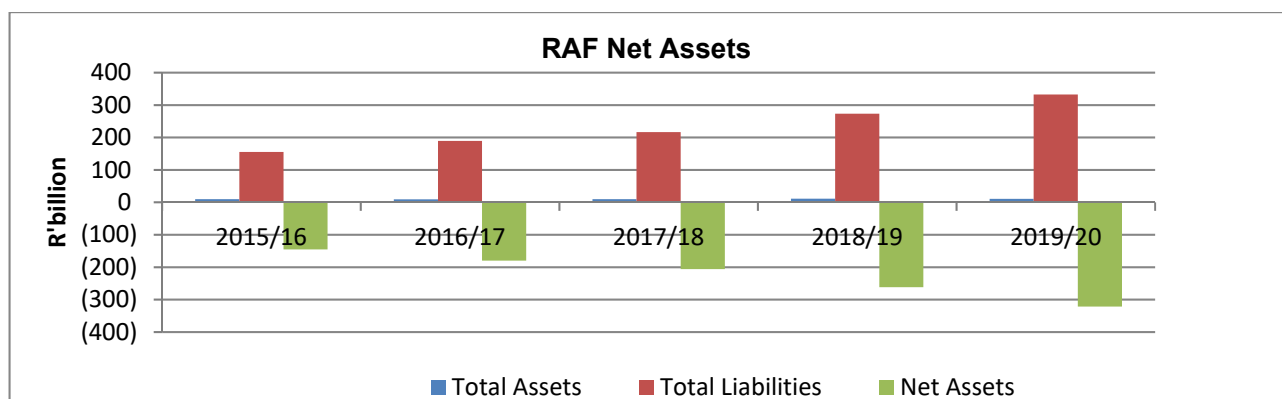
The RAF has been in a deficit position for the past five financial years, the deficit has been increasing every year from 2015/16 to 2019/20 financial years. The deficit has increased by R4 billion 7% from R56 billion in 2018/19 to R60 billion in the current year. Claims expenditure increased by 3% to R43 billion (2018/19: R42 billion).

Total revenue during the 2019/20 financial year decreased to R41.24 billion from R43.24 billion in the previous financial year mainly due to an increase from 7% to 10% in the diesel refund. Cash expenditure on claims amounted to 94% of the net RAF Fuel Levy, this is due to the high rate of claims settled. The total expenditure, increased by 2% to R101 billion in 2019/20 (from R99 billion in the previous year). The RAF registered 303 695 new claims and finalised 258 382 claims in 2019/20. Average RAF legal and other costs per claim increased by 0.2% from R37 974 to R38 048.

The net deficit recorded by RAF was largely due to an increase in the liability for outstanding claims reported and liability for claims incurred but not yet reported of R55 billion (2018/19: R54 billion).

The RAF remains severely under-capitalised, with liabilities exceeding assets by R322 billion (2018/19 R262 billion)

RAF Summary R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Total Assets	9 796	9 198	9 806	11 220	10 657
Total Liabilities	155 048	189 191	216 147	273 334	332 392
<b>Net Assets</b>	<b>(145 252)</b>	<b>(179 993)</b>	<b>(206 341)</b>	<b>(262 115)</b>	<b>(321 735)</b>

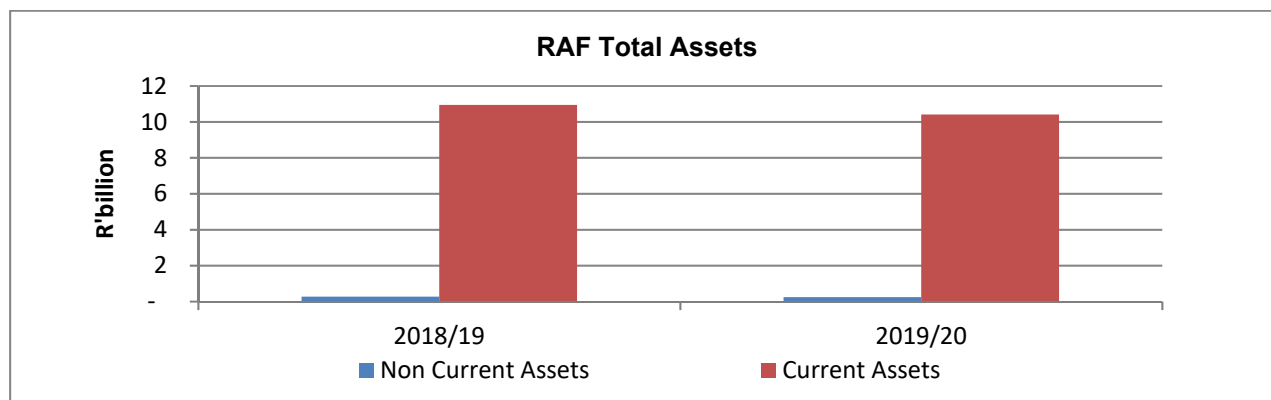


Net assets have deteriorated further in the current year by R60 billion. The decline in net assets is due to a R57 billion increase in total liabilities mainly as a result of an increase in claims liabilities of R55 billion.

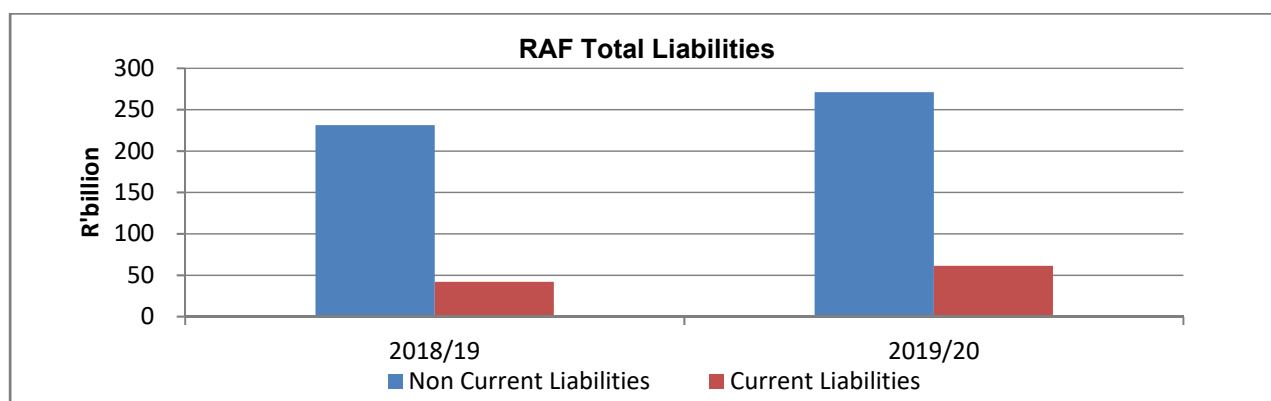
Total assets decreased by 5% from R11.2 billion in 2018/19 to R10.6 billion in the current year due to an increase in the liability for outstanding claims reported and incurred but not yet reported.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020



Total liabilities increased by 22% from R273 billion in 2018/19 to R332 billion in the current year. The increase is mainly attributable to a 17% increase in non-current provisions and a 51% increase in current provisions. The RAF non-current liabilities constitute 82% of total liabilities in the current year, almost a 3% change from the previous year where it was at 85% in 2018/19 year.



## South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary objective and independence are entrenched in the Constitution (Sections 224 and 225 of the Constitution), being to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. Together with other institutions, it also plays a pivotal role in ensuring financial stability in the country. The bank was established by the SARB Act, read with section 223 of the Constitution of South Africa, Act 108 of 1996 (Constitution).

Some of the Functions of the bank are:

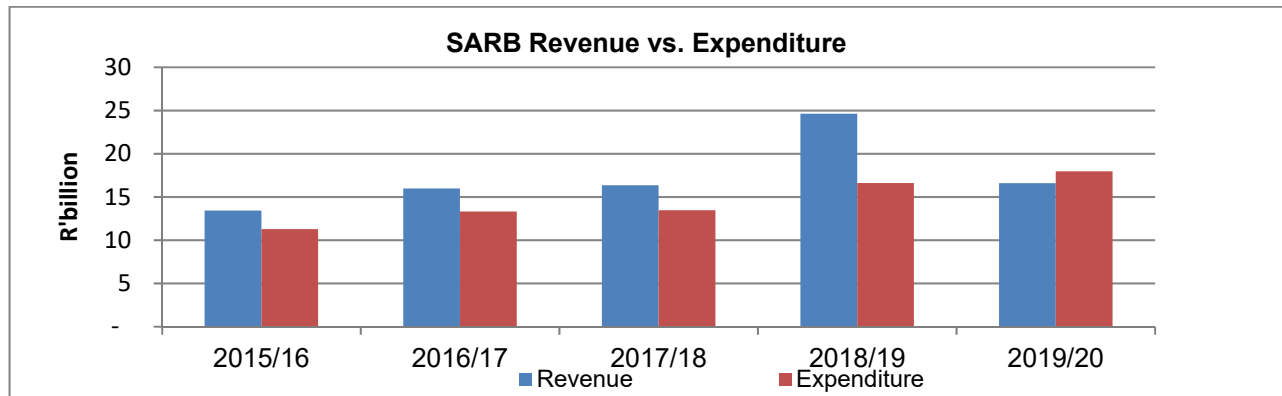
- Issuing banknotes and coin;
- Formulating and implementing monetary policy
- Managing official gold and foreign-exchange reserves;
- Acting as banker to the government;
- Supervising the banking system;
- Acting as lender of last resort in exceptional circumstances to financial institutions.

SARB Summary R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Revenue	13 432	15 983	16 348	24 629	16 596
Expenditure	11 272	13 314	13 457	16 604	17 959
<b>Surplus/(Deficit) from Operations</b>	<b>2 160</b>	<b>2 669</b>	<b>2 891</b>	<b>8 025</b>	<b>(1 363)</b>



## REVIEW OF OPERATING RESULTS

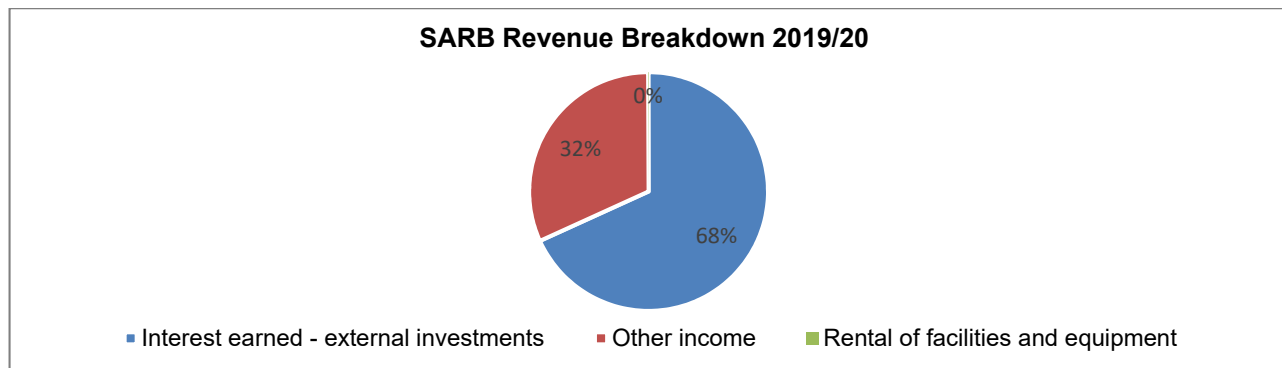
For the year ended 31 March 2020



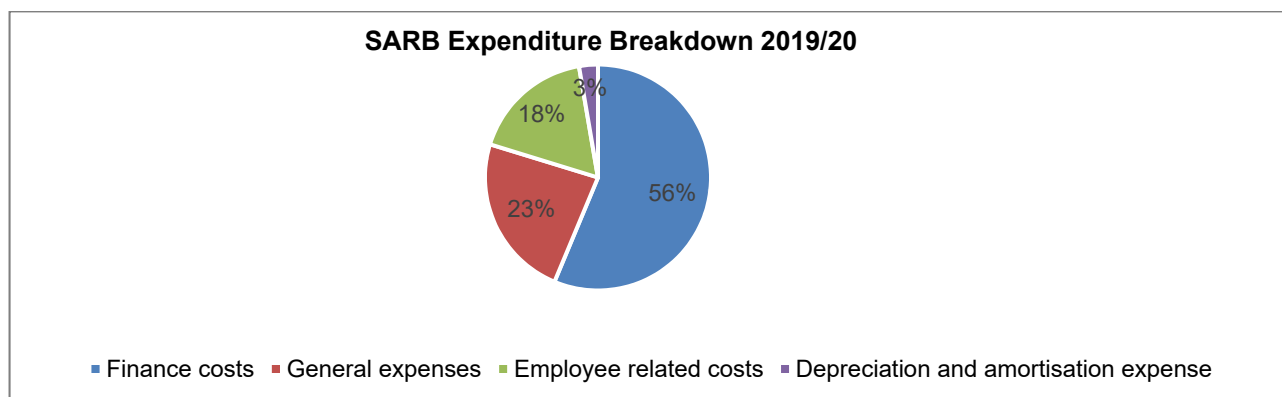
The SARB generated total revenue of R16.6 billion in the current year which comprised mainly of interest earned from external investments (foreign investments and accommodation to banks) and other income. Total revenue decreased by 33% this year compared to a 51% increase in the previous year. The main attribute to the decrease is interest earned – external investments which decreased by 44% whereas other income increased by 19%.

Expenditure also increase slightly by 8% to R18 billion (2018/19: R16.6 billion) in the current year, mainly attributable to finance costs which increased by 15%.

The net result of these factors was a 117% decrease in the operating deficit of R1.4 billion (2018/19: R8 billion surplus).



The interest earned from external investments is the biggest contributor of revenue, contributing 68% of the total revenue while other income makes up the remaining 32%.

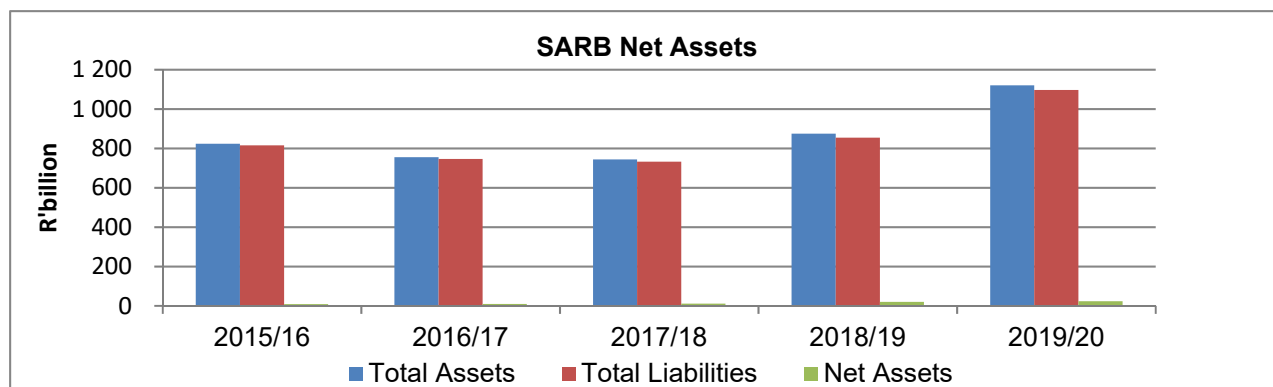


Finance costs contributes a larger portion of the expenditure, contributing 56% of the total expenditure, followed by general expenses with 24%, employee related costs contributing 18% and depreciation costs making up the remaining 3%.

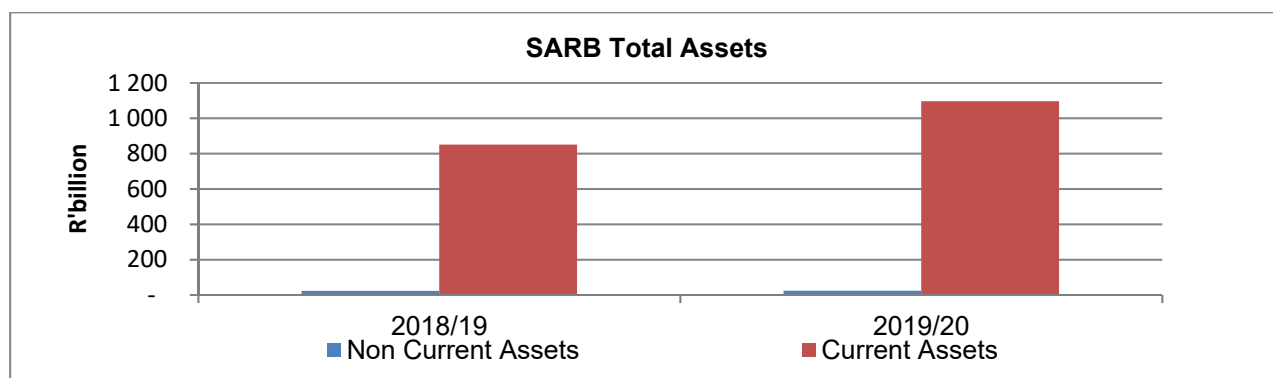
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

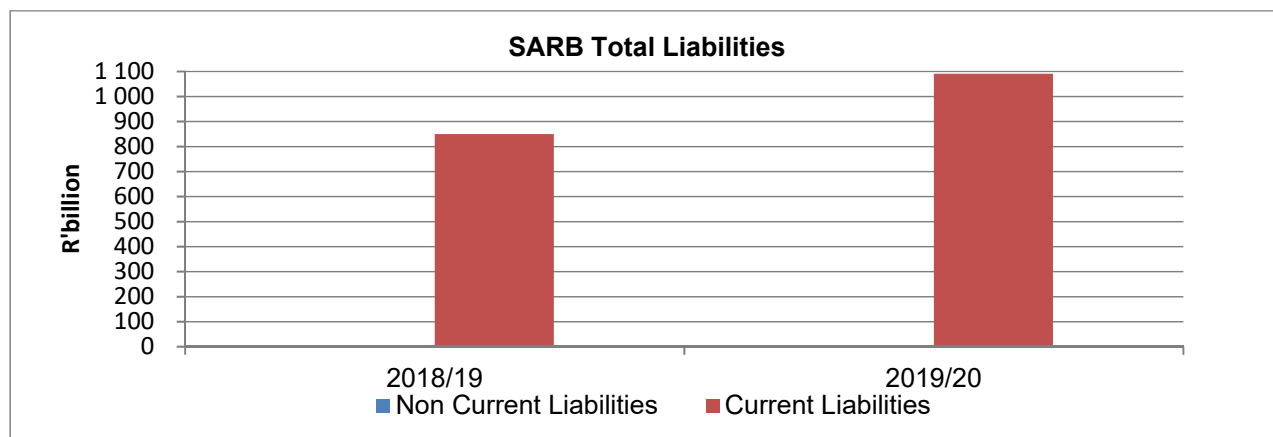
<b>SARB Summary</b> <b>R' million</b>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Total Assets	823 676	755 363	743 457	874 768	1 120 122
Total Liabilities	815 386	745 954	732 346	854 713	1 096 796
<b>Net Assets</b>	<b>8 290</b>	<b>9 409</b>	<b>11 111</b>	<b>20 055</b>	<b>23 326</b>



The total assets and total liabilities for SARB increased by 28% and 28.32% respectively in 2019/20. The total assets and total liabilities in 2018/19 recorded R874 billion and R855 billion respectively. Total assets increased by R245 billion in the current year to R1 120 billion (2018/19: R875 billion) mainly as a result of a 34% increase in other current financial assets. Total liabilities increased by R242 billion in the current year to R1 096 billion (2018/19: R854 billion) due to a 28% (R239 billion) increase in other current financial liabilities.



The increase in liabilities is mainly due to the Gold and Foreign-Exchange Contingency Reserve Account (GFECRA), used for the currency revaluation of foreign assets and liabilities which is for SA government's account. The GFECRA increased by R150 billion to R436 billion from R285 billion in 2018/19.



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



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Report on the audit of the consolidated financial statements

### Disclaimer of opinion

1. I have audited the consolidated financial statements of the national public entities set out on pages 171 to 262, which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of financial performance, statement of changes in net assets and consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the consolidated financial statements of the national public entities. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

### Basis for disclaimer of opinion

#### Revenue and receivables from non-exchange transactions

##### Compensation Fund

3. I was unable to obtain sufficient appropriate audit evidence for revenue and receivables from non-exchange transactions for the prior year as the public entity had inadequate processes in place to ensure that employers were accurately assessed in terms of the Compensation for Occupational Injuries and Diseases Act of South Africa, 1993 (Act No. 130 of 1993) (Coida). In addition, I was unable to obtain sufficient appropriate audit evidence for the current year's revenue and receivables from non-exchange transactions as the public entity did not ensure that all employers that met the criteria were assessed. Management also did not maintain proper accounting records and adequate controls over the assessment of revenue and receivables from non-exchange transactions. The public entity's records did not

permit the application of adequate alternative audit procedures regarding revenue and receivables from non-exchange transactions. Consequently, I was unable to determine whether any adjustments were necessary to the following amounts as per the consolidated financial statements of the national public entities

- Revenue from non-exchange transactions stated at R105, 459 billion (2019: R91, 675 billion) in note 42 to the consolidated financial statements.
- Receivables from non-exchange transactions relating to the following as disclosed in note 12 and note 2 to the consolidated financial statements:
  - Statutory receivables of R11, 703 billion (2019: R12, 615 billion)
  - Provision for doubtful debts of R51, 728 billion (2019: R48, 883 billion)
- The limitations indicated above also have an impact on the debt impairment stated at R24, 956 billion (2019: R12, 630 billion) in note 57 to the consolidated financial statements.

#### Passenger Rail Agency of South Africa

4. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the unspent conditional grants and capital subsidy and grants amortised in accordance with the requirements of GRAP 23, Revenue from non-exchange transactions. This was due to management being unable to provide information that confirms conditions applied to these grants, resulting in a liability being recognised on the statement of financial position, and that these conditions had been met, resulting in amounts being recognised in the statement of financial performance. I was unable to confirm these by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unspent conditional grants of R50 billion (2019: R46 billion) as disclosed in note 25 and capital subsidy and grants amortised of R37, 817 billion (2019: R36, 765 billion) as disclosed in note 48 to the consolidated financial statements.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Expenditure

### Compensation Fund

5. I was unable to obtain sufficient appropriate audit evidence that benefits had been properly accounted for relating to all claims in the current and prior year. Management did not keep adequate records to substantiate the figures recorded in the financial statements. The public entity's records did not permit the application of adequate alternative audit procedures regarding benefits paid. As a consequence, I was unable to determine whether any adjustments were necessary to expenditure stated at R386, 903 billion (2019: R383, 386 billion) in note 55 to the consolidated financial statements. The limitations indicated above also have an impact on the capitalised value of pensions and other non-current liabilities as stated in note 30 to the consolidated financial statements.

### National Student Financial Aid Scheme

6. I was unable to obtain sufficient appropriate audit evidence for the amounts owing by institutions due to a lack of reconciliation between the financial records of the NSFAS and those of institutions of higher learning. I was unable to confirm the receivable balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to expenditure (bursaries) stated at R386, 903 billion (2019: R383, 386 billion) in note 55 to the consolidated financial statements as disclosed in note 54

## Property, plant and equipment

### Property Management Trading Entity

7. The trading entity did not correctly measure deemed costs for property, plant and equipment recognised in accordance with GRAP 17: Property, plant and equipment read in conjunction with GRAP directive 7: The application of deemed cost. The entity incorrectly utilised the source data in determining deemed costs of the properties being measured. Furthermore, the entity recognised assets for which it did not retain proof of ownership. Consequently, property, plant and equipment was understated and

property maintenance expenditure was overstated as follows:

- property, plant and equipment was understated by R2, 818 billion (2019: overstated by R9, 663 billion) in note 32 to the consolidated financial statements
- property maintenance expenditure was overstated by R452 million in note 50 to the consolidated financial statements

8. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

### Passenger Rail Agency of South Africa

9. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for property, plant and equipment (PPE) in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 17, Property, plant and equipment (GRAP 17). This was due to the inadequate state of accounting records, including the lack of a credible fixed asset register and the non-submission of some information in support of these assets. Some assets were not recorded in the asset register, while others were recorded but their existence could not be verified. I was unable to confirm these assets by alternative means.

10. Furthermore, the public entity did not review the useful lives and residual values of PPE at each reporting date in accordance with the requirements of GRAP 17 and the entity did not adequately perform the impairment assessment for PPE at each reporting date in accordance with the requirements of GRAP 21, Impairment of non-cash generating assets (GRAP 21). The impairment assessment performed by management did not include some of the material classes of assets that had significant impairment indicators.

11. Consequently, I was unable to determine whether any adjustments were necessary to the net carrying amount of PPE:

- Limitation on net carrying amount of PPE, stated at R40 billion (2019: R39,9 billion) and R40,2 billion (2019: R40 billion);
- depreciation and amortisation stated at R2,5 billion (2018/19: R2, 1 billion) and R2,5 billion (2019: R2,2 billion);

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

- general expenses stated at R3,9 billion (2019: R7,2 billion) and R4,2 billion (2019: R7,5 billion);
- surplus for the year stated at R2,4 billion (2019: R1,9 billion deficit for the year) and R2,3 billion (2019: R2,1 billion deficit for the year)
- the accumulated surplus stated at R20 billion (2019: R17,7 billion) and R19,8 billion (2019: R17,6 billion) for the controlling entity and the economic entity, respectively.
- impairment loss stated at R232,8 million (2019: R424,3 million) and
- reversal of impairment stated at R19,4 million (2019: R656,8 million).

Since the PPE is included in the determination of net cash flows from investing activities reported in the cash flow statement, I was unable to determine whether cash flows from investing were accurate and complete.

12. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated as R1,738 billion (2019: R1,724 billion) in note 32 to the consolidated financial statements.

## Prepayments

### National Student Financial Aid Scheme

13. I was unable to obtain sufficient appropriate audit evidence that prepayments made to institutions had been properly accounted for, due to the status of the accounting records. I was unable to confirm the prepayments to institutions balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to prepayments to institutions in the consolidated financial statements:
  - Limitation on prepayments to institutions, stated as R21,423 billion (2019: R17,890 billion) in note 8 to the consolidated financial statements and
  - Amounts due to institutions (non-exchange), stated as R965 billion (2019:

R781 billion) in note 23 to the consolidated financial statements.

## Investment in associates

### Compensation Fund

14. I was unable to obtain sufficient appropriate audit evidence to validate the data used to perform the valuations of unlisted investments for the current and prior year. Furthermore, the valuation reports used to support the figures reported in the consolidated and separate financial statements were not prepared in line with the reporting framework of the public entity. The public entity's records did not permit the application of alternative audit procedures in this regard. As a consequence, I was unable to determine whether any adjustments were necessary to investment in associates amounting to R53 billion (2019: R57 billion) as stated in note 18 to the consolidated financial statements.

## Non-current provision for outstanding claims

### Compensation Fund

15. I was unable to obtain sufficient appropriate audit evidence for the provision for outstanding claims for both the current and the prior year. Management did not implement effective systems of internal control to maintain proper accounting records and information relating to the movement in the provision for outstanding claims resulting from payments and the measurement of estimates in accordance with GRAP 19, Provisions, contingent liabilities and contingent assets. I could not confirm by any alternative means, whether any adjustments were necessary to the provision for outstanding claims stated in the consolidated financial statements as follows:
  - Outstanding claims: non-current liability of R376,754 billion (2019: R341,999 billion)



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

in note 28 to the consolidated financial statements.

- Outstanding claims: current liability of R80, 696 billion (2019: R65, 522 billion) in note 23 in the consolidated financial statements.

16. The limitations indicated above also have an impact on the profit / (loss) on fair value adjustment of R130, 054 billion (2019: R 83, 224 billion) in note 58 to the consolidated financial statements.

## Contingent liabilities

### National Student Financial Aid Scheme

17. I was unable to obtain sufficient appropriate audit evidence that contingent liabilities: student funding had been properly disclosed, due to the status of the data supporting management's estimate. I was unable to determine an estimate of the contingent liability by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the contingent liability: student funding disclosure stated at R524, 845 billion (2019: R240, 903 billion) in note 70 to the consolidated financial statements.

## Irregular expenditure

### National Student Financial Aid Scheme

18. The entity did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. The entity did not consult with the minister of Higher Education and Training when developing criteria and conditions for granting loans and bursaries to eligible students, and did not publish the revised criteria and conditions in the Government gazette. This resulted in irregular expenditure of R50 151 347 903. As the public entity did not quantify the full extent of the irregular expenditure, it was impracticable to determine the full understatement of irregular expenditure. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure disclosure stated at R270, 125 billion (2019: R238, 955 billion) in note 67 to the consolidated financial statements.

### Passenger Rail Agency of South Africa

19. Section 55(2)(b)(i) of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) requires the entity to disclose in a note to the controlling entity and economic entity financial statements particulars of all irregular expenditure that had occurred during the financial year. The group did not have an adequate system for identifying and disclosing all irregular expenditure and there were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all such expenditure had been properly recorded in note 40 to the financial statements. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure disclosure stated at R270, 125 billion (2019: R238, 955 billion) in note 67 to the consolidated financial statements.

### South African Broadcasting Corporation

20. The public entity did not include particulars of all irregular expenditure in the notes to the consolidated and separate financial statements, as required by section 55(2)(b)(i) of the PFMA. The irregular expenditure incurred was the result of payments made in contravention of supply chain management legislation and regulations. The public entity did not implement adequate internal control systems to identify and record all instances of irregular expenditure in both the current and prior years. The full extent of the misstatement identified could not be quantified and I was unable to confirm the amount of irregular expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure disclosure stated at R270, 125 billion (2019: R238, 955 billion) in note 67 to the consolidated financial statements.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Change in accounting policy

### Passenger Rail Agency of South Africa

21. During 2018/19, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the change in accounting policy for the first time adoption of GRAP in accordance with the requirements of Directive 11, Change in measurement basis following initial adoption of Standards of GRAP and GRAP 3. This was due to the lack of supporting audit evidence to substantiate the change in accounting policy adjustments for the capital subsidy and grants - non-current liabilities amount of R23, 1 billion and material inconsistencies between the amounts disclosed in respect of the adjustment to the capital subsidy and grants - non-current liabilities of R59,2 billion as previously reported for 2017/18 and the audited balances previously reported as R65,7 billion and R65,4 billion for the controlling entity and economic entity, respectively. I was unable to confirm this adjustment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the unspent conditional grants stated at R46, 043 billion for 2018/19 (2017/18: R40, 1 billion) for the consolidated financial statements as stated in note 24. My audit opinion on the financial statements for the period ended 31 March 2019 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the opening balances.
22. The change in accounting policy as disclosed in 2018/19, was also not accounted for in accordance with the requirements of GRAP 3. The financial statements stated that retrospective application was impracticable for periods preceding 2017/18, while no evidence was provided to substantiate this statement of impracticability. In addition, there was a lack of supporting audit evidence to substantiate the change in accounting policy adjustment for the accumulated surplus of R25,5 billion for the PRSA financial statements as disclosed in note 35 to the 2018/19 financial statements. I was also unable to confirm the restatement of the opening accumulated surplus balance by R23, 2 billion at 1 April 2017 as disclosed on the statement of changes in net assets for the year

ended 31 March 2017. This amount, together with the restatement of R2, 5 billion at 1 April 2018, was not included in the change in accounting policy note on the 31 March 2019 financial statements. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the accumulated surplus stated at R565, 989 billion for 2019 (2018: R481, 301 billion). My audit opinion on the financial statements for the period ended 31 March 2019 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the opening balances.

## Commitments

### Passenger Rail Agency of South Africa

23. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for commitments in accordance with the requirements of GRAP 1, Presentation of financial statements (GRAP 1). This was due to a lack of supporting audit evidence to substantiate the operational commitments as services contracted but not provided for. I was unable to confirm that the assumptions used by management were reasonable as they could not be substantiated by adequate supporting evidence. I was unable to confirm this amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the commitments already contracted but not provided for stated at R121, 574 billion (2019: R132, 691 billion) in note 68 to the financial statements for the controlling entity and the economic entity

## Basis of preparation

24. I was unable to obtain sufficient appropriate audit evidence of the completeness and accuracy of the elimination of inter-entity transactions and balances in respect of the current and prior year because the government's systems and processes were not at a level of maturity that would enable credible whole-of-government consolidation. I was unable to perform alternative procedures to



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

obtain reasonable assurance that inter-entity transactions and balances were eliminated in full. As a result of this, all inter-entity balances have not been fully eliminated and this has a resultant impact on related-party disclosures required by IPSAS 20. These remaining balances not eliminated have not been disclosed as related-party transactions as required by IPSAS20.

25. I was unable to obtain sufficient appropriate audit evidence in respect of six state-owned entities<sup>1</sup> (SOEs), four government business enterprises<sup>2</sup> (GBEs), seven public entities<sup>3</sup> and one chapter nine institution<sup>4</sup> whose unaudited financial information was included for consolidation because the audits of these entities had not been finalised in time to prepare the consolidated financial statements. Consequently, I could not determine by alternative means whether any further adjustments to the consolidated financial information of these entities were necessary.

26. The national public entities' financial statements have not consolidated one trading entity<sup>5</sup>, three state-owned entities<sup>6</sup> (SOEs) and one government business enterprise<sup>7</sup> (GBE) as required by GRAP 6, Consolidated and separate financial statements due to non-submission of financial information for the 2019-20 financial year. The effects on the consolidated financial statements of the failure to consolidate have not been determined for 31 March 2020 and corresponding figures.

## Context for the opinion

27. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated

financial statements section of this auditor's report.

28. I am independent of the department in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes

29. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Emphasis on matter

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

<sup>1</sup> **State-owned entities:** Independent Development Trust, CEF (Pty) Ltd, South African Nuclear Energy Corporation Limited, South African Airways (Pty) Ltd, Denel (Pty) Ltd and Land bank

<sup>2</sup> **Water boards:** Rand Water, Lepelle Northern Water, Amatola and Umgeni water

<sup>3</sup> **Public entities:** Agricultural Land Holding Account, Equalisation Fund, Government Printing Works, Represented Political Parties Fund, National Skills Fund, Unemployment Insurance Fund and Water Trading

Account  
<sup>4</sup> **Chapter nine institution:** Independent Electoral Commission

<sup>5</sup> **Trading entity:** Compensation Commissioner for Occupational Diseases

<sup>6</sup> **State owned entities:** South African Post Office Limited, SA Express (Pty) Ltd, Alexcor Limited

<sup>7</sup> **Water boards:** Sedibeng water

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Ministerial exemption in terms of section 92 of the PFMA from preparing a single set of consolidated financial statements

31. As disclosed in note 79 to the consolidated financial statements, the minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of section 8(1) of the act. The exemption applies to the financial periods 2017-18 to 2019-20 and allows the National Treasury not to prepare a single set of consolidated financial statements for national departments and national public entities.

## Subsequent events

32. As disclosed in note 72 to the consolidated financial statements, material subsequent events occurred after 31 March 2020. The events relate to additional funding and guarantees provided to some entities as well as the possible effects and implications of Covid-19 on some entities' future prospects, performance and cash flows.

## Restatement of corresponding figures

33. As disclosed in notes 63 to the consolidated financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the national public entities at, and for the year ended, 31 March 2020.

audited these schedules and, accordingly, I do not express an opinion on them.

## Responsibilities of the accounting officer for the consolidated financial statements.

36. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

37. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the national 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 national public entities or to cease operations, or has no realistic alternative but to do so

## Other matter

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

## Unaudited supplementary schedules

35. The supplementary information set out on pages 261 to 262 does not form part of the consolidated financial statements and is presented as additional information. I have not

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

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

38. My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
39. 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

40. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the consolidated financial statements and the auditor's report that have been specifically reported in this auditor's report.
41. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
42. 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.
43. 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard

## Internal control deficiencies

44. I considered internal control relevant to my audit of the consolidated financial statements. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion included in this report.
45. Lack of consequences for poor performance and transgressions at national public entities impedes the preparation of credible and accurate financial statements.
46. The slow response from leadership in capacitating the government workforce does not enable credible consolidated financial statements and thus compliance with the requirements of the PFMA and the financial reporting framework.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

47. Consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA and the financial reporting framework in respect of whole-of-government consolidation

*Auditor-General*

Pretoria

16 March 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 maintain professional 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 described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 basis of 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 National Treasury 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 this auditor'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
- obtain sufficient appropriate audit evidence regarding the financial information of all national departments within the Republic of South Africa to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

remain solely responsible for my audit  
opinion

## Communication with those charged with governance

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

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## ■ Annexure A

### List of entities consolidated

31 March 2020	31 March 2019
1 Academy of Science of South Africa	1 Academy of Science of South Africa
2 Accounting Standards Board	2 Accounting Standards Board
3 African Renaissance International Cooperation	3 African Renaissance International Cooperation
4 Agreement South Africa	4 Agreement South Africa
5 Agricultural Land Holding Account	5 Agricultural Land Holding Account
6 Agricultural Research Council	6 Agricultural Research Council
7 Agricultural Sector Education and Training Authority	7 Agricultural Sector Education and Training Authority
8 Air Traffic and Navigation Services Company Limited	8 Air Traffic and Navigation Services Company Limited
9 Airports Company of South Africa Ltd	9 Airports Company of South Africa Ltd
10 Amatola Water Board	10 Alexkor Limited
11 Armaments Corporation of South Africa Limited (ARSMCOR)	11 Amatola Water Board
12 Artscape	12 Armaments Corporation of South Africa Limited (ARSMCOR)
13 Auditor General of South Africa	13 Artscape
14 Banking Sector Education and Training Authority	14 Auditor General of South Africa
15 Bloem Water	15 Banking Sector Education and Training Authority
16 Boxing South Africa	16 Bloem Water
17 Brand SA	17 Boxing South Africa
18 Broadband Infrastructure Company (Pty) Ltd	18 Brand SA
19 Castle Control Board	19 Breede-Gouritz Catchment Management Agency
20 CEF (Pty) Ltd	20 Broadband Infrastructure Company (Pty) Ltd
21 Chemical Industries Education and Training Authority	21 Castle Control Board
22 Commission for Gender Equality (CGE)	22 CEF (Pty) Ltd
23 Community Schemes Ombud Services	23 Chemical Industries Education and Training Authority
24 Companies and Intellectual Property Commission	24 Commission for Conciliation, Mediation & Arbitration
25 Companies Tribunal	25 Commission for Gender Equality (CGE)
26 Compensation Fund, including Reserve Fund	26 Community Schemes Ombud Services
27 Competition Commission	27 Companies and Intellectual Property Commission
28 Competition Tribunal	28 Companies Tribunal
29 Construction Education and Training Authority	29 Compensation Fund, including Reserve Fund
30 Construction Industry Development Board	30 Competition Commission
31 Co-Operatives Banks Development Agency	31 Competition Tribunal
32 Council for Geoscience	32 Construction Education and Training Authority
33 Council for Medical Schemes	33 Construction Industry Development Board
34 Council for Scientific and Industrial Research	34 Co-Operatives Banks Development Agency
35 Council for the Built Environment	35 Council for Geoscience
36 Council on Higher Education	36 Council for Medical Schemes



# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 March 2020	31 March 2019
37 Cross-Border Road Transport Agency	37 Council for Scientific and Industrial Research
38 Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority	38 Council for the Built Environment
39 Deeds Registration Trading Account	39 Council on Higher Education
40 DENEL (Pty) Ltd	40 Cross-Border Road Transport Agency
41 Development Bank of Southern Africa	41 Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority
42 Die Afrikaanse Taal Museum	42 Deeds Registration Trading Account
43 Ditsong: Museums of Africa	43 DENEL (Pty) Ltd
44 Driving License Card Trading Account	44 Development Bank of Southern Africa
45 Education, Training and Development Practices SETA	45 Die Afrikaanse Taal Museum
46 Energy & Water Sector Education and Training Authority	46 Ditsong: Museums of Africa
47 Equalisation Fund	47 Driving License Card Trading Account
48 ESKOM	48 Education, Training and Development Practices SETA
49 Estate Agency Affairs Board	49 Energy & Water Sector Education and Training Authority
50 Export Credit Insurance Corporation of South Africa Limited	50 Equalisation Fund
51 Fibre Processing Manufacturing Sector Education and Training Authority	51 ESKOM
52 Film and Publication Board	52 Estate Agency Affairs Board
53 Financial & Fiscal Commission	53 Export Credit Insurance Corporation of South Africa Limited
54 Financial and Accounting Services SETA	54 Fibre Processing Manufacturing Sector Education and Training
55 Financial Intelligence Centre	55 Film and Publication Board
56 Financial Sector Conduct Authority	56 Financial & Fiscal Commission
57 Food and Beverages Manufacturing Industry SETA	57 Financial and Accounting Services SETA
58 Freedom Park Trust	58 Financial Intelligence Centre
59 Government Pensions Administration Agency	59 Financial Sector Conduct authority
60 Government Printing Works	60 Financial Services Board
61 Government Technical Advisory Centre (GTAC)	61 Food and Beverages Manufacturing Industry SETA
62 Health and Welfare Sector Education and Training Authority	62 Freedom Park Trust
63 Housing Development Agency	63 Government Pensions Administration Agency
64 Human Sciences Research Council	64 Government Printing Works
65 Independent Communications Authority of South Africa	65 Government Technical Advisory Centre
66 Independent Development Trust	66 Health and Welfare Sector Education and Training Authority
67 Independent Electoral Commission	67 Housing Development Agency
68 Independent Regulatory Board for Auditors	68 Human Sciences Research Council
69 Industrial Development Corporation of South Africa Limited	69 Independent Communications Authority of South Africa
70 Ingonyama Trust Board	70 Independent Development Trust
71 Inkomati-Usuthu Catchment Management Agency	71 Independent Electoral Commission
72 Insurance Sector Education and Training Authority	72 Independent Regulatory Board for Auditors
73 International Trade Administration Commission	73 Industrial Development Corporation of South Africa Limited

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 March 2020	31 March 2019
74 Isimangaliso Wetland Park	74 Ingonyama Trust Board
75 Iziko Museums of Cape Town	75 Inkomati- Usuthu Catchment Management Agency
76 Kwa-Zulu Natal Museum	76 Insurance Sector Education and Training Authority
77 LANDBANK	77 International Trade Administration Commission
78 Legal Aid South Africa	78 Isimangaliso Wetland Park
79 Lepelle Northern Water	79 Iziko Museums of Cape Town
80 Local Education and Training Authority	80 Kwa-Zulu Natal Museum
81 Luthuli Museum	81 LANDBANK
82 Magalies Water	82 Legal Aid South Africa
83 Manufacturing Engineering and Related Services SETA	83 Lepelle Northern Water
84 Marine Living Resources Fund	84 Local Government Education and Training Authority
85 Market Theatre Foundation	85 Luthuli Museum
86 Media Development Diversity Agency	86 Magalies Water
87 Media, Information and Communication Technologies SETA	87 Manufacturing Engineering and Related Services Education Training Authority
88 Medical Research Council of South Africa	88 Marine Living Resources Fund
89 Mhlathuze Water	89 Market Theatre Foundation
90 Mine Health and Safety Council	90 Media Development Diversity Agency
91 Mining Qualifications Authority	91 Media, Information and Communication Technologies Sector Edu
92 MINTEK	92 Medical Research Council of South Africa
93 Municipal Demarcation Board	93 Mhlathuze Water
94 Municipal Infrastructure Support Agency	94 Mine Health and Safety Council
95 National Agricultural Marketing Council	95 Mining Qualifications Authority
96 National Arts Council of South Africa	96 MINTEK
97 National Consumer Commission	97 Municipal Demarcation Board
98 National Consumer Tribunal	98 Municipal Infrastructure Support Agency
99 National Credit Regulator	99 National Agricultural Marketing Council
100 National Development Agency	100 National Arts Council of South Africa
101 National Economic Development and Labour Council	101 National Consumer Commission
102 National Electronic Media Institute of South Africa	102 National Consumer Tribunal
103 National Empowerment Fund	103 National Credit Regulator
104 National Energy Regulator of South Africa	104 National Development Agency
105 National English Literary Museum	105 National Economic Development and Labour Council
106 National Film and Video Foundation of South Africa	106 National Electronic Media Institute of South Africa
107 National Gambling Board of South Africa	107 National Empowerment Fund
108 National Health Laboratory Service	108 National Energy Regulator of South Africa
109 National heritage Council of South Africa	109 National English Literary Museum
110 National Home Builders Registration Council	110 National Film and Video Foundation of South Africa
111 National Housing Finance Corporation Limited	111 National Gambling Board of South Africa
112 National Library of South Africa	112 National Health Laboratory Service
113 National Lotteries Commission	113 National Heritage Council of South Africa
114 National Metrology Institute of South Africa	114 National Home Builders Registration Council
115 National Museum, Bloemfontein	115 National Housing Finance Corporation Limited
116 National Nuclear Regulator	116 National Library of South Africa



# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 March 2020	31 March 2019
117 National Radioactive Waste Disposal Institute	117 National Lotteries Commission
118 National Regulator for Compulsory Specifications	118 National Metrology Institute of South Africa
119 National Research Foundation	119 National Museum, Bloemfontein
120 National School of Government	120 National Nuclear Regulator
121 National Skills Fund	121 National Regulator for Compulsory Specifications
122 National Student Financial Aid Scheme	122 National Research Foundation
123 National Youth Development Agency	123 National Skills Fund
124 Nelson Mandela National Museum	124 National Student Financial Aid Scheme
125 Office of Health Standards Compliance	125 National School of Government
126 Office of the Ombud for Financial Services Providers	126 National Youth Development Agency
127 Office of the Pension Fund Adjudicator	127 National Radio Active Waste Disposal Institute
128 Office of the Valuer-General	128 Nelson Mandela National Museum
129 Onderstepoort Biological Products Limited	129 Office of Health Standards Compliance
130 Pan South African Language Board	130 Office of the Ombud for Financial Services Providers
131 Passenger Rail Agency of South Africa	131 Office of the Valuer- General
132 Performing Arts Council of the Free State	132 Onderstepoort Biological Products Limited
133 Perishable Products Export Control Board	133 Overberg Water
134 Playhouse Company	134 Coega Development Corporation (Pty) Ltd
135 Ports Regulator of South Africa	135 Pan South African Language Board
136 President's Fund	136 Passenger Rail Agency of South Africa
137 Private Security Industry Regulatory Authority	137 Performing Arts Council of the Free State
138 Productivity SA	138 Perishable Products Export Control Board
139 Property Management Trading Entity	139 Playhouse Company
140 Public Investment Corporation Limited	140 Ports Regulator of South Africa
141 Public Protector of South Africa	141 President's Fund
142 Public Service Sector Education and Training Authority	142 Private Security Industry Regulatory Authority
143 Quality Council for Trades and Occupations	143 Productivity SA
144 Railway Safety Regulator	144 South African Express (Pty) Ltd
145 Rand Water	145 Property Management Trading Entity
146 Represented Political Parties Fund	146 Public Investment Corporation Limited
147 Road Accident Fund	147 Public Protector of South Africa
148 Road Traffic Infringement Agency	148 Public Service Sector Education and Training Authority
149 Road Traffic Management Corporation	149 Quality Council for Trades and Occupations
150 Robben Island Museum	150 Railway Safety Regulator
151 Safety and Security Education and Training Authority	151 Rand Water
152 Sasria Limited	152 Represented Political Parties Fund
153 Sentech Limited	153 Road Accident Fund
154 Services Sector Education and Training Authority	154 Road Traffic Infringement Agency
155 Small Enterprise Development Agency	155 Road Traffic Management Corporation
156 Social Housing Regulatory Authority	156 Robben Island Museum
157 South African Airways (Pty) Ltd	157 Office of the Pension Fund Adjudicator
158 South African Broadcasting Corporation Limited	158 Safety and Security Education and Training Authority
159 South African Bureau of Standards	159 Sasria Limited
160 South African Civil Aviation Authority	160 Sedibeng Water

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 March 2020	31 March 2019
161 South African Council for Educators	161 Sentech Limited
162 South African Diamond and Precious Metals Regulator	162 Services Sector Education and Training Authority
163 South African Forestry Company Limited	163 Small Enterprise Development Agency
164 South African Health Products Regulatory Authority	164 Social Housing Regulatory Authority
165 South African Heritage Resources Agency	165 South African Airways (Pty) Ltd
166 South African Human Rights Commission	166 South African Bureau of Standards
167 South African Institute for Drug-Free Sport	167 South African Civil Aviation Authority
168 South African Library for the Blind	168 South African Council for Educators
169 South African Local Government Association	169 South African Diamond and Precious Metals Regulator
170 South African Maritime Safety Authority	170 South African Forestry Company Limited
171 South African National Accreditation System	171 South African Health Products Regulatory Authority
172 South African National Biodiversity Institute	172 South African Heritage Resources Agency
173 South African National Energy Development Institute	173 South African Human Rights Commission
174 South African National Parks	174 South African Institute for Drug-Free Sport
175 South African National Roads Agency Limited	175 South African Library for the Blind
176 South African National Space Agency	176 South African Local Government Association
177 South African Nuclear Energy Corporation Limited	177 South African Maritime Safety Authority
178 South African Qualifications Authority	178 South African National Accreditation System
179 South African Reserve Bank	179 South African National Biodiversity Institute
180 South African Revenue Services (SARS)	180 South African National Energy Development Institute
181 South African Social Services Agency	181 South African National Parks
182 South African State Theatre	182 South African National Roads Agency Limited
183 South African Tourism	183 South African National Space Agency
184 South African Weather Service	184 South African Nuclear Energy Corporation Limited
185 Special Investigation Unit	185 South African Post Office Limited
186 State Diamond Trader	186 South African Qualifications Authority
187 State Information Technology Agency	187 South African Reserve Bank
188 Supported Employment Enterprise	188 South African Revenue Services (SARS)
189 Technology Innovation Agency	189 South African Social Services Agency
190 Telkom SA Limited	190 South African State Theatre
191 The Commission for PPRCRLC	191 South African Tourism
192 Commission on Restitution of Land Rights	192 South African Weather Service
193 Thubelisha Homes	193 Supported Employment Enterprise
194 Trans-Caledon Tunnel Authority	194 Special Investigation Unit
195 Transnet Limited	195 State Diamond Trader
196 Transport Education and Training Authority	196 State Information Technology Agency
197 uMalusi Council for Quality Assurance in General and Further Education	197 Technology Innovation Agency
198 Umgeni Water	198 Telkom SA Limited
199 uMsunduzi Museum (includes Voortrekker Museum)	199 The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
200 Unemployment Insurance Fund	200 Thubelisha Homes
201 Universal Service and Access Agency of South Africa	201 Trans-Caledon Tunnel Authority
202 Universal Service and Access Fund	202 Transnet Limited

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 March 2020	31 March 2019
<b>203</b> War Museum of the Boer Republics	<b>203</b> Transport Education and Training Authority
<b>204</b> Water Research Commission	<b>204</b> uMalusi Council for Quality Assurance in General and Further
<b>205</b> Water Trading Account	<b>205</b> Umgeni Water
<b>206</b> Wholesale and Retail Sector Education and Training Authority	<b>206</b> uMsunduzi Museum (& Voortrekker Museum)
<b>207</b> William Humphreys Art Gallery	<b>207</b> Unemployment Insurance Fund
<b>208</b> Overberg Water	<b>208</b> Universal Service and Access Agency of South Africa
<b>209</b> Commission for Conciliation, Mediation and Arbitration	<b>209</b> Universal Service and Access Fund
<b>210</b> Breede-Gouritz Catchment Management Agency	<b>210</b> War Museum of the Boer Republics
	<b>211</b> Water Research Commission
	<b>212</b> Water Trading Account
	<b>213</b> Wholesale and Retail Sector Education and Training Authority
	<b>214</b> William Humphreys Art Gallery

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## ■ Annexure B

### PFMA listed and unlisted entities not consolidated

31 March 2020	31 March 2019
1 Compensation Commissioner for Occupational Diseases	1 Compensation Commissioner for Occupational Diseases
2 South African Post Office Limited	2 Vredefort Dome World Heritage Site
3 Alexkor Limited	3 Rural Housing Loan Fund
4 South African Express (Pty) Ltd	4 National Urban Reconstruction and Housing Agency
5 Sedibeng Water	5 Servcon Housing Solutions (Pty) Ltd
	Special Defence Account (consolidated under
	6 Department of Defence)

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## ■ Annexure C

### List of entities consolidated with year ends other than 31 March

31 March 2020	31 March 2019
1 Amatola Water Board	1 Amatola Water Board
2 Bloem Water	2 Bloem Water
3 Lepelle Northern Water	3 Lepelle Northern Water
4 Magalies Water	4 Magalies Water
5 Mhlathuze Water	5 Mhlathuze Water
6 Overberg Water	6 Overberg Water
7 Rand Water	7 Rand Water
8 Sedibeng Water	8 Sedibeng Water
9 Umgeni Water	9 Umgeni Water

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## ■ Annexure D

### List of entities consolidated based on draft AFS

31 March 2020	31 March 2019
1 Amatola Water Board	1 Amatola Water Board
2 DENEL (Pty) Ltd	2 DENEL (Pty) Ltd
3 Independent Development Trust	3 Independent Development Trust
4 Water Trading Account	4 Water Trading Account
5 Lepelle Northern Water	5 Lepelle Northern Water
6 Umgeni Water	6 Mhlathuze Water
7 South African Airways (Pty) Ltd	7 Overberg Water
8 South African Nuclear Energy Corporation Limited	8 Umgeni Water
9 CEF (Pty) Ltd	9 Sedibeng Water
10 Agricultural Land Holdings Account	10 South African Airways (Pty) Ltd
11 Equalisation Fund	11 South African Nuclear Energy Corporation Limited
12 Government Printing Works	12 State Diamond Trader
13 Unemployment Insurance Fund	13 Trans-Caledon Tunnel Authority
14 Independent Electoral Commission	14 South African Express (Pty) Ltd
15 Land Bank	15 Government Printing Works
16 Represented Political Parties Fund	16 National Student Financial Aid Scheme
17 Rand Water	17 South African Council for Educators
18 National Skills Fund	18 Marine Living Resources Fund
	19 Passenger Rail Agency of South Africa
	20 Rand Water
	21 South African Health Products Regulatory Authority

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2020

	Note	2019/20 R '000	2018/19 R '000
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>196 986 481</b>	<b>182 432 566</b>
Government grants and subsidies	37	68 400 785	69 103 311
Public contributions and donations	38	5 256 961	4 551 435
Transfers and Sponsorships	39	8 965 953	8 580 488
Fines and Penalties	40	1 217 383	1 131 719
Legislative and Oversight functions	41	105 459 039	91 675 795
Taxation revenue	42	7 346 229	7 068 956
Licences and permits		340 132	320 862
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>523 497 844</b>	<b>515 559 878</b>
Sale of Goods & Rendering of Services	43	413 698 737	398 967 411
Rental of facilities and equipment	44	6 894 146	6 848 748
Interest earned - external investments	45	57 919 513	65 821 639
Interest earned - outstanding receivables	46	5 963 356	5 637 524
Other income	47	37 817 429	36 765 995
Licences and permits		1 204 663	1 518 561
<b>TOTAL REVENUE</b>		<b>720 484 326</b>	<b>697 992 444</b>
<b>EXPENSES</b>			
Employee related costs	48	(141 810 037)	(139 755 535)
Repairs and maintenance	49	(22 616 555)	(23 529 706)
Depreciation and amortisation expense	50	(65 351 588)	(66 090 622)
Contracted services	51	(5 053 626)	(4 844 967)
Grants and subsidies paid	52	(28 146 282)	(25 429 396)
Finance costs	53	(80 346 862)	(78 515 969)
General expenses	54	(386 903 615)	(383 386 314)
Bad debts		(7 531 876)	(6 523 418)
Non Profit institutions and donor project expenses		(521 733)	(451 317)
<b>TOTAL EXPENSES</b>		<b>(738 282 175)</b>	<b>(728 527 243)</b>
<b>OTHER GAINS / (LOSSES)</b>		<b>69 692 305</b>	<b>68 797 255</b>
Loss on sale of assets	55	(5 059 223)	(1 012 624)
Impairment (Loss) / Reversal of impairment loss	56	(34 880 114)	(14 777 807)
Gain on fair value adjustment	57	130 054 889	83 224 245
Gain / (Loss) on revaluation of assets	58	(20 011 377)	1 332 263
Loss on sale of shares		(7 436)	(3 634)
Inventories: Write-down to net realisable value		(404 434)	34 812
Share of surplus/ (deficit) of joint venture using equity method	16	68 674	59 560
Share of surplus/ (deficit) of associate	17	2 159 992	3 054 757

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2020

	Note	2019/20 R '000	2018/19 R '000
<b>Continuing Operations Surplus/ (Deficit) before tax</b>		<b>54 123 121</b>	<b>41 376 772</b>
Taxation	59	715 339	2 161 465
<b>Continuing Operations Surplus/ (Deficit) after tax</b>		<b>54 838 460</b>	<b>43 538 237</b>
<b>DISCONTINUED OPERATIONS SURPLUS / (DEFICIT) AFTER TAX</b>	60	<b>4 307</b>	<b>(65 545)</b>
<b>TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX</b>		<b>54 842 767</b>	<b>43 472 692</b>
<i>Attributable to:</i>			
<i>Owners of the controlling entity</i>		<b>54 416 531</b>	<b>43 035 729</b>
<i>Non-Controlling Interests</i>		426 236	436 962



# STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2020

	Note	2019/20 R '000	2018/19 R '000
<b>ASSETS</b>			
<b>Current assets</b>		<b>1 623 200 238</b>	<b>1 281 698 021</b>
Cash and cash equivalents	1	225 313 980	194 082 500
Trade and other receivables from exchange transactions	2	66 534 088	64 159 570
Other receivables from non-exchange transactions	3	9 412 757	7 531 988
Other current financial assets	4	1 169 991 589	877 558 258
Current portion of non-current receivables	5	14 056 412	11 996 686
Inventories	6	48 570 341	41 990 468
Prepayments	7	21 423 592	17 890 306
Current Investments	8	46 360 691	43 983 635
Construction contract receivables	9	986 274	1 017 519
Current assets held for sale	10	8 726 811	8 733 014
Finance lease receivable	11	120 267	138 593
Statutory receivables	12	11 703 435	12 615 484
<b>Non-current assets</b>		<b>2 344 178 888</b>	<b>2 353 081 701</b>
Non-current receivables from exchange transactions	13	21 657 129	25 628 371
Non-Current Investments	14	361 208 382	393 910 805
Non-Current Finance Lease Receivable	11	571 447	587 782
Other non-current financial assets	15	66 686 456	51 071 634
Investments in Joint Ventures	16	704 142	750 814
Investments in Associates	17	53 913 549	57 312 137
Deferred Tax Assets	18	18 987 555	17 641 677
Defined benefit plan assets	30	3 083 326	4 351 447
Property, plant and equipment	31	1 738 234 141	1 724 783 313
Heritage assets	32	9 502 025	9 420 790
Intangible assets	33	29 904 255	29 416 314
Investment property	34 & 35	36 402 444	34 893 479
Biological assets	36	3 324 037	3 313 137
<b>TOTAL ASSETS</b>		<b>3 967 379 126</b>	<b>3 634 779 722</b>

# STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2020

	Note	2019/20 R '000	2018/19 R '000
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>1 338 867 840</b>	<b>1 080 574 552</b>
Bank overdraft	1	3 515 524	4 264 042
Trade and other payables from exchange transactions	19	135 333 293	112 582 256
VAT payable	20	4 615 784	5 453 766
Taxes and transfers payable	21	4 659 567	5 238 615
Other current financial liabilities	22	965 075 040	781 888 259
Current provisions	23	80 696 799	65 522 548
Current portion of unspent conditional grants and receipts	24	23 403 790	17 524 189
Current portion of long-term borrowings	25	118 326 601	85 654 078
Short-Term Borrowings	26	824 454	854 658
Current portion of finance lease liability	27	1 705 209	1 131 055
Current portion of operating lease liability		711 727	460 980
Service Concession Arrangement	73	52	107
<b>Non-current liabilities</b>		<b>1 394 612 389</b>	<b>1 341 197 706</b>
Deferred Tax Liabilities	18	67 141 792	79 972 036
Unspent conditional grants and receipts	24	50 000 270	46 043 194
Long-term borrowings	25	685 711 587	660 888 408
Finance lease liability	27	14 028 354	11 113 717
Non-current provisions	28	376 754 682	341 999 997
Other non-current financial liabilities	29	75 357 656	80 395 065
Defined benefit plan obligations	30	23 704 578	27 001 220
Deferred Income	47	95 587 494	87 648 591
Operating lease liability		6 325 924	6 135 448
Service Concession Arrangement	73	51	30
<b>TOTAL LIABILITIES</b>		<b>2 733 480 229</b>	<b>2 421 772 258</b>
<b>NET ASSETS</b>		<b>1 233 898 897</b>	<b>1 213 007 464</b>
Ordinary Shares		171 194 533	118 994 532
Preference Shares		250 000	250 000
Revaluation Reserve		402 308 358	388 123 300
Contributed Capital		46 233 416	40 632 314
Translation Reserve		3 709 168	2 717 483
Other Reserves		141 584 476	95 972 633
Accumulated Surplus/ (Deficit)		468 308 187	565 989 054
Non-Controlling Interests		310 758	328 148
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>3 967 379 126</b>	<b>3 634 779 722</b>

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2020

	Attributable To Owners Of The Controlling Entity								
	Ordinary Shares	Preference Shares	Revaluation Reserve	Contributed Capital	Translation Reserve	Other reserves	Accumulated Surplus/ (Deficit)	Minority Interest	Total Net Assets
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
BALANCE AT 31 MARCH 2018	118 994 532	250 000	421 270 667	34 591 995	1 403 515	72 286 102	481 301 666	482 445	1 130 580 922
Changes in accounting policy			(107 821)			(8 094)	(4 322 341)		(4 438 256)
Correction of prior period error			32 479		13 677	6 619 669	(6 824 781)	52 101	(106 855)
BALANCE AT 1 APRIL 2018	118 994 532	250 000	421 195 325	34 591 995	1 417 192	78 897 677	470 154 544	534 546	1 126 035 811
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment			5 718 411						5 718 411
Net of Tax Surplus / (Deficit) on revaluation of Intangible Assets			-						-
Net of Tax Surplus / (Deficit) on revaluation of heritage assets			53 217						53 217
Net of Tax Surplus / (Deficit) on Revaluation of Investments Available For Sale			(295 339)						(295 339)
Net Of Tax Currency Translation Differences					730 787				730 787
Transfers to / from other reserves			(2 356 044)			9 146 926	(6 478 044)	(2 596)	310 242
Increase / (Decrease) in Share Capital / Capital Contributions				5 000 000					5 000 000
Surplus / (Deficit) for the period as per Statement of Financial Performance									
Transfers to / from accumulated surplus/(deficit)			387		522 391	4 123 476	43 035 729	436 962	43 472 692
Dividends Paid (Net Of STC)							(2 558 966)	(368 360)	2 087 288
Cash flow hedges						2 982 915	(46 417)		(414 777)
Contributions introduced						254 230	(2 401)		2 980 514
Other Movements			(36 192 657)	1 040 319	47 113	567 409	(254 224)	118 598	118 604
							62 179 221	(391 002)	27 250 401

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2020

Attributable To Owners Of The Controlling Entity									
	Ordinary Preference Shares R '000	Revaluation Reserve R '000	Contributed Capital R '000	Translation Reserve R '000	Other Reserves R '000	Accumulated Surplus/ (Deficit) R '000	Minority Interest R '000	Total Net Assets R '000	
<b>BALANCE AT 31 MARCH 2019</b>	118 994 532	250 000	388 123 300	40 632 314	2 717 483	95 972 633	566 029 441	328 148	1 213 047 850
Changes in accounting policy									
Correction of prior period error						(40 387)			(40 387)
<b>BALANCE AT 1 APRIL 2019</b>	118 994 532	250 000	388 123 300	40 632 314	2 717 483	95 972 633	565 989 054	328 148	1 213 047 850
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment			14 215 202						14 215 202
Net of Tax Surplus / (Deficit) on revaluation of Intangible Assets			1 056						1 056
Net of Tax Surplus / (Deficit) on revaluation of heritage assets			(97 232)						(97 232)
Net of Tax Surplus / (Deficit) on Revaluation of Investments Available For Sale									
Net Of Tax Currency Translation Differences				399 186					399 186
Transfers to / from other reserves					5 276 082	(6 953 748)	(10 735)		(1 803 680)
Increase / (Decrease) in Share Capital / Capital Contributions									
Surplus / (Deficit) for the period as per Statement of Financial Performance	52 200 000			5 500 000					57 700 000
Transfers to / from accumulated surplus/(deficit)			1 326						54 842 767
Dividends Paid (Net Of STC)				603 372	31 945 927	(32 029 705)	2 183		523 103
Cash flow hedges					4 815 638	(155 217)	(620 400)		(775 617)
Contributions introduced					1 799 999	(1)			4 815 637
Other Movements	1		179 986	101 102	(10 873)	1 774 198	89 648		1 892 552
<b>BALANCE AT 31 MARCH 2020</b>	171 194 533	250 000	402 308 358	46 233 416	3 709 168	141 584 476	468 308 187	310 758	1 233 898 897

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2020

	Note	2019/20 R '000	2018/19 R '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>		<b>718 403 583</b>	<b>702 530 682</b>
Transfers and Subsidies		92 748 328	89 706 757
Taxation Revenue		4 422 821	4 079 247
Sale of goods and rendering of services		467 279 031	440 460 323
Other Operating Revenue		21 531 243	19 111 026
Service charges		6 594 254	5 726 308
Grants		51 781 646	40 689 790
Interest, Dividends and Rent on land		40 117 134	40 405 385
Fines, penalties and forfeits		1 582 182	1 452 698
Other Receipts		32 346 943	60 899 147
<b>PAYMENTS</b>		<b>(659 946 674)</b>	<b>(617 531 243)</b>
Compensation of Employees		(149 703 429)	(138 405 606)
Goods and Services		(286 835 925)	(268 196 547)
Interest and Rent on land		(81 545 884)	(78 058 505)
Taxation Paid		(3 934 915)	(3 677 430)
Other payments		(137 926 520)	(129 193 156)
<b>Net cash flows from operating activities</b>	62	<b>58 456 909</b>	<b>84 999 438</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(87 527 982)</b>	<b>(98 739 239)</b>
Purchase of Property, Plant and Equipment		(63 766 767)	(77 465 802)
Purchase of Intangible Assets		(1 910 323)	(1 687 439)
Purchase of Investment Property		(157 159)	(337 544)
Purchase of Heritage Assets		(93 660)	(120 302)
Purchase of Biological Assets		(4 781)	(79 768)
Proceeds on Disposal of Property, Plant and Equipment		774 495	1 689 285
Proceeds on Disposal of Intangible Assets		465	9 787
Proceeds on Disposal of Investment Property		75 985	114 891
Proceeds on Disposal of Heritage Assets		(45)	(54)
Proceeds on Disposal of Biological Assets			37 000
Purchase of available-for-sale financial assets		(5 650 267)	(4 089 722)
Proceeds from sale of Investments		18 597 683	24 805 879
Purchase of controlled entity (net of cash acquired)		(60 000)	(28 958)
Dividend income		3 632 351	2 879 255
Movement in pension fund assets / liabilities		(3 691)	
Loans granted to associates / other economic entities		(15 678 839)	(9 871 281)
Loan repayments received from associates / other economic entities		6 621 215	10 157 053
Borrowing costs capitalised		(1 439 000)	(1 659 709)
Acquisition of investments		(36 643 172)	(54 989 307)
Additional movements		8 177 528	11 897 497
<b>Net cash flows from investing activities</b>		<b>(87 527 982)</b>	<b>(98 739 239)</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2020

	Note	2019/20 R '000	2018/19 R '000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>59 112 812</b>	<b>14 348 091</b>
Proceeds from borrowings		79 031 028	104 960 015
Repayment of borrowings		(76 592 614)	(99 894 413)
Proceeds from issuance of ordinary shares / contributed capital		54 628 277	5 194 866
Proceeds from issuance of redeemable preference shares		4 820 219	5 745 458
Proceeds from service concession arrangements		62 778	526 484
Purchase of treasury shares		(10 813)	1 769
Repayment / issuance of financial guarantee contracts		(664 272)	(1 114 430)
Finance lease payments		(930 416)	(380 246)
Distribution / dividends paid		(1 231 375)	(691 413)
<b>Net cash flows from financing activities</b>		<b>59 112 812</b>	<b>14 348 091</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		30 041 739	608 290
Cash and cash equivalents at the beginning of the year		189 818 458	187 304 974
Effect of exchange rate movement on cash balances		1 938 258	1 905 195
<b>Cash and cash equivalents at the end of the year</b>	1	<b>221 798 456</b>	<b>189 818 458</b>

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## ■ Basis of preparation

The National Public Entity Consolidated Annual Financial Statements are prepared in accordance with the principles of GRAP. In particular, the principles of GRAP 6: Consolidated and Separate Financial Statements have been applied to the development of the accounting policies supporting the consolidation. More information is provided in the accounting policies in this regard. In the absence of an identifiable reporting entity, the scope of the consolidation has been determined with reference to the requirements of the Public Finance Management Act, read with GRAP 6.

The public entities' annual financial statements included in this set of consolidated annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999). Entities reporting on accounting frameworks other than GRAP were adjusted accordingly to ensure uniform accounting policies for like transactions in similar circumstances.

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

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

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

## Determining the basis of preparation

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

The Minister of Finance granted exemption in terms of Section 92 of the PFMA for the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated AFS for national departments and public entities. The exemption applies to the financial periods 2017-18 to 2019-20 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

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

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

## Scope of consolidation

There is no specific identifiable controlling entity as envisaged in GRAP 6. The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. The



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

decision to include or exclude entities cannot be based solely on an analysis of control where this would deviate from the objectives of the consolidation, and hence the users' needs; it must therefore be further based on some other suitable criteria that are in line with the needs of users. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament for the use of public funds must be the primary driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases.

Consequently, if an entity has a legal obligation to account to Parliament on its finances, it is deemed to also be under the control of the National Executive, and shall be included in the national public entity consolidation. This approach is expected to prudently ensure a more complete consolidation.

## Treatment of Departmental Trading Entities and Other Unlisted Entities, Trusts and Funds

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

Similarly, unlisted public entities, trusts and funds that meet the criteria as set out in the scope of the consolidation shall also be included in the consolidation.

## Budget information

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

## Presentation currency

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

## Going concern assumption

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

## Comparative information

### Prior year comparatives

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

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

The presentation and classification of items in the current year is consistent with prior periods.

## Standards, amendments to standards and interpretations issued but not yet effective

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



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

in accordance with GRAP 3 as read with Directive 5:

## GRAP 34 Separate Financial Statements

The standard requires entities that elect or are required by legislation or similar means, to present separate financial statements; to account for their investments in controlled entities, joint ventures and associates either at cost, in accordance with the Standard of GRAP on Financial Instruments or using the equity method as described in the Standard of GRAP on Investments in Associates and Joint Ventures.

The standard further requires entities to prepare separate financial statements in accordance with all applicable standards of GRAP, except as provided for in the standard.

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2020.

## GRAP 35 Consolidated Financial Statements

The standard requires controlling entities to prepare consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Entities that prepare consolidated financial statements are required to follow the consolidation procedures as outlined in the standard.

The standard further requires the financial statements of the controlling entities and their controlled entities used in the preparation of the consolidated financial statement to be prepared as at the same reporting date.

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2020.

## GRAP 36 Investments in Associates and Joint Ventures

The standard requires entities with joint control of, or significant influence over, an investee to account for its investment in an associate or a joint venture using the equity method.

Entities are required to apply judgement to determine whether they have significant influence over the investee based on the nature of the relationship between them and the investee and the definition of significant influence as included in the standard.

The standard further requires entities to discontinue the use of equity method from the date when their investments cease to be associates or joint ventures.

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2020.

## GRAP 37 Joint Arrangements

The standard requires entities to determine the type of joint arrangements in which they are involved in and classify them accordingly - i.e. as joint operations or joint ventures. When an entity has determined that it is a joint operator, it applies the principles documented in other Standards of GRAP to account for the assets, liabilities, revenue and expenses relating to its interest in a joint operation.

When an entity has determined that it is a joint venturer, it applies the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36) to account for its interest in a joint venture as an investment.

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2020.

## GRAP 38 Disclosure of Interests in Other Entities

The standard requires entities to disclose information that enables users of its financial statements to evaluate:

- a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- b) the effects of those interests on its financial position, financial performance and cash flows.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2020.

## GRAP 110 Living and Non-living Resources

The standard requires entities to recognise living resources as assets if it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the cost or fair value of the asset can be measured reliably. The recognition of non-living resources as assets is only limited to land.

The standard further requires entities to derecognise living resources on disposal or when no future economic benefits or service potential are expected from its use or disposal

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2020.

## Significant judgements and estimates

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

### Judgements

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

### Estimates

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

processed in the period of the review and applied prospectively.

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

### Other provisions

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

### Pension and medical post-employment benefits

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

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

### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life.

In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

## Allowance for doubtful debts

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

## Fair value determination of properties (excluding heritage assets)

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

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

## Heritage assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their

estimated useful lives. The valuation of heritage assets is dependent on the type of the asset and the availability of reliable information. Management makes estimates and assumptions about factors such as the restoration cost, replacement cost and cash flow generating ability in estimating fair value.

## Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

# Financial instruments

## Initial recognition

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

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

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

## Initial measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## Subsequent measurement

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

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

### Financial instruments at fair value

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

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

### Financial instruments at amortised cost

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

### Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

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

## Concessionary loans

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

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

## Derecognition

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

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

## Gains and losses

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

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

## Offsetting

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Impairments

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

### For financial assets held at amortised cost:

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

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

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

impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

### For financial assets held at cost:

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

## Policies relating to specific financial instruments

### Investments at amortised cost

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

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

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

### Investments at fair value

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

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

### Investments at cost

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



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

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

## Trade and other receivables

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

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

## Trade and other payables

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

## ■ Inventories

### Initial recognition and measurement

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other

costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

### Subsequent measurement

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

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

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

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

### Derecognition

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## ■ Non-current assets held for sale

### Recognition

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

### Measurement

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

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

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

### Derecognition

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

## ■ Property, plant and equipment

### Initial recognition and measurement

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

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

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

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

## Subsequent measurement

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

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

## Subsequent expenditure

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

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

## Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is

determined after taking into account an assets' residual value, where applicable to entity.

The assets' residual values, useful lives and depreciation methods are assessed at each reporting date and change(s) is/are accounted for as a change in an accounting estimate in accordance with the relevant Standard of GRAP.

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

CATEGORY OF ASSET	USEFUL LIFE RANGE IN YEARS
<b>Land &amp; Buildings</b>	
<i>Buildings</i>	15 - 50
<i>Land</i>	Indefinite Life
<b>Infrastructure Assets</b>	
<i>Roads, Sidewalks &amp; Storm water Networks</i>	5 – 100
<i>Beach Developments</i>	30 – 50
<i>Electricity Reticulation &amp; Supply</i>	10 – 80
<i>Sewerage Mains &amp; Purification Works</i>	15 – 80
<i>Waste Disposal Facilities</i>	20 – 100
<i>Water Supply &amp; Reticulation</i>	10 – 50
<i>Dams &amp; Treatment Works</i>	25 – 100
<b>Other Assets</b>	
<i>Bins &amp; Containers</i>	10
<i>Emergency &amp; Medical Equipment</i>	15
<i>Vehicles</i>	5
<i>Plant, machinery &amp; Equipment</i>	30
<i>Furniture &amp; Fittings</i>	10
<i>Office Equipment</i>	10
<i>Landfill Sites</i>	50
<i>Security Systems</i>	5 – 15
<i>Tip Sites</i>	30
<i>Computer Equipment</i>	4 – 8
<b>Community Assets</b>	
<i>Libraries</i>	15 - 50
<i>Fire Stations</i>	15 - 50
<i>Cemeteries</i>	15 - 50
<i>Clinics</i>	15 - 50
<i>Community Centres</i>	15 - 50
<i>Public Conveniences</i>	15 - 50
<i>Swimming Pools</i>	15 - 50
<i>Recreational Facilities</i>	15 - 50
<i>Selling &amp; Letting Schemes</i>	15 - 50



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Impairments

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

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

## Derecognition

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

## Heritage assets

Heritage assets, which have **cultural**, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations are shown at cost. They are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected in the table below:

CATEGORY OF HERITAGE ASSET	USEFUL LIFE RANGE IN YEARS
<i>Memorials &amp; Statues</i>	<i>Indefinite Life</i>
<i>Heritage Sites</i>	<i>Indefinite Life</i>
<i>Museums</i>	<i>Indefinite Life</i>
<i>Art Works</i>	<i>Indefinite Life</i>
<i>Collections (Rare books, coins, stamps, etc.)</i>	<i>Indefinite Life</i>

Heritage asset shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

## Subsequent measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses.

## Intangible assets

### Initial recognition and measurement

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

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

- The entity intends to complete the intangible asset for use or sale.
- It is technically feasible to complete the intangible asset.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

- The entity has the resources to complete the project.
- It is probable that the entity will receive future economic benefits or service potential.
- The entity has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

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

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

## Subsequent measurement

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

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

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

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

intangible asset. During the period of development, the asset is tested for impairment annually.

## Amortisation and impairment

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

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

CATEGORY OF INTANGIBLE ASSET	USEFUL LIFE RANGE IN YEARS
Computer Software	3 – 5

## Impairments

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

## Derecognition

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## ■ Investment property

### Initial recognition and measurement

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

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

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

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

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

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

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

### Subsequent measurement

#### Cost model

Investment property is measured using the cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment. Land is

not depreciated. Investment properties are written down as a result of impairment, where considered necessary.

Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

CATEGORY OF INVESTMENT PROPERTY	USEFUL LIFE RANGE IN YEARS
<i>Investment Property</i>	<i>15 - 50</i>
<i>Land</i>	<i>Indefinite Life</i>

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

#### Fair value model

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

#### Impairments

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

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Derecognition

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

## ■ Biological assets

### Recognition

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

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

- The entity controls the asset; and
- Future economic benefits or service potential from the asset is probable; and

The fair value or cost of the asset can be determined.

### Measurement

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

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

periods, the biological asset will be measured at its fair value less point-of-sale costs.

When measuring the biological asset at fair value less point-of-sale costs at initial recognition, gain may arise on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

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

### Derecognition

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

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

## ■ Impairment of non-financial assets

### Recognition

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Measurement

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

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

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

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

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

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

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

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

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

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

## Reversal of impairment losses

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

## Employee benefits

### Short term employee benefits

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



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

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

## Post-employment benefits

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

## Defined contribution plans

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

## Defined benefit plans

Pursuant to the entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the entity recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value of assets held to finance those benefits, the entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the entity recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan

assets are not available to the creditors of the entity nor can they be paid directly to the entity.

The defined benefit asset or obligation is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration (further detail is available in Note 47 Post-employment benefits)

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

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

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

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

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## ■ Leases

### The entity as lessee

#### Recognition

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

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

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

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

#### Measurement

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

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

portion of the liability is effected through the application of the effective interest method.

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

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

#### Derecognition

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

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

### The entity as lessor

#### Recognition

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity recognises the asset subject to the lease at the inception of the lease. Along with the recognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

For those leases classified as operating leases the asset subject to the lease is not recognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

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

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

## Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

## Derecognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement

expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

## Revenue

### Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

## Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably; and
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

## Expenditure relating to non-exchange transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

## Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capitals asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

## Foreign currency transaction

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

## Surplus or deficit

### Gains and losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

## Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or any applicable legislation. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

## Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is disclosed as such in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## Recovery of irregular, fruitless & wasteful expenditure

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

## Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## Related parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Related party transactions that took place during the financial periods covered by the financial statements are disclosed in the financial statements where those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions that are more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions, outstanding balances including commitments are disclosed in the notes to the financial statements.

## Investment in an associate

The entity's investment in its associate is accounted for using the equity method. An associate is an entity in which the entity has significant influence.

Under the equity method, the investment in the associate is carried on the Statement of Financial Position at cost plus post acquisition changes in the entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Financial Performance reflects the entity's share of the results of operations of the associate. When there has been a change recognised directly in the net assets of the associate, the entity recognises its share of any

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

changes and discloses this, when applicable, in the statement of changes in net assets.

Unrealised gains and losses resulting from transactions between the entity and the associate are eliminated to the extent of the interest in the associate.

The entity's share of the net surplus or deficit of an associate is shown on the face of the Statement of Financial Performance. This is the surplus attributable to holders of the residual interest in the associate and, therefore, is surplus after tax and minority interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the entity. When necessary, adjustments are made to bring the accounting policies in line with those of the entity.

## ■ Segment Reporting

Operating segments are identified and aggregated into reportable segments on the basis of the consolidated financial statements. For each of the reportable segments identified, details of the financial performance and financial position will be disclosed as additional disclosures.

For consolidation purposes, the National Treasury will report on these segments based on service segments, which is a distinguishable component of an entity that is engaged in providing related outputs or achieving particular operating objectives consistent with the overall mission of each entity. These are the 5 clusters that were approved by the South African government.

## ■ Statutory Receivables

### Initial recognition and measurement

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. The accounting policy followed for the recognition of statutory receivables is the same as the policy followed for receivables that arise from exchange and non-

exchange transactions. When the statutory receivable does not arise from an exchange or non-exchange transaction, it is recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Statutory receivables are initially measured at their transaction amount. The transaction amount of a statutory receivable is the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations or similar means.

### Subsequent measurement

Subsequent to initial recognition, statutory receivables are measured at cost – i.e. the initial measurement of the receivable is changed to reflect interest or other charges that may have accrued on the receivable, impairment losses and amounts derecognised.

### Impairment

The entity tests for impairment where there's an indication that the statutory receivable, or a group of statutory receivables, may be impaired. An assessment of whether there is an indication that a statutory receivable or a group of statutory receivables may be impaired, is done at each reporting date. If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount of the statutory receivable or a group of statutory receivables is higher than the estimated future cash flows, the carrying amount of the statutory receivable or a group of statutory receivables is reduced to the estimated future cash flows and the impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed to the extent that the carrying amount of the receivable or a group of receivables does not exceed the carrying amount of the receivable(s) that would have been determined had the impairment loss not been recognised. The reversal of the impairment loss is recognised in the Statement of Financial Performance.

## GROUP ACCOUNTING POLICIES

For the year ended 31 March 2020

### Derecognition

A statutory receivable, or a part thereof is derecognised when the entity's rights to the cash flows from the receivables are settled, expire or waived; significant risks and rewards of ownership of the receivable are transferred to another party; or despite having retained some significant risks and rewards, the entity has transferred control of the receivable to another entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>1 Cash and Cash Equivalents</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	416 809	339 877
Cash at bank	90 093 158	68 536 198
Call deposits	104 585 461	101 640 039
Call investments	30 218 552	23 566 387
<b>Less:</b> Bank Overdraft	(3 515 524)	(4 264 042)
<b>Total Cash and cash Equivalents</b>	<b>221 798 456</b>	<b>189 818 458</b>

	Gross Balances R '000	Provision for Doubtful Debts R '000	Net Balance R '000
<b>2 Trade and Other Receivables from Exchange Transactions</b>			
<b>Balance As At 31 March 2020</b>			
Recoveries of staff expenses	53 631	(13 877)	39 755
Other Trade Receivables	96 791 973	(41 460 765)	55 331 207
Employee advances	38 941	(15 258)	23 683
Provincial Government	8 461 606	(4 967 213)	3 494 393
National Government	12 916 049	(5 271 000)	7 645 049
<b>Total Trade &amp; Other Receivables From Exchange Transactions As At 31 March 2020</b>	<b>118 262 200</b>	<b>(51 728 113)</b>	<b>66 534 088</b>
<b>Balance As At 31 March 2019</b>			
Recoveries of Staff Expenses	55 437	(11 389)	44 047
Other Trade Receivables	92 967 449	(40 610 568)	52 356 881
Employee Advances	24 242	(457)	23 784
Provincial Government	8 260 083	(4 399 691)	3 860 392
National Government	11 735 441	(3 860 976)	7 874 465
<b>Total Trade &amp; Other Receivables From Exchange Transactions As At 31 March 2019</b>	<b>113 042 652</b>	<b>(48 883 082)</b>	<b>64 159 570</b>

	2019/20 R '000	2018/19 R '000
<b>Ageing of Trade &amp; Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)</b>		
Current (0 – 30 days)	51 706 190	49 730 997
31 - 60 Days	4 478 785	4 503 143
61 - 90 Days	2 691 546	3 226 847
91 - 120 Days	4 546 503	3 809 078
121 + Days	3 111 064	2 889 505
<b>Total</b>	<b>66 534 087</b>	<b>64 159 570</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Summary of Debtors by Classification	Recoveries of Staff Expenses R '000	Other Trade Receivables R '000	Employee Advances R '000	Provincial Government R '000	National Government R '000
<b>Balance as at 31 March 2020</b>					
Current (0 – 30 days)	18 656	56 610 432	12 267	2 201 400	11 851 463
31 - 60 Days	1 327	4 584 572	739	799 591	163 195
61 - 90 Days	1 499	4 424 072	8 268	349 274	151 796
91 - 120 Days	9 082	23 502 430	63	236 339	160 490
121 - 365 Days	23 068	7 670 467	17 604	4 875 002	589 106
<b>Total Debtors before Provision For Doubtful Debts</b>	<b>53 632</b>	<b>96 791 972</b>	<b>38 941</b>	<b>8 461 606</b>	<b>12 916 049</b>
<b>Less: Provision for doubtful debts</b>	<b>(13 877)</b>	<b>(41 460 765)</b>	<b>(15 258)</b>	<b>(4 967 213)</b>	<b>(5 271 000)</b>
<b>Total Debtors by Classification as at 31 March 2020</b>	<b>39 755</b>	<b>55 331 207</b>	<b>23 683</b>	<b>3 494 393</b>	<b>7 645 049</b>

Summary of Debtors by Classification	Recoveries of Staff Expenses R '000	Other Trade Receivables R '000	Employee Advances R '000	Provincial Government R '000	National Government R '000
<b>Balance as at 31 March 2019</b>					
Current (0 – 30 days)	26 366	52 924 998	16 390	2 176 668	9 918 297
31 - 60 Days	223	4 907 546	33 784	572 705	201 541
61 - 90 Days	1 350	4 264 755	4 589	363 437	443 576
91 - 120 Days	8 562	24 683 383	88	367 282	642 544
121 - 365 Days	18 936	6 186 768	(30 609)	4 779 990	529 483
<b>Total Debtors before Provision For Doubtful Debts</b>	<b>55 437</b>	<b>92 967 449</b>	<b>24 242</b>	<b>8 260 083</b>	<b>11 735 441</b>
<b>Less: Provision for doubtful debts</b>	<b>(11 389)</b>	<b>(40 610 568)</b>	<b>(457)</b>	<b>(4 399 691)</b>	<b>(3 860 976)</b>
<b>Total Debtors by Classification as at 31 March 2018</b>	<b>44 048</b>	<b>52 356 881</b>	<b>23 784</b>	<b>3 869 392</b>	<b>7 874 465</b>

	2019/20 R '000	2018/19 R '000
<b>2.1 Reconciliation of the doubtful debt provision</b>		
Balance at beginning of the year	(48 883 082)	(38 439 760)
Contributions to provision	(7 240 145)	(8 014 355)
Doubtful debts written off against provision	1 892 776	1 338 553
Reversal of provision	100 635	840 175
Amounts used	1 600 661	727 816
Increase/ (Decrease) due to change in estimate	942 197	(5 303 410)
Change due to correction of errors	(141 155)	(32 100)
<b>Balance at end of year</b>	<b>(51 728 113)</b>	<b>(48 883 082)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>3 Other Receivables from Non-Exchange Transactions</b>		
Subsidies	148 035	630 348
Other receivables	7 785 213	6 280 263
Provincial Government	2 522	4 059
National Government	87 161	75 209
Prepayments (if not material)	1 389 826	542 109
<b>Total Other Receivables</b>	<b>9 412 757</b>	<b>7 531 988</b>
<b>4 Other Current Financial Assets</b>		
Other current financial assets	<b>1 169 991 589</b>	<b>877 558 258</b>
<b>5 Current Portion of Non-Current Receivables</b>		
Current Portion of Non-Current Receivables	<b>14 056 412</b>	<b>11 996 686</b>
<b>6 Inventories</b>		
<b>6.1 Carrying value of inventory</b>	<b>48 570 341</b>	<b>41 990 468</b>
Consumable stores	2 705 128	2 639 394
Raw Materials	23 236 186	17 375 958
Work in Progress	1 993 956	2 416 517
Finished Goods	3 984 109	4 574 890
Maintenance materials	16 166 706	14 597 659
Spare parts	147 344	168 312
Other goods held for resale	336 912	217 739
<b>Inventory carried at Net Realisable Value</b>		
The following classes of inventory are carried at net realisable value:		
Consumable stores	2 652 415	2 620 206
Raw Materials	22 790 084	16 982 523
Work in Progress	2 079 428	2 502 740
Finished Goods	4 108 298	4 541 226
Maintenance materials	15 593 904	14 014 587
Spare parts	124 422	140 859
Other goods held for resale	324 623	216 594
Water	74 350	70 010
Write-downs of inventory to Net Realisable Value	(165 280)	(11 017)
<b>Total</b>	<b>47 582 243</b>	<b>41 077 728</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000	
<b>6.2 Inventory carried at current replacement cost</b>			
The following classes of inventory are carried at current replacement cost:			
Consumable stores	25 889	30 191	
Raw Materials	249 583	269 737	
Work in Progress	8 637	3 168	
Finished Goods	123 347	55 790	
Maintenance materials	565 094	536 619	
Spare parts	18 401	21 321	
Other goods held for resale	(2 853)	(4 086)	
<b>Total</b>	<b>988 098</b>	<b>912 740</b>	
<b>7 Prepayments</b>			
Prepaid expenses	<b>21 423 592</b>	<b>17 890 306</b>	
<b>8 Current Investments</b>			
Deposits	27 148 594	17 673 808	
Equity investments	19 212 097	26 309 827	
	<b>46 360 691</b>	<b>43 983 635</b>	
<b>9 Construction Contract Receivables</b>			
Contracts in progress at reporting date:			
Construction contract receivables	<b>986 274</b>	<b>1 017 519</b>	
<b>10 Current Assets Held for Sale</b>			
Current Assets Classified as held for Sale	<b>8 726 811</b>	<b>8 733 014</b>	
<b>11 Finance Lease Receivable</b>			
<b>2019/20</b>	<b>Minimum Lease Receivable R '000</b>	<b>Future Finance Charges R '000</b>	<b>Present Value of Minimum Lease Receipts R '000</b>
<b>Amounts receivable under finance leases</b>			
Within after one year	193 619	(50 324)	143 295
Within two to five years	385 410	(142 208)	243 202
Later than five years	349 804	(44 586)	305 218
	928 833	(237 119)	691 714
Less: Amount due for settlement within 12 months (current portion)	(193 619)	73 352	(120 267)
	<b>735 214</b>	<b>(163 767)</b>	<b>571 447</b>
<b>2018/19</b>	<b>Minimum Lease Receivable R '000</b>	<b>Future Finance Charges R '000</b>	<b>Present Value of Minimum Lease Receipts R '000</b>
<b>Amounts receivable under finance leases</b>			
Within after one year	211 397	(53 138)	158 260
Within two to five years	424 921	(193 290)	231 632
Later than five years	407 074	(70 591)	336 483
	<b>1 043 393</b>	<b>(317 018)</b>	<b>726 375</b>
Less: Amount due for settlement within 12 months (current portion)	(195 951)	57 359	(138 593)
	<b>847 442</b>	<b>(259 660)</b>	<b>587 782</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>12 Statutory Receivables</b>		
<b>Current statutory receivables</b>		
Opening balance	12 615 484	1 425 584
Current year receivables	10 391 606	12 033 065
Accrued interest, fines, penalties or other changes	1 454	547
Accumulated impairment losses	123 270	44 136
Amounts derecognised / Settled amounts	11 181 838	799 576
Closing balance at year end	<b>11 703 435</b>	<b>12 615 484</b>
<b>13 Non-Current Receivables from Exchange Transactions</b>		
Staff loans	132	66
Other non-current receivables	21 656 997	25 628 305
<b>Total Non-Current Receivables after transfers to current receivables</b>	<b>21 657 129</b>	<b>25 628 371</b>
<b>14 Non-Current Investments</b>		
<b>Financial Instruments</b>		
Fixed Deposits	613 599	938 026
Listed Investments	73 747 106	107 532 357
Other Investments	115 655 931	127 001 644
Loans Granted	160 167 917	148 547 953
Debt Securities	11 023 829	9 890 825
	<b>361 208 382</b>	<b>393 910 805</b>
<b>15 Other Non-Current Financial Assets</b>		
Other Non-Current Financial Assets	<b>66 686 456</b>	<b>51 071 634</b>
<b>16 Investments in Joint Venture</b>		
<b>Share of the joint venture's statement of financial position:</b>		
Current Assets	133 396	204 078
Non current assets	623 504	608 426
Current liabilities	(47 593)	(1 644)
Non current liabilities	(5 165)	(60 046)
<b>Equity</b>	<b>704 142</b>	<b>750 814</b>
<b>Share of the joint venture's revenue and profit:</b>		
Revenue	34 687	35 524
Cost of sales	-	-
Other Expenses	(33 627)	(32 794)
Other Income	67 500	56 717
Finance Income	114	113
Profit before tax	<b>68 674</b>	<b>59 560</b>
Income tax expense	-	-
Profit for the year from continuing operations	<b>68 674</b>	<b>59 560</b>
Profit from discontinued operations	-	-
<b>Net Profit for the year</b>	<b>68 674</b>	<b>59 560</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>17 Investments in Associates</b>		
<b>Share of the associate's statement of financial position:</b>		
Current Assets	4 750 521	3 743 394
Non current assets	50 123 202	54 481 485
Current liabilities	83 709	49 163
Non current liabilities	(1 043 882)	(961 905)
<b>Equity</b>	<b>53 913 549</b>	<b>57 312 137</b>
<b>Share of the associate's revenue and profit:</b>		
Revenue	1 569 374	2 567 299
Cost of sales	(7 369)	(7 774)
Administrative expenses	(61 113)	(17 743)
Other Expenses	(154 402)	(189 065)
Other Income	902 003	863 474
Finance Income	685	481
Finance cost	(109 238)	(81 848)
Profit before tax	2 139 941	3 134 824
Income tax expense	(3 389)	(6 684)
Profit for the year form continuing operations	<b>2 136 552</b>	<b>3 128 140</b>
Profit from discontinued operations	23 440	(73 383)
<b>Net Profit for the year</b>	<b>2 159 992</b>	<b>3 054 757</b>
<b>18 Deferred taxation</b>		
<b>Deferred taxation liabilities/(assets)</b>	<b>48 154 238</b>	<b>62 330 359</b>
- Opening balance	62 332 443	72 097 455
- Recognised in taxation	(6 866 159)	(6 972 148)
- Raised through Equity	1 478 507	4 429 849
- Raised through Other	(8 790 553)	(7 224 797)
<b>Analysis of temporary differences:</b>		
<b>Deferred taxation assets</b>	<b>18 987 555</b>	<b>17 641 677</b>
- Provisions	3 243 001	2 803 751
- Employee benefit obligations	1 289 206	2 196 343
- Revenue received in advance and deferred income	2 603 102	2 548 093
- Capitalised lease liability	801 757	733 460
- Doubtful debts	929 164	976 098
- Other	10 121 325	8 383 932
<b>Deferred taxation liabilities</b>	<b>67 141 793</b>	<b>79 972 036</b>
- Deferred expenditure	195 939	210 139
- Property, Plant and Equipment	145 729 896	147 136 654
- Future expenditure allowance	186 341	172 506
- Other	(78 970 383)	(67 547 263)
<b>Net deferred taxation liability/(asset)</b>	<b>48 154 238</b>	<b>62 330 359</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>19 Trade and Other Payables from Exchange Transactions</b>		
Trade payables	67 048 227	65 615 668
Payments received in advance	13 832 750	(5 495 510)
Retentions	3 611 439	3 463 955
Staff leave accrual	3 686 383	3 466 187
Accrued interest	5 031 467	5 161 081
Other payables	42 123 027	40 370 875
<b>Total payables</b>	<b>135 333 293</b>	<b>112 582 256</b>
<b>20 VAT Payable</b>		
VAT payable	<b>4 615 784</b>	<b>5 453 766</b>
<b>21 Taxes and Transfers Payable</b>		
Taxes and transfers payable (Non-Exchange)	4 404 986	5 107 886
Income Tax Payable	254 581	130 728
<b>Total Taxes and transfers payable</b>	<b>4 659 567</b>	<b>5 238 615</b>
<b>22 Other Current Financial Liabilities</b>		
Notes and Coins in Circulation	155 544 239	151 306 952
Debentures	-	25 023
Forward Exchange Contract Liabilities	383 412	762 915
Gold and Foreign Exchange financial liabilities	436 062 044	285 829 289
Deposit Accounts	346 942 528	287 259 849
Foreign loans and deposits	148 198 491	122 558 637
Other Current Financial liabilities	(122 055 674)	(65 854 405)
<b>Total Other Current Financial Liabilities</b>	<b>965 075 040</b>	<b>781 888 259</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 23 Current Provisions

### 23.1 Reconciliation of Movement in Current Provisions – 2019/20

	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
<b>Opening Balance</b>	<b>3 336 660</b>	<b>3 622 563</b>	<b>16 053 984</b>	<b>42 509 342</b>	<b>65 522 548</b>
Provisions Raised	2 238 154	1 898 991	13 120 012	44 740 712	61 997 869
Unused Amounts Reversed	(204 391)	(61 182)	(409 371)	(15 119)	(690 063)
Unwinding of Time Value of Money	(392)	-	561	2	172
Amounts Used	(2 998 700)	(1 661 753)	(1 978 123)	(32 249 469)	(38 888 045)
Exchange differences Transferred to disposal group/classified as held for sale				(80 897)	(80 897)
Settlement of Provision without cost to entity				(5)	(5)
Transfer from Non- Current Provision			19 106	4 149 696	4 168 802
Change in Provision due to change in Estimation inputs	41 414	567	48 137		90 118
Other Movements	(119 001)	(37 582)	(11 052 061)	(215 054)	(11 423 699)
<b>Closing Balance</b>	<b>2 293 744</b>	<b>3 761 604</b>	<b>15 802 244</b>	<b>58 839 207</b>	<b>80 696 799</b>

### 23.2 Reconciliation of Movement in Current Provisions – 2018/19

	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
<b>Opening Balance</b>	<b>3 243 972</b>	<b>3 605 975</b>	<b>15 380 843</b>	<b>41 100 939</b>	<b>63 331 728</b>
Provisions Raised	2 999 177	1 695 911	6 608 427	29 633 529	40 937 043
Unused Amounts Reversed	(80 291)	(64 751)	(982 437)	(62 439)	(1 189 918)
Unwinding of Time Value of Money	(392 501)	(4 323)	(5 563)	67	(402 320)
Amounts Used	(2 579 814)	(1 604 723)	(4 021 143)	(29 265 459)	(37 471 139)
Exchange differences Transferred to disposal group/classified as held for sale		(75)		(70 152)	(70 227)
Settlement of Provision without cost to entity	(2 149)	2 813	5 011	12 319	17 994
Transfer from Non- Current Provision			77 881	787 850	865 731
Change in Provision due to change in Estimation inputs	38 328	440	632		39 400
Other Movements	109 939	(8 703)	(1 009 667)	372 687	(535 744)
<b>Closing Balance</b>	<b>3 336 660</b>	<b>3 622 563</b>	<b>16 053 984</b>	<b>42 509 342</b>	<b>65 522 548</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000	
<b>24 Unspent Conditional Grants and Receipts</b>			
Non-current unspent conditional grants and receipts	50 000 270	46 043 194	
Current portion of unspent conditional grants and receipts	23 403 790	17 524 189	
<b>25 Long-Term Borrowings</b>			
Long-term interest bearing loans	596 032 398	565 491 197	
Government Loans: Other	1 487 613	1 387 354	
Other borrowings	206 518 178	179 663 934	
Less: current portion transferred to current liabilities	(118 326 601)	(85 654 078)	
	685 711 587	660 888 408	
<b>26 Short-Term Borrowings</b>			
Short-Term Borrowings	824 454	854 658	
<b>27 Finance Lease Liability</b>			
<b>2019/20</b>	<b>Minimum Lease Payment</b>	<b>Future Finance Charges</b>	<b>Present Value of Minimum Lease Payments</b>
<b>Amounts payable under finance leases</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
Within one year	3 326 835	(1 685 536)	1 641 299
Within two to five years	10 206 507	(4 775 326)	5 431 181
Later than five years	12 008 894	(3 347 810)	8 661 083
	25 542 235	(9 808 672)	15 733 563
Less: Amount due for settlement within 12 months (current portion)	(3 072 629)	1 367 420	(1 705 209)
	22 469 606	(8 441 252)	14 028 354
<b>2018/19</b>	<b>Minimum Lease Payment</b>	<b>Future Finance Charges</b>	<b>Present Value of Minimum Lease Payments</b>
<b>Amounts payable under finance leases</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
Within one year	2 688 274	(1 590 005)	1 098 270
Within two to five years	8 130 423	(4 970 923)	3 159 500
Later than five years	12 278 622	(4 291 618)	7 987 003
	23 097 319	(10 852 546)	12 244 772
Less: Amount due for settlement within 12 months (current portion)	(2 499 243)	1 368 188	(1 131 055)
	20 598 075	(9 484 358)	11 113 718

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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## Non-Current Provisions

### Reconciliation of Movement in Non-Current Provisions – 2019/20

	Provision for long- service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
<b>Opening Balance</b>	<b>9 506</b>	<b>341 990 491</b>	<b>341 999 997</b>
Provisions Raised	16 654	57 707 199	57 723 853
Unused Amounts Reversed	(56)	(5 311 896)	(5 311 952)
Unwinding of Time Value of Money		7 427 548	7 427 548
Amounts Used	(771)	(5 439 867)	(5 440 639)
Exchange differences		1 016 462	1 016 462
Transfer to Current Provision		(4 153 604)	(4 153 604)
Change in Provision due to change in Estimation inputs		(16 782 134)	(16 782 134)
Other Movements		275 151	275 151
<b>Closing Balance</b>	<b>25 333</b>	<b>376 729 349</b>	<b>376 754 682</b>

### Reconciliation of Movement in Non-Current Provisions – 2018/19

	Provision for long- service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
<b>Opening Balance</b>	<b>40 683</b>	<b>279 172 021</b>	<b>279 212 704</b>
Provisions Raised	(22 690)	73 694 916	73 672 226
Unused Amounts Reversed		(12 170 229)	(12 170 229)
Unwinding of Time Value of Money		7 085 100	7 085 100
Amounts Used	(8 487)	(9 038 925)	(9 047 412)
Exchange differences		1 191 605	1 191 605
Transfer to Current Provision		2 391 671	2 391 671
Change in Provision due to change in Estimation inputs		839 420	839 420
Other Movements		(1 175 087)	(1 175 087)
<b>Closing Balance</b>	<b>9 506</b>	<b>341 990 491</b>	<b>341 999 997</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>29 Other Non-Current Financial Liabilities</b>		
Other non-current financial liabilities	<b>75 357 656</b>	<b>80 395 065</b>
<b>30 Defined Benefit Plan</b>		
<b>Defined Benefit Plans</b>		
<b>Statement of Financial Position</b>		
Present value of Defined benefit obligation	23 704 578	27 001 220
Fair value of plan assets	(3 083 326)	(4 351 447)
<b>Total Defined benefit plan Liability/(Asset)</b>	<b>20 621 252</b>	<b>22 649 773</b>
<b>Pension benefits</b>		
Present value of unfunded obligations	(6 883 089)	(7 409 447)
Present value of funded obligations	16 249 639	18 921 106
<b>Total present value of obligations</b>	<b>9 366 550</b>	<b>11 511 659</b>
Fair value of plan assets	(6 397 380)	(6 405 716)
Unrecognised past service costs	1 038 497	637 803
<b>Defined pension benefit obligation/(asset) disclosed in Statement of Financial Position</b>	<b>4 007 667</b>	<b>5 743 746</b>
<b>Medical benefits</b>		
Present value of unfunded obligations	15 544 672	15 471 811
Present value of funded obligations	1 587 727	1 964 185
<b>Total present value of obligations</b>	<b>17 132 399</b>	<b>17 435 996</b>
Fair value of plan assets	(517 926)	(528 994)
Unrecognised past service costs	(888)	(975)
<b>Defined medical benefit obligation/(asset) disclosed in Statement of Financial Position</b>	<b>16 613 585</b>	<b>16 906 027</b>

## 30.1 Changes in the present value of the defined benefit obligation are as follows:

	Pension Plan(s) R '000	Medical Plan(s) R '000
<b>Defined benefit obligation as at 1 April 2019</b>	<b>11 511 659</b>	<b>17 435 996</b>
Current service costs	332 523	467 394
Interest costs	2 072 720	2 131 386
Contributions by plan participants	63 996	(106 347)
Actuarial losses/(gains)	(2 913 436)	(5 119 781)
Exchange differences	(73)	712
Benefits paid	(985 505)	(782 248)
Past Service Cost	7 714	1 101
Settlements	(31 669)	(2 563)
Other	(691 378)	3 106 749
<b>Defined benefit obligation plan as at 31 March 2020</b>	<b>9 366 550</b>	<b>17 132 399</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
	Pension Plan(s) R '000	Medical Plan(s) R '000
<b>Defined benefit obligation as at 1 April 2018</b>	<b>10 377 441</b>	<b>20 557 723</b>
Current service costs	439 764	620 533
Interest costs	2 203 581	2 029 786
Contributions by plan participants	56 502	(118 008)
Actuarial losses/(gains)	(2 923 947)	(2 375 670)
Exchange differences	(862 768)	(934)
Benefits paid	(851 390)	(46 189)
Past Service Cost	8 728	531
Settlements	(30 558)	(85 019)
Other	3 094 306	(3 146 757)
<b>Defined benefit obligation plan as at 31 March 2019</b>	<b>11 511 659</b>	<b>17 435 996</b>

## 30.2 Changes in the fair value of plan assets are as follows:

	Pension Plan(s) R '000	Medical Plan(s) R '000
<b>Fair Value of Plan Assets as at 1 April 2019</b>	<b>(5 767 913)</b>	<b>(529 969)</b>
Expected return on plan assets	842 582	(52 295)
Actuarial losses/(gains)	322 535	36 501
Exchange differences	430 362	
Employer contributions	228 137	(3 891)
Employee contributions	85 746	
Benefits paid	(781 006)	42 985
Entity combinations	(2 847 463)	
Other	2 128 138	(12 146)
<b>Fair Value of Plan Assets as at 31 March 2020</b>	<b>(5 358 883)</b>	<b>(518 814)</b>

	Pension Plan(s) R '000	Medical Plan(s) R '000
<b>Fair Value of Plan Assets as at 1 April 2018</b>	<b>(6 192 873)</b>	<b>(548 079)</b>
Expected return on plan assets	(818 684)	(46 573)
Actuarial losses/(gains)	529 575	36 808
Exchange differences	268 187	181
Employer contributions	86 586	(5 093)
Employee contributions	(694 717)	
Benefits paid	287 741	33 536
Entity combinations	1 180 727	
Other	(414 455)	(749)
<b>Fair Value of Plan Assets as at 31 March 2019</b>	<b>(5 767 913)</b>	<b>(529 969)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 31 Property, Plant and Equipment

### Reconciliation of Carrying Value

	2019/20			2018/19		
	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	90 464 533	(959 194)	89 505 340	90 309 103	(1 007 108)	89 301 995
Buildings	179 357 583	(42 564 941)	136 792 642	174 615 579	(36 256 545)	138 359 033
Capital Work in Progress (Buildings)	7 820 941	(1 156)	7 819 785	7 352 155	(940)	7 351 214
Vehicles	16 490 536	(10 024 873)	6 465 663	15 570 622	(9 250 906)	6 319 715
Infrastructure	944 448 240	(310 611 670)	633 836 569	909 033 573	(285 955 707)	623 077 866
Capital Work in Progress (Infrastructure)	59 921 894	(1 480 775)	58 441 119	58 662 785	(1 181 305)	57 481 480
Finance Lease Assets	13 257 444	(3 786 761)	9 470 684	10 659 208	(2 645 282)	8 013 926
Furniture & Fittings	6 090 986	(4 453 502)	1 637 484	5 989 729	(4 195 213)	1 794 516
Plant, Machinery & Equipment	699 859 585	(239 022 053)	460 837 531	639 414 331	(215 078 205)	424 336 126
Capital Work in Progress (Plant, Mach & Equip)	213 958 279	(918 633)	213 039 646	249 121 275	(1 533 265)	247 588 010
Office Equipment	8 178 022	(4 934 129)	3 243 893	7 946 406	(4 488 024)	3 458 382
Computer Equipment	13 456 868	(9 239 230)	4 217 638	13 277 791	(9 010 550)	4 267 241
Aircraft	11 920 548	(10 760 678)	1 159 869	11 830 609	(10 224 186)	1 606 423
Capital Work in Progress (Aircraft)	131 143	-	131 143	41 711	-	41 711
Ships	5 787 313	(1 847 949)	3 939 364	5 797 178	(1 700 349)	4 096 829
Capital Work in Progress (Ships)				8 497		8 497
Other Assets	150 553 641	(56 945 356)	93 608 285	140 655 187	(52 020 936)	88 634 251
Capital Work in Progress (Other Assets)	14 103 452	(15 966)	14 087 486	19 056 167	(10 071)	19 046 096
<b>Total</b>	<b>2 435 801 007</b>	<b>(697 566 866)</b>	<b>1 738 234 141</b>	<b>2 359 341 906</b>	<b>(634 558 593)</b>	<b>1 724 783 313</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

<b>31.1 Reconciliation of Property, Plant and Equipment – 2019/20</b>									
	<b>Carrying Value Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Impairment (Loss) / Reversal of impairment loss</b>	<b>Revaluation</b>	<b>Discontinued Operations</b>	<b>Carrying Value Closing Balance</b>
	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
Land	89 301 994	1 214 494	(304 196)	89 318	(393 525)	(59 554)	(343 022)	(169)	89 505 340
Capital Work in Progress (Land) Buildings	138 359 033	3 385 163	(55 102)	1 128 592	(5 451 934)	(420 047)	(69 122)	(83 941)	136 792 642
Capital Work in Progress (Buildings)	7 351 214	1 163 834	(463)	(685 387)	(215)			(9 199)	7 819 785
Vehicles	6 319 716	1 356 027	(60 619)	70 407	(1 242 102)	22 231		3	7 819 785
Infrastructure	623 077 865	4 745 784	(431 714)	14 608 758	(12 627 537)	(2 486 771)	6 868 045	82 139	633 836 570
Capital Work in Progress	57 481 480	14 437 337	(1 054 756)	(11 867 149)	505 360	(1 492 948)	431 795		58 441 118
(Infrastructure)									
Finance Lease Assets	8 013 926	3 015 146	(294 064)		(1 156 077)	(108 249)			9 470 683
Furniture & Fittings	1 794 516	339 540	(12 004)	(33 448)	(455 308)	(3 082)	5 880	1 390	1 637 484
Plant, Machinery & Equipment	424 336 126	3 967 578	(1 593 241)	66 468 304	(31 650 975)	(659 342)	(30 050)	(868)	460 837 531
Capital Work in Progress (Plant, Mach & Equip)	247 588 009	36 496 476	(3 923 561)	(66 237 450)	(2)	(860 815)		(23 012)	213 039 645
Office Equipment	3 458 382	284 336	(21 974)	63 718	(541 029)	(372)	757	75	3 243 893
Computer Equipment	4 267 241	1 036 262	(83 563)	421 880	(1 412 544)	(15 345)	2 646	1 061	4 217 638
Aircraft	1 606 423	335 199	(56 391)	112 600	(831 714)	(6 248)			1 159 870
Capital Work in Progress (Aircraft)	41 711	89 432							131 143
Ships	4 096 830	105 216	1	(39 000)	(223 683)				3 939 363
Capital Work in Progress (Ships)	8 497	(8 497)							
Other Assets	88 634 251	7 899 216	(237 287)	5 394 130	(6 404 415)	(3 958 296)	2 287 064	(6 378)	93 608 284
Capital Work in Progress (Other Assets)	19 046 096	5 418 518	(250)	(10 355 444)	(21 434)				14 087 486
<b>Total</b>	<b>1 724 783 313</b>	<b>85 281 060</b>	<b>(8 129 184)</b>	<b>(860 172)</b>	<b>(61 907 132)</b>	<b>(10 048 839)</b>	<b>9 153 993</b>	<b>(38 899)</b>	<b>1 738 234 141</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 31.2 Reconciliation of Property, Plant and Equipment – 2018/19

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment (Loss) / Reversal of impairment loss	Revaluation	Dis-continued Operations	Prior Year Errors	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	86 913 959	358 141	(112 227)	453 983	(217 535)	96	1 872 980	31 617	980	89 301 994
Capital Work in Progress (Land)		167 943	(167 943)							
Buildings	136 598 814	4 431 788	(187 827)	1 390 791	(4 678 784)	(123 115)	447 722	28 595	451 049	138 359 033
Capital Work in Progress (Buildings)	6 628 588	1 287 716		(555 040)	(216)	(3 570)		(3 373)	(2 891)	7 351 214
Vehicles	6 636 734	628 960	(80 504)	530 949	(1 346 282)	(45 400)	3 453	(8 779)	583	6 319 716
Infrastructure	619 728 141	2 838 538	(308 911)	15 754 115	(12 344 952)	406 807	(2 955 711)	(38 595)	(1 566)	623 077 865
Capital Work in Progress	59 458 640	17 269 011	(96 033)	(19 718 601)	384 674	(102 689)	286 478			57 481 480
(Infrastructure)										
Finance Lease Assets	8 630 481	104 361	(866)	(122)	(721 162)	(412)		1 646		8 013 926
Furniture & Fittings	1 797 050	395 293	(26 174)	81 673	(488 440)	37 855	1 528	(2 830)	(1 437)	1 794 516
Plant, Machinery & Equipment	431 323 882	7 551 996	(573 873)	18 763 458	(33 283 521)	608 866	(1 322)	(50 336)	(3 024)	424 336 126
Capital Work in Progress (Plant, Mach & Equip)	218 196 945	49 694 776	(445 500)	(19 953 934)		146 350		(50 628)		247 588 009
Office Equipment	3 738 100	355 200	(18 223)	(18 260)	(594 815)	(3 823)	159	(1 180)	1 224	3 458 382
Computer Equipment	4 262 557	1 157 607	(51 128)	309 385	(1 416 833)	(23 749)	382	29 821	(801)	4 267 241
Aircraft	1 957 093	785 268	(421 232)	267 000	(852 705)	(129 000)				1 606 423
Capital Work in Progress (Aircraft)	112 154	(70 443)			(2)	2				41 711
Ships	4 051 775	2 014		245 422	(202 382)					4 096 830
Capital Work in Progress (Ships)	561	7 936								8 497

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment 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
Other Assets	81 624 284	5 082 673	(268 586)	10 207 591	(6 100 944)	(3 346 383)	1 395 924	32 776	6 915	88 634 251
Capital Work in Progress (Other Assets)	20 050 140	7 323 617	(362)	(8 304 677)	(22 534)	(88)				19 046 096
<b>Total</b>	<b>691 709 899</b>	<b>99 372 394</b>	<b>(2 759 389)</b>	<b>(546 265)</b>	<b>(61 886 435)</b>	<b>(2 578 251)</b>	<b>1 051 593</b>	<b>(31 266)</b>	<b>451 033</b>	<b>1 724 783 313</b>

31.3 Property Plant and Equipment – additional disclosure			
	2019/20	2018/19	
	R '000	R '000	R '000
Existence and amounts of restrictions on title and disposal of Property Plant and Equipment (PPE)	3 132		2 384
PPE pledged as security	156 394		196 099
Contractual commitments for the acquisition of PPE	26 267 488		36 270 849
Compensation from third parties for PPE impaired, lost or given up which are included in surplus or deficit	171		88

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31.4 Disclosure on assets in the process of being constructed or developed		2019/20	2018/19
		R '000	R '000
<div> <div>Cumulative expenditure recognised in the carrying value of PPE per class of asset</div> <div>The carrying value of PPE that is taking a significantly longer period of time to complete than expected</div> <div>The carrying value of PPE where construction or development has been halted either during the current or previous reporting period(s).</div> </div>		293 519 179	331 517 008
		9 195 747	16 109 395
		2 068 295	858 476
31.5 Expenditure incurred to repair and maintain property plant and equipment			
Property plant and equipment		20 999 985	22 181 761

## 32 Heritage Assets

### Reconciliation of Carrying Value

	2019/20			2018/19		
	Cost	Accumulated Impairment	Carrying Value	Cost	Accumulated Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Art Collections	2 171 308	(8)	2 171 300	2 164 724	(3)	2 164 722
Stamp Collections	4 204	-	4 204	4 205	-	4 205
Collections of rare books or manuscripts	116 058	(14)	116 044	114 096	(14)	114 083
Historical Buildings	4 964 939	(36 881)	4 928 059	4 884 676	(25 804)	4 858 872
Other Assets	2 282 419	-	2 282 419	2 278 909	-	2 278 909
<b>Total</b>	<b>9 538 928</b>	<b>(36 902)</b>	<b>9 502 025</b>	<b>9 446 610</b>	<b>(25 821)</b>	<b>9 420 790</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 32.1 Reconciliation of Heritage Assets – 2019/20

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Impairment (Loss) / Reversal of impairment loss	Revaluation	Other	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Art Collections	2 164 721	4 155				2 423			2 171 299
Stamp Collections	4 205								4 204
Collections of rare books or manuscripts	114 082	1 087			(1)	875			116 044
Historical Buildings	4 858 871	80 262			(11 074)				4 928 059
Other Assets	2 278 909	4 266	37	(182)	(837)	224	1		2 282 418
<b>Total</b>	<b>9 420 789</b>	<b>89 770</b>	<b>37</b>	<b>(182)</b>	<b>(11 912)</b>	<b>3 522</b>	<b>1</b>		<b>9 502 025</b>

## 32.2 Reconciliation of Heritage Assets – 2018/19

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Impairment (Loss) / Reversal of impairment loss	Revaluation	Other	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Art Collections	2 153 522	3 692	(36)	4 100	(1)	3 444			2 164 721
Stamp Collections	4 205								4 205
Collections of rare books or manuscripts	112 531	1 359	(29)		222				114 082
Historical Buildings	4 746 202	113 577			(1 478)	570			4 858 871
Other Assets	2 279 321	1 924	(1 586)		(80)	1	(671)		2 278 909
<b>Total</b>	<b>9 295 781</b>	<b>120 552</b>	<b>(1 651)</b>	<b>4 100</b>	<b>(1 337)</b>	<b>4 015</b>	<b>(671)</b>		<b>9 420 789</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

32.3 Heritage assets – additional disclosure	2019/20 R '000	2018/19 R '000
Existence and amounts of restrictions on title and disposal of Heritage assets	-	-
Heritage assets pledged as security	-	-
Contractual commitments for the acquisition of Heritage assets	-	-
Compensation from third parties for Heritage assets impaired, lost or given up which are included in surplus or deficit	-	-

## 32.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of heritage assets per class of asset	754 252	737 069
The carrying value of heritage assets that is taking a significantly longer period of time to complete than expected	535 963	470 125
The carrying value of heritage assets where construction or development has been halted either during the current or previous reporting period(s).	-	-

## 33 Intangible Assets

### Reconciliation of Carrying Value

	2019/20			2018/19		
	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000
Computer Software	17 590 710	(13 558 330)	4 032 381	19 621 458	(14 953 535)	4 667 923
Copy rights	88 238	(68 514)	19 724	88 056	(57 608)	30 447
Internally Generated Software	1 174 297	(346 691)	827 605	1 059 339	(481 426)	577 913
Licenses	4 007 356	(2 949 196)	1 058 160	3 583 348	(2 573 709)	1 009 639
Service Concession Asset	465 159	(194 023)	271 136	364 243	(146 800)	217 443
Servitudes	3 574 403	(244 647)	3 329 756	3 413 546	(243 772)	3 169 773
Patents and models	61 442	(57 143)	4 300	63 448	(57 554)	5 893
Trademarks	275	(242)	33	275	(211)	64
Other	27 958 345	(7 597 185)	20 361 160	27 073 634	(7 336 415)	19 737 219
<b>Total</b>	<b>54 920 226</b>	<b>(25 015 971)</b>	<b>29 904 255</b>	<b>55 267 346</b>	<b>(25 851 032)</b>	<b>29 416 314</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 33.1 Reconciliation of Intangible Assets – 2019/20

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment (Loss) / Reversal of impairment loss	Revaluation	Internally Developed	Dis- continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	4 667 923	813 467	(21 496)	72 038	(1 412 426)	(15 052)	51 540	20 463		4 032 381
Copy rights and Trademarks	30 447	484	(167)		(11 040)					19 724
Internally Generated Software	577 913	190 463	(327)	256 235	(42 261)			(154 418)		827 605
Licenses	1 009 639	239 122	(450)	340 142	(530 174)	(119)				1 058 160
Service	217 443	106 194			(52 501)					271 136
Concession Assets										
Servitudes	3 169 773	145 776	(129)	18 034	(3 698)					3 329 756
Patents and models	5 893		(97)		(1 496)					4 300
Research assets	64				(31)					33
Other	19 737 219	2 103 413	78	(230 916)	(1 283 474)	(13 465)	48 305		20 361	160
<b>Total</b>	<b>29 416 314</b>	<b>3 598 918</b>	<b>(22 588)</b>	<b>311 458</b>	<b>(3 337 100)</b>	<b>(28 636)</b>	<b>99 845</b>	<b>(133 955)</b>		<b>29 904 255</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 33.2 Reconciliation of Intangible Assets – 2018/19

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment (Loss) / Reversal of impairment loss	Revaluation	Internally Developed	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	5 523 637	891 175	(97 988)	196 101	(1 703 168)	(160 887)	4 164	14 873	18	4 667 923
Copy rights Internally Generated	40 242	112 262	(1 626)	(43 347)	(8 169)	(319)		914		30 447
Software Licenses	552 682		(26)		(44 253)					577 913
Service Concession Assets	1 025 612	192 132		108 779	(291 902)				(24 982)	1 009 639
Servitudes	137 288	99 836			(19 680)					217 443
Patents and models	3 038 085	129 700	(490)	6 302	(3 824)					3 169 773
Trademarks	255 937	45		625	(250 714)					5 893
Other	36 354	15	(36 274)		(32)					64
	20 106 911	1 948 592	3 089	(141 531)	(1 774 490)	(283 158)	36 325	254	(158 772)	19 737 219
<b>Total</b>	<b>30 716 748</b>	<b>3 373 756</b>	<b>(133 315)</b>	<b>126 928</b>	<b>(4 096 232)</b>	<b>(444 365)</b>	<b>40 489</b>	<b>16 040</b>	<b>(183 736)</b>	<b>29 416 314</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

33.3 Intangible assets – additional disclosure		2019/20 R '000	2018/19 R '000
Existence and amounts of restrictions on title and disposal of Intangible assets		-	-
Intangible assets pledged as security		-	-
Contractual commitments for the acquisition of Intangible assets		1 796 292	2 636 442
Compensation from third parties for Intangible assets impaired, lost or given up which are included in surplus or deficit		995	-

33.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of intangible assets per class of asset	79 774	37 738
The carrying value of intangible assets that is taking a significantly longer period of time to complete than expected	128 638	124 690
The carrying value of intangible assets where construction or development has been halted either during the current or previous reporting period(s).	-	-

34 Investment Property Carried at Cost

Reconciliation of carrying value

2019/20		2018/19			
Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
R '000	R '000	R '000	R '000	R '000	R '000
6 049 401	(809 670)	5 239 731	6 038 951	(703 041)	5 335 910
Total					

34.1 Reconciliation of Investment Property Carried at Cost – 2019/20

Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment (Loss) / Reversal of impairment loss	Revaluation	Carrying Value Closing Balance
R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
5 335 910	1 265	(1 032)	10 945	(107 356)			5 239 731
Total							

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 34.2 Reconciliation of Investment Property Carried at Cost – 2018/19

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment (Loss) / Reversal of impairment loss	Revaluation	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
<b>Total</b>	<b>5 441 108</b>	<b>3 690</b>	<b>(1 004)</b>	<b>3 088</b>	<b>(107 955)</b>		<b>(3 018)</b>	<b>5 335 910</b>

## 34.3 Investment property – additional disclosure

	2019/20 R '000	2018/19 R '000
Existence and amounts of restrictions on title and disposal of investment property	-	-
Investment property pledged as security	-	-
Contractual commitments for the acquisition of investment property	-	-
Compensation from third parties for investment property impaired, lost or given up which are included in surplus or deficit	-	-

## 34.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of investment property per class of asset	2 809	1 546
The carrying value of investment property that is taking a significantly longer period of time to complete than expected	-	-
The carrying value of investment property where construction or development has been halted either during the current or previous reporting period(s).	-	-

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 35 Investment Property Carried at Fair Value

Reconciliation of carrying value						
2019/20				2018/19		
	Cost R '000	Fair Value Adjustments R '000	Carrying Value R '000	Cost R '000	Fair Value Adjustments R '000	Carrying Value R '000
Total	31 216 191	(53 479)	31 162 712	29 593 514	(35 945)	29 557 569

35.1 Reconciliation of Investment Property Carried at Fair Value – 2019/20						
	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
Total	29 557 569	185 270	(2 704)	56 425	1 366 152	31 162 712

35.2 Reconciliation of Investment Property Carried at Fair Value – 2018/19						
	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
Total	26 110 068	438 573	(120 356)	(75 119)	3 204 403	29 557 569

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 36 Biological Assets

### Reconciliation of Carrying Value

	2019/20		2018/19	
	Cost	Accumulated Depreciation and Impairment	Cost	Accumulated Depreciation and Impairment
	R '000	R '000	R '000	R '000
Trees in plantation	3 317 758		3 251 287	
Maize			55 000	
Dairy Cattle	931		717	
Other Assets	5 347		6 134	
<b>Total</b>	<b>3 324 037</b>	<b>3 324 037</b>	<b>3 313 137</b>	<b>3 313 137</b>

### 36.1 Reconciliation of Biological Assets – 2019/20

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sale costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other move-ments	Trans-fers continued Operations	Dis- Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	3 251 287		(17 000)	83 471					3 317 758
Maize	55 000						(55 000)		
Dairy Cattle	717			214					931
Other Assets	6 134	114	(284)	(434)			(183)		5 347
<b>Total</b>	<b>3 313 138</b>	<b>114</b>	<b>(17 284)</b>	<b>83 251</b>			<b>(55 183)</b>		<b>3 324 037</b>

### 36.2 Reconciliation of Biological Assets – 2018/19

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/ sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other Transfers move- ments	Dis- continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	3 341 366	17 000		(92 079)			(15 000)		3 251 287
Maize	22 000	55 000					(22 000)		55 000
Dairy Cattle				717					717
Other Assets	4 946	86	(215)	1 527			(210)		6 134
<b>Total</b>	<b>3 368 312</b>	<b>72 086</b>	<b>(215)</b>	<b>(89 835)</b>			<b>(37 210)</b>		<b>3 313 137</b>

## 36.3 Biological assets - additional disclosure

	2019/20 R '000	2018/19 R '000
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Existence and amounts of restrictions on title and disposal of Biological assets	-	-
Biological assets pledged as security	-	-
Contractual commitments for the acquisition of Biological assets	-	-
Compensation from third parties for Biological assets impaired, lost or given up which are included in surplus or deficit	-	-

## 36.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of biological assets per class of asset	-	-
The carrying value of biological assets that is taking a significantly longer period of time to complete than expected	-	-
The carrying value of biological assets where construction or development has been halted either during the current or previous reporting period(s).	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 37 Government Grants and Subsidies

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
Reconciliation of Movement in Grant - 2020	R '000	R '000	R '000	R '000
Other Government Grants and Subsidies	(4 099 731)	50 717 368	68 400 785	(21 783 148)
<b>Total Government Grant and Subsidies</b>	<b>(4 099 731)</b>	<b>50 717 368</b>	<b>68 400 785</b>	<b>(21 783 148)</b>

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
Reconciliation of Movement in Grant - 2019	R '000	R '000	R '000	R '000
Other Government Grants and Subsidies	13 488 591	51 514 989	69 103 311	(4 099 731)
<b>Total Government Grant and Subsidies</b>	<b>13 488 591</b>	<b>51 514 989</b>	<b>69 103 311</b>	<b>(4 099 731)</b>

	2019/20	2018/19
	R '000	R '000

## 38 Public contributions and donations

Public contributions - Conditional	751 396	871 595
Public contributions - Unconditional	4 401 148	3 609 094
Donations	104 417	70 747
<b>Total</b>	<b>5 256 961</b>	<b>4 551 435</b>

## 39 Transfers and Sponsorships

Transfer payment from controlling entity	7 314 348	7 036 975
Transfer payment from other departments/entities	1 260 709	1 112 144
Local and foreign aid assistance	39 102	27 317
Gifts, donations and sponsorships received	141 816	137 405
Other Transfers and Sponsorships	209 978	266 647
<b>Total</b>	<b>8 965 953</b>	<b>8 580 488</b>

## 40 Revenue from Fines and Penalties

Fines	235 145	297 272
Penalties (including forfeits)	982 237	834 447
<b>Total</b>	<b>1 217 383</b>	<b>1 131 719</b>

## 41 Legislative and oversight functions

Administration	8 723 347	8 852 534
Legislation and Oversight	55 507 364	54 283 886
Public and International Participation	77 334	101 044
Member's Facilities	-	-
Associated Services	4 534 411	4 224 478
Statutory Appropriation	36 616 582	24 213 854
<b>Total</b>	<b>105 459 039</b>	<b>91 675 795</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>42 Taxation Revenue</b>		
Taxes on income and profits	-	-
Taxes on payroll and workforce (incl SDL)	7 336 246	7 062 060
Domestic taxes on goods and services	9 983	6 896
<b>Total</b>	<b>7 346 229</b>	<b>7 068 956</b>
<b>43 Revenue from Exchange Transactions – Sale of goods and services</b>		
Revenue from Exchange Transactions - Sale of goods and services	<b>413 698 737</b>	<b>398 967 411</b>
<b>44 Income from Rental of Facilities and Equipment</b>		
Rental of facilities	4 384 086	4 395 734
Rental of equipment	539	1 608
Other rentals	2 509 521	2 451 406
<b>Total</b>	<b>6 894 146</b>	<b>6 848 748</b>
<b>45 Interest Earned - External Investments</b>		
Bank	11 251 828	10 227 743
Financial assets	33 884 880	31 557 747
Other	12 782 805	24 036 148
<b>Total</b>	<b>57 919 513</b>	<b>65 821 639</b>
<b>46 Interest Earned - Outstanding Receivables</b>		
Interest Earned – Outstanding Receivables	5 915 935	5 582 600
Interest Earned – Finance lease receivables	47 394	51 471
Interest Earned from Statutory Receivables	26	3 454
<b>Total</b>	<b>5 963 356</b>	<b>5 637 524</b>
<b>47 Other income</b>		
Other income	15 659 378	15 612 162
Revenue from Exchange Transactions - Sundry income	21 844 166	21 084 195
Insurance commissions	47 027	42 404
Bad debt recoveries	261 112	26 764
Recovery of unauthorised, irregular, fruitless and wasteful expenditure	5 746	469
<b>Total Other Income</b>	<b>37 817 429</b>	<b>36 765 995</b>
<b>Deferred Income</b>	<b>95 587 494</b>	<b>87 648 591</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>48 Employee Related Costs</b>		
Salaries - Employees - Salaries and Wages	103 291 418	101 623 211
Salaries - Employees - UIF, Pensions and Medical Aid	12 620 836	11 985 843
Salaries - Employees - Performance and other bonuses	3 033 168	5 228 677
Salaries - Employees - Overtime payments	6 362 624	5 989 033
Salaries - Employees - Other employee related costs	2 322 514	833 068
Salaries - Employees - Long-service awards	74 369	89 323
Salaries - Employees - Housing benefits and allowances	2 965 394	2 835 581
Salaries - Employees - Allowances	6 038 886	5 997 024
Salaries - Benefits Paid - Post-retirement medical aid contributions	224 105	194 082
Salaries - Benefits Paid - Movement in long-term employee benefits	206 246	219 203
Salaries - Accounting Authority - Basic remuneration	1 314 836	1 249 177
Salaries - Accounting Authority - Performance awards	1 970	2 443
Salaries - Accounting Authority - UIF	1 204	1 221
Salaries - Accounting Authority - Periodic payments	8 640	7 706
Salaries - Accounting Authority - Pension	7 921	7 466
Salaries - Accounting Authority - Other non-pensionable allowances	11 070	8 984
Salaries - Accounting Authority - Medical	5 682	5 130
Salaries - Accounting Authority - Insurance	5 097	5 281
Salaries - Accounting Authority - Gratuities	6 368	6 233
Salaries - Accounting Authority - Compensative or circumstantial	6 035	7 443
Employee benefits expensed - liability for long service leave	4 101	1 517
Employee benefits expensed - termination benefits	748 191	799 814
Employee benefits expensed - Other	(334 864)	(322 176)
Movement in Provision - Provision for Performance Bonus	1 384 701	1 414 791
Movement in Provision - Provision for Leave Pay	1 092 619	1 037 823
Movement in Long-term Provisions - Provision for Long Service Awards	1 622	1 874
Movement in Long-term Provisions - Other Long-term employee related provisions	405 283	525 766
<b>Total</b>	<b>141 810 037</b>	<b>139 755 535</b>

## 49 Repairs and Maintenance

Property, plant and equipment	<b>20 999 985</b>	<b>22 181 761</b>
- Land	5 573	3 806
- Buildings	3 485 406	2 888 079
- Vehicles	74 626	83 854
- Infrastructure	5 514 989	6 417 466
- Capital Work in Progress	22 401	25 230
- Finance Lease Assets	135	169
- Furniture & Fittings	1 056	1 784
- Plant, Machinery & Equipment	8 252 510	9 292 029
- Office Equipment	52 108	61 395
- Computer Equipment	211 339	231 375
- Aircraft	3 374 105	3 171 522
- Ships	5 737	5 053
Intangible Assets	251 786	230 953
Investment Property	141	176
Other Assets	1 364 643	1 116 815
	<b>22 616 555</b>	<b>23 529 706</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>50 Depreciation and Amortisation Expense</b>		
Property, plant and equipment	61 907 132	61 886 435
Intangible assets	3 337 100	4 096 232
Investment property carried at cost	107 356	107 955
Biological assets carried at cost	-	-
<b>Total Depreciation and Amortisation</b>	<b>65 351 588</b>	<b>66 090 622</b>
<b>51 Contracted Services</b>		
Consultants on various projects	3 006 354	3 176 969
Agency fees	1 781 580	1 367 305
Research	265 693	300 693
	<b>5 053 626</b>	<b>4 844 967</b>
<b>52 Grants and Subsidies Paid</b>		
Total grants and subsidies paid	<b>28 146 282</b>	<b>25 429 396</b>
<b>53 Finance Costs</b>		
Borrowings	38 597 265	34 699 950
Interest Charged on Overdue Trade and other payables	3 695 529	3 224 516
Finance leases	2 098 230	1 800 583
Other financial liabilities	35 798 123	38 446 739
Bank overdrafts	157 714	344 180
<b>Total Finance Costs</b>	<b>80 346 862</b>	<b>78 515 969</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>54 General Expenses</b>		
Included in general expenses are the following:		
Advertising	2 955 167	2 912 846
Admin fees	46 021 286	45 370 439
Audit fees	1 224 771	1 102 148
Bank charges	461 411	853 192
Bursaries	28 184 040	24 911 771
Cleaning	902 740	923 041
Conferences and delegations	354 522	308 845
Connection charges	348 515	304 237
Consulting fees	3 138 926	2 890 463
Consumables	430 609	375 609
Cost of sales	164 053 101	151 461 676
Debt collection commission	10 853	10 410
Departmental consumption	11 696	13 322
Entertainment	107 159	112 847
Electricity	8 558 215	8 362 988
Financial management grant	221 182	185 596
Fuel and oil	10 497 760	11 188 283
Insurance	1 858 365	2 661 768
Legal expenses	1 521 562	1 353 536
Levies paid	1 297 963	1 401 881
Licence fees - vehicles	17 350	15 143
Licence fees - computers	1 062 055	1 009 396
Membership fees	160 101	150 493
Movement in other provisions	51 706 821	55 115 497
Parking	38 431	35 179
Postage	259 147	208 080
Printing and stationery	607 402	639 276
Professional fees	2 626 901	3 593 013
Rental of buildings	8 097 860	7 680 244
Rental of office equipment	325 215	333 728
Rental of computer equipment	64 082	74 546
Other rentals	4 838 415	5 182 380
Security costs	3 794 563	3 444 988
Skills development levies	638 828	651 114
Stocks and material	7 173 979	7 033 792
Subscription & publication	113 604	104 661
Telephone cost	1 965 597	2 520 708
Training	1 225 341	1 016 189
Transport claims	176 942	188 206
Travel and subsistence - Local	5 456 650	5 444 659
Travel and subsistence - Foreign	390 736	378 692
Uniforms & overalls	44 875	44 619
Valuation costs	(1 164)	9 770
Water	589 482	460 707
Other	23 370 558	31 346 333
	<b>386 903 615</b>	<b>383 386 314</b>
<b>55 Gain / (Loss) on Sale of Assets</b>		
Property, plant and equipment	(5 157 105)	(1 023 075)
Intangible assets	(17)	(9 903)
Investment property	(1 562)	(1 682)
Other financial assets	99 462	22 036
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>(5 059 223)</b>	<b>(1 012 624)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>56 Impairment (Loss) / Reversal of impairment loss</b>		
Property, plant and equipment	(9 933 255)	(1 857 824)
Intangible assets	36 458	(300 963)
Other financial assets	(24 956 658)	(12 630 652)
Heritage assets	(11 707)	(1 314)
Statutory Receivables	(14 951)	12 945
<b>Total Impairment (Loss) / Reversal of impairment loss</b>	<b>(34 880 114)</b>	<b>(14 777 807)</b>
<b>57 Profit / (Loss) on Fair Value Adjustment</b>		
Investment property carried at fair value	955 802	3 440 283
Biological assets carried at fair value	8 559	598
Other financial assets	14 346 375	14 483 434
Other financial liabilities	(40 617 584)	(24 642 092)
Other fair value adjustment gain/(loss)	155 361 738	89 942 021
<b>Total Profit / (Loss) on Fair Value Adjustment</b>	<b>130 054 889</b>	<b>83 224 245</b>
<b>58 Profit / (Loss) on Revaluation of Assets</b>		
Gain/ (loss) on revaluation of heritage assets		(64)
Gain/ (loss) on revaluation of intangible assets		(39)
Gain/ (loss) on revaluation of property, plant and equipment	(2 704)	3 710
Gain/ (loss) on revaluation of investment property	720 295	(61 453)
Gain/ (Loss) on revaluation on other financial assets	(20 729 607)	1 388 994
Gain/ (loss) on revaluation of biological assets	640	1 115
<b>Total Profit / (Loss) on Revaluation of Assets</b>	<b>(20 011 377)</b>	<b>1 332 263</b>
<b>59 Taxation</b>		
<b>Income tax expense</b>		
<b>South African normal taxation</b>		
Current tax	6 340 948	4 384 432
<b>Deferred taxation</b>	<b>(7 056 287)</b>	<b>(6 546 922)</b>
- Movement in temporary differences	744 666	8 129 707
- Unused tax loss created	(7 978 215)	(14 884 023)
- Recognition of unused tax loss not previously recognised	-	(49)
- Unused tax loss utilised	(57 721)	383 738
- Other movements in deferred taxation	234 983	(176 296)
SA normal tax	(715 339)	(2 162 490)
Foreign taxation		1 026
<b>TOTAL INCOME TAX EXPENSE</b>	<b>(715 339)</b>	<b>(2 161 464)</b>
<b>Tax rate reconciliation</b>		
<b>Accounting profit</b>	<b>(26 604 699)</b>	<b>(17 939 495)</b>
Tax calculated at tax rate 28.00%	<b>(7 449 316)</b>	<b>(5 023 058)</b>
<b>Tax effect of non-taxable/non-deductible items</b>	<b>7 348 757</b>	<b>2 999 124</b>
- Dividends not taxable	573 116	(8 578)
- Fines not deductible		
- Donations not deductible	(5 244)	(6 630)
- Depreciation not deductible	(299 175)	(329 847)
- Unused tax loss not recognised	1 684 712	3 127 906
- Other movements of non-taxable/non-deductible items	5 395 348	216 273
Change in taxation rate	(614 780)	(137 530)
<b>INCOME TAX EXPENSE</b>	<b>(715 339)</b>	<b>(2 161 465)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>60 Surplus / (Deficit) from discontinued operations</b>		
Revenue	5 482	203 152
Net Operating Expenses Excluding Depreciation and Amortisation	(1 538)	(160 490)
<b>Surplus / (deficit) From Operations Before Depreciation, Amortisation And Other Items</b>	<b>3 944</b>	<b>42 662</b>
Other Income		4
Administrative Expenses		(112 132)
Depreciation And Amortisation		(9 009)
(impairment)/reversal Of Impairment Of Assets		-
Finance Costs		-
Finance Income	363	12 930
<b>Profit/ (loss) Before Taxation</b>	<b>4 307</b>	<b>(65 545)</b>
Taxation		
<b>Surplus / (Deficit) For The Year From Discontinued Operations</b>	<b>4 307</b>	<b>(65 545)</b>
<b>61 Cash flows from operating activities</b>		
<b>Surplus/(deficit) for the year from:</b>		
Continuing operations	54 838 460	43 538 237
Discontinued operations	4 307	(65 545)
<b>Adjustment for :</b>		
(Gain) / loss on sale of tangible Assets	5 152 463	1 074 162
(Gain) / loss on sale of Intangible Assets	(1 394 149)	1 791 125
Amortisation	5 766 549	4 014 564
Contribution to provisions – current	16 255 559	3 439 875
Contribution to provisions - non-current	39 763 536	54 370 046
Depreciation	62 415 888	61 160 846
Discount on bonds amortised	(9 814)	(46 483)
Dividend Income	(4 153 433)	(4 182 789)
Fair value adjustments	(138 066 283)	(88 474 046)
Fair value losses on financial instruments	(5 655 877)	(7 238 672)
Finance Costs	24 184 265	13 183 415
Finance Costs: Service Concession	(4 380 216)	(4 308 190)
Finance Income	(15 116 330)	(6 531 736)
Foreign exchange (gains)/losses on operating activities	(2 609 725)	(2 474 441)
Increase/(decrease) in provisions	(10 181 788)	(5 509 542)
Interest received-Held-to-maturity investments	(4 430 231)	(4 264 810)
Increase in provision for post-retirement benefit obligation	3 721 357	9 384 222
Movements in other employee benefit items	(802 600)	885 936
Movement in rehabilitation liability	(185 244)	5 228
Net foreign exchange losses on translation	(28 249)	49 589
Provision for inventory obsolescence	(105 122)	111 540
Release of firm commitments	15 476	(63 046)
Revaluation of Assets	22 733 345	(5 125 515)
Security of supply of petroleum levy	(875)	(99)
Share of (income)/loss from associates and Joint Ventures	(2 272 485)	(2 094 486)
Unrealised foreign exchange losses/(gains)	4 973 025	4 947 214
Impairment loss / (reversal of impairment loss)	26 703 745	11 839 114
Service costs: Service Concession	(96 143)	6 382
Other non-cash item	3 607 606	(4 409 667)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>Operating surplus before working capital changes:</b>	<b>80 647 015</b>	<b>75 012 426</b>
(Increase)/decrease in inventories	(4 050 913)	(472 154)
(Increase)/decrease in trade and other receivables	(6 113 033)	(11 395 735)
(Increase)/decrease in statutory receivables	7 783 679	(3 754 164)
(Increase)/decrease in VAT receivable	(25 013)	31 286
(Increase)/decrease in prepayments	(1 548 767)	5 166 278
Increase/(decrease) in conditional grants and receipts	4 105 021	5 932 555
Increase/(decrease) in consumer deposits	256 856	(740 749)
Increase/(decrease) in deferred income	2 732 434	1 327 697
Increase/(decrease) in trade and other pay	3 722 135	2 508 260
Increase/(decrease) in VAT payable	316 671	523 850
Increase/(decrease) in payments received in advance	3 441 290	4 400 215
Other working capital movements	(32 810 467)	6 459 672
<b>Net cash flows from operating activities</b>	<b>58 456 910</b>	<b>84 999 438</b>

## 62 Change in Accounting Policy

Financial statement line items affected as a result of a change in accounting policy:

Changes in other income/(expenses)	203	741 689
Changes in Income Tax Expense		(203 000)
Changes in Profit/(loss) After Tax	203	543 095
Changes in Deferred tax (Asset)/Liability		1 572 905
Changes in Equity/Reserves	(300 943 784)	4 183 728
Changes in Depreciation	150 808 641	(2 538 977)
Changes in Lease liability	153 109 768	(900 250)
Changes in Non Current Liability	(632 545)	(2 556 828)
Changes in working capital	(645)	243 145
	<b>2 341 841</b>	<b>1 085 507</b>

## 63 Correction of Prior Period Error

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

	Amount before error correction	Prior period error	Restated amount
Depreciation	2 436 042	(8 150 700)	(5 714 658)
Expenditure	(382 744 239)	(47 786 112)	(431 267 351)
Revenue	472 670 017	3 356 845	476 026 862
Other	178 624 297	(163 100 235)	15 524 062
Net effect on surplus/(deficit) for the year	<b>270 986 117</b>	<b>(215 680 202)</b>	<b>54 568 916</b>

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

Property, plant and equipment	1 209 911 113	(86 569 701)	1 123 338 613
VAT receivable not previously recognised	100 371	8 885	109 256
Non current and current receivables	91 782 107	(711 950)	91 070 156
Provisions	(6 434 965)	5 850 080	(584 885)
Accruals	(38 044 695)	(4 820 207)	(42 864 902)
Other	460 173 264	(17 643 430)	442 529 834
Net effect on Statement of Financial Position	<b>1 717 487 196</b>	<b>(103 886 323)</b>	<b>1 613 598 072</b>

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

Accumulated Surplus/(Deficit)	(384 668 243)	27 416 378	(357 251 865)
Accumulated surplus opening balance	57 019 889	325 648	57 345 537
Other	1 760 484	929 840	2 690 324
Net Effect on Statement of changes in Net Assets	<b>(325 887 870)</b>	<b>28 671 866</b>	<b>(297 216 004)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 64 Change in Estimate

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances:

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
<b>Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:</b>	<b>2 589 483</b>	<b>1 383 527</b>	<b>(1 145 006)</b>
Buildings	27 481	20 371	(813)
Infrastructure assets	29 790	21 680	(20 490)
Machinery	102 559	61 820	40 713
Office equipment	70 389	76 622	14 624
Furniture	140 649	141 522	1 271
Vehicles	1 307 590	554 118	(754 158)
Computer equipment	310 250	315 083	(14 305)
Computer software	595 943	177 112	(414 610)
Other intangible asset	11 482	8 619	2 833
Biological asset at cost	(6 651)	6 580	(71)

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
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**Change in depreciation resulting from reassessment of residual values. The following categories are affected:**

Buildings	13 280	13 282	(2)
Office equipment	9 194	9 509	(315)
Furniture	35 201	35 254	(53)
Vehicles	139 518	134 124	(7 228)
Computer equipment	87 207	88 206	(999)
Computer software	79 071	81 515	(2 444)

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
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**Change in depreciation / amortisation resulting from a change in the depreciation / amortisation method. The following categories are affected:**

Office equipment	-	-	79 042
Furniture	-	-	4
Vehicles	-	-	1
Computer equipment	-	-	265 185

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>65 Fruitless and Wasteful Expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance -	5 981 631	3 439 195
Prior period error		(717 852)
<b>As restated</b>		<b>2 721 343</b>
Add: Fruitless and wasteful expenditure - current year	1 998 664	2 495 154
Add: Fruitless and wasteful expenditure - prior year	2 132 357	840 158
Less: Condoned or written off by relevant authority	(1 884 100)	(177 144)
Less: Transfer to receivables for recovery	(40 413)	102 120
<b>Fruitless and wasteful expenditure closing balance</b>	<b>8 188 138</b>	<b>5 981 631</b>
<b>66 Irregular Expenditure</b>		
<b>Reconciliation of irregular expenditure</b>		
Opening balance -	238 955 929	204 484 094
Prior period error		(3 690 600)
<b>As restated</b>		<b>200 793 494</b>
Add: Irregular expenditure - current year	32 268 267	36 398 585
Add: Irregular expenditure - prior year	5 493 239	10 276 436
Less: Condoned or written off by relevant authority	(6 180 227)	(7 232 157)
Less: Transfer to receivables for recovery – not condoned	(411 543)	(1 280 429)
<b>Irregular expenditure awaiting condonement</b>	<b>270 125 665</b>	<b>238 955 929</b>
<b>67 Capital Commitments</b>		
<b>Commitments in respect of capital expenditure:</b>		
<b>- Approved and contracted for</b>	<b>166 806 287</b>	<b>179 701 103</b>
Infrastructure	76 322 016	92 665 736
Community	229 389	200 000
Heritage	214 991	192 270
Other	90 039 891	86 643 097
<b>- Approved but not yet contracted for</b>	<b>121 574 692</b>	<b>132 691 760</b>
Infrastructure	114 793 180	125 823 496
Other	6 781 512	6 868 264
<b>Total</b>	<b>288 380 979</b>	<b>312 392 862</b>
<b>This expenditure will be financed from:</b>		
- External Loans	96 079 483	106 478 425
- Government Grants	95 746 443	94 554 370
- Own resources	96 555 053	111 360 068
	<b>288 380 979</b>	<b>312 392 862</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>68 Operating leases</b>		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
<b>Operating lease arrangements</b>		
<b>Lessee</b>		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	10 029 139	6 635 558
1 to 5 years	20 924 379	22 226 825
More than 5 years	31 027 924	33 776 411
	<b>61 981 442</b>	<b>62 638 794</b>
<b>Lessor</b>		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	7 586 408	6 401 988
1 to 5 years	20 284 366	19 792 068
More than 5 years	22 538 321	20 479 850
	<b>50 409 095</b>	<b>46 673 905</b>
<b>69 Contingent Liabilities</b>		
<b>69.1 Guarantees</b>		
Guarantees	10 062 967	11 654 413
<b>69.2 Court proceedings</b>		
Legal court proceedings	14 719 038	14 691 647
<b>69.3 Insurance claims</b>		
Insurance claims	(160 329)	(159 039)
<b>69.4 Forensic investigation</b>		
Forensic investigation	2 521	2 021
<b>69.5 Other contingent liabilities</b>		
Other contingent liabilities	524 845 409	240 903 378
<b>Total contingent liabilities</b>	<b>549 469 606</b>	<b>267 092 420</b>
<b>70 Contingent Assets</b>		
<b>70.1 Court proceedings</b>		
Legal court proceedings	17 585 874	17 315 391
<b>70.2 Insurance claims</b>		
Insurance claims	596 673	533 271
<b>70.3 Forensic investigation</b>		
Forensic investigation	91 510 124	
<b>70.4 Other contingent assets</b>		
Other contingent assets	100 673 366	214 785
<b>Total contingent assets</b>	<b>210 366 038</b>	<b>18 063 447</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R '000	2018/19 R '000
<b>71 Contributed Capital</b>		
Opening balance	83 034 205 842	83 032 881 149
Contributions	49 000 414 579	1 324 693
	<b>132 034 620 421</b>	<b>83 034 205 842</b>

## 72 Events After the Reporting Date

### Adjusting events

#### Construction Industry Development Board

The entity acquired its head office in Pretoria after the financial year-end. Though the service provider was appointed before the year-end, obligation arose upon meeting all suspensive conditions which occurred after the year-end, however, before the reporting date. The cost of the building is estimated at R98 000 000.

#### Council for the Built Environment

Subsequent to the financial year-end, the service provider who was awarded a contract for certain electrical equipment indicated that due to the COVID 19 pandemic, the contract cannot be fulfilled. The contract was subsequently cancelled and the total commitments adjusted.

#### Air Traffic and Navigation Services Company Limited

The COVID-19 global pandemic evolved rapidly in 2020 and it impacted the company's operations which led to decrease in billable movement and revenue as well as the decline of cash inflows as most airlines could not settle their debt. Management therefore adjusted the expected credit loss at year end as the pandemic has increased the credit risk which cast doubt about the recoverability of debt with most airlines requesting payment holidays.

#### Bloem Water

Subsequent payments, including R30 million that was received on arrears by Mangaung Metropolitan Municipality, have been factored into the allowance for impairment of trade receivables calculation.

#### Community Schemes Ombud Services

The entity uses information relating to levies received after the reporting date but before the date the annual financial statements are authorized for issue as an adjusting event to determine the amount of receivables at year end and the accrued levies revenue.

#### Industrial Development Corporation of South Africa Limited

#### **Recovery of listed share portfolio**

Since the reporting date but before the signing of these financial statements, the IDC listed portfolio has experienced a strong recovery from the challenges experienced towards the conclusion of the financial year. Sasol Ltd's (Sasol) share price, one of the IDC's significant investments, plummeted by 92% from the prior year end to a carrying amount of R37 per share on 31 March 2020 (2019: R450 per share). This decrease negatively impacted the IDC's debt/equity ratio which consequently resulted in the breach

of certain funding covenants at 31 March 2020. Sasol's management is implementing turn-around strategies to manage the cost overruns from the Lake Charles Chemicals Project and to improve liquidity after an oil price war that took place in the early months of 2020. This has improved investor confidence and the share price increased to R135.25 on the date of signing these financial statements. Kumba Iron Ore Ltd, another significant IDC investment, also experienced turbulence in its share price from the instability caused by the COVID-19 global pandemic, as its primary markets were under lockdown. The Kumba share price recovered from the R280.06 reported at year end to R500 on 28 September 2020, the date on which the financial statements were approved. Overall, the listed portfolio value increased by R17 billion to R40.5 billion during this time. Post year end, and in line with the recovery of the IDC's listed book, waivers are in place for the covenant breaches and at the date of publication, the debt/equity ratio is lower than the requirements as per funding covenants.

#### **Covid 19 Pandemic**

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

It was only towards the end of the financial year when the early impact of COVID-19 began to show. The president announced the nationwide lockdown which resulted in a major economic downturn. This lockdown announcement was made before year end and as such – where practically possible and where amounts could be reasonably estimated – the financial effects of the pandemic were adjusted for in the financial statements as the pandemic existed at reporting date. The unlisted book saw a significant reduction in value of R4.9 billion. Further to this, the increase in expected credit losses amounted to R2 billion owing to migration of staging of loans in line with IFRS 9. The continued spread of the COVID-19 pandemic is affecting global economies and it is expected that a large number of the IDC's clients will be impacted in some way. The ultimate financial impact of COVID-19 on the Group's financial performance and position cannot be determined and is subject to change. Certain interlinking events occurred as a result of the economic impact of COVID-19 and are discussed briefly:

- The IDC provides financial guarantees in the normal course of business. Following the outbreak of COVID-19 and the impact on IDC clients, there was an increase in the number of guarantees being called and subsequently converted to loans. The total guarantees at year end amounted to R2.87 billion. The guarantees that were called upon are considered non-adjusting events and have been treated as such.
- In June 2020, the IDC credit rating was downgraded by Moody's by one notch to Ba2. The downgrade decision was attributed to uncertainty around the government's ability to support State Owned Entities amid the competition for resources that the pandemic had brought about. The downgrade, an unadjusting event, resulted in the breach of certain funding covenants which were subsequently condoned by respective lenders, with the necessary waivers being issued.

## National Lotteries Commission

On 11 May 2020, Ithuba wrote to the NLC Board requesting on easing the burden on lottery winners in claiming prizes as a result of the nation-wide lockdown. The NLC Board considered the request and resolved that the prize claim period be extended until 31 October 2020, to allow for winners whose tickets expired during the lockdown to claim their prizes. This impacted the Annual Financial Statements of the NLC and an adjustment has been made to the financial statements to reflect this.

The Cape Town International Jazz Festival was postponed due to COVID 19. During September 2020 the entity received communication that the event has been cancelled indefinitely and NLC will be receiving refunds for the payment that was made. The impact on the financial statement is a decrease in goods and service of R1 154 577 and an increase of R1 154 577 in debtors.

## Road Traffic Infringement Agency

The Agency was impacted negatively by the Covid19 pandemic which led to the need to request more capital injection from their shareholder, the Department of Transport. Subsequent to year end the shareholder allocated a special adjustment budget grant of special conditions to the value of R80 million to sustain the Agency operations.

## Universal Service and Access Agency of South Africa

During 2020 there was a settlement agreement that was concluded with 2 senior employees of USAASA whom the Agency engaged in litigation with. The employees were challenging dismissal by claiming reinstatement. The total amount of settlement was R3.9m.

## Energy & Water Sector Education and Training Authority

On 21 April 2020, The President of South Africa announced a 4 month skills development levy (SDL) payment holiday as one of the relief measures for businesses (employers) during the lockdown period in response to the COVID-19 pandemic. The payment relief was effective from 01 May 2020 to 31 August 2020. The direct impact to EWSETA is a loss of 1/3 of the budgeted revenue for the year, which would negatively impact on the performance targets of the entity.

## Wholesale and Retail Sector Education and Training Authority

On 2 September 2020 National Treasury repealed instruction no 6 of 2017/18 on the retention of cash surplus. This was replaced by instruction note 12 of 2020/21. The impact of the change affected the value of the contingent liability as disclosed by the entity in accordance with the new instruction.

## **Non-Adjusting events**

### African Renaissance International Cooperation

The Minister of Finance issued the below concurrence letters to the entity before the reporting date of 31 July 2020:

- South Africa's assistance to combat COVID 19 in Africa R 106 800 000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

- b) South Africa's contribution to provide Personal Protective Equipment R 288 566 900, this project will be funded by rescinding old non-moving projects to the same value.
- c) South Africa's pledges at the European Union conference as a commitment to the African Union R 52 735 000

## Commission for Gender Equality (CGE)

As a result of Covid 19 pandemic, the National Treasury has decided to reduce the 2020/2021 financial year budget for goods and services with a total amount of R13 million. Whilst the total amount of R10 million rand will be completely removed from the allocation, the maximum amount of R 3 million can be reallocated by the Commission to support the implementation of measures to respond to COVID 19 in the workplace.

## Council for the Built Environment

The internal audit bid was concluded on 29 June 2020 and awarded for a period of three years at a total value of R3.1 million. The external audit bid was awarded for a period of three years subject to an annual re-appointment at a total value of R3.7 million.

Due to the COVID 19 pandemic and the reprioritisation of funds, 12.06% of the CBE income for the 2020/21 financial year has been surrendered in an effort to curb the effect of the pandemic on the national economy.

## National Youth Development Agency

Three members of the NYDA Board were sworn in as Members of Parliament in the sixth administration and therefore ceased to be members of the Board as from 22 May 2019. The Board did not meet a quorum based on its remaining members. The Executive Authority was made aware and has been consulting with the relevant structures to reconstitute the Accounting Authority. As at the 4th of May 2020 the term of the 3rd Board of Directors of NYDA came to an end. The Executive Authority in consultation with National Treasury has since appointed the Chief Executive Officer as the acting Accounting Authority pending the appointment of the new board.

## Agricultural Research Council

With effect from 1 July 2020, a new Council was appointed by the Minister of Agriculture, Land Reform and Rural Development.

Subsequent to year end R60,4 million was received from Department of Agriculture, Forestry and Fisheries settling long outstanding debt.

## Bloem Water

The following payments have been made by Municipalities from September 2020 to 7 December 2020.

Mangaung Metropolitan Municipality - R254,4 million

Kopanong Local Municipality - R4.2 million

Mantsopa Local Municipality - R0.6 million

A settlement agreement of R715 million as calculated at 7 December 2020 has been reached with Mangaung Metropolitan Municipality on outstanding amounts. Payments will be made in accordance with agreement and no interest will accrue on the balance.

Bloem Water was involved in a case against Jimmy Roos Farmers Dewetsdorp for illegal water connections. The court has ruled that Bloem Water is the legal owner of the pipeline and is intitled in terms of the provision of Section 80 of the Water Services Act, 108 of 1997 (the Act) to enter and inspect the pipeline traversing the farms.

The COVID-19 pandemic is affecting the global economy and will continue to affect Bloem Water's operations/projects and those of third parties on which Bloem Water relies, including causing disruptions in the supply chain, limiting availability of staff due to lock down requirements, etc.

## Deeds Registration Trading Account

A counter claim has been received from Gijima Holdings (Pty) Ltd. The claim states that the Department of Rural Development and Land Reform through the Deeds Registration Trading Entity was enriched by Gijima services in the amount of R215 883 million in that the amounts in the invoices represented not less than the fair market value of the Gijima services which were according to Gijima to the benefit of the Department (Deeds). This claim counters that which the Department (Deeds) and the SIU issued to Gijima claiming that Gijima was unlawfully enriched in their dealing with the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Department(Deeds) under the same contract. The information is disclosed in accordance with GRAP 14 as it is material and non-disclosure of could influence the economic decisions of the users taken on the basis of the financial statements. This counter claim has two (2) plaintiffs listed in the case number and settlement will depend on the outcome of the litigation, for the purpose of measurement of the possible liability.

## Driving License Card Trading Account

A decline of 25% - 50% in revenue is expected in the 2020/21 financial year due to the impact of COVID-19 and the extension on renewal of driving licence.

## Equalisation Fund

High Court to set aside the disposals of the strategic crude oil stock on the grounds that these disposals were unlawful, invalid and unconstitutional. Should the Court rule in favour of CEF or SFF, SFF will have to repay all proceeds from the transactions, as well as all storage income received from the buyers for storing these barrels from the date of transfer, including all interest earned and other associated costs. The estimated total amount repayable as at 31 March 2020 is R5.02 billion based on the prevailing foreign exchange rate between the South African Rand and US Dollar.

Should the Court rule that the transaction is valid, according to paragraph 3A(c) of the CEF Act No. 38 of 1977, the proceeds from the sale of crude oil received by SFF Association, shall be payable into the Equalisation Fund provided a determination by the Minister of Mineral Resources and Energy with the concurrence of the Minister of Finance has been received.

## Estate Agency Affairs Board

The Minister of the Department of Human Settlements appointed 15 Board members on the 06 July 2016. The term of the Board members came to an end on 05 July 2019. The Minister of Human Settlement resolved to appoint the current Board as members of the transitional Board with effect from 6 July 2019 until the Property Practitioners Regulatory Authority comes to effect.

On 04 June 2020 five (5) EAAB employees lodged a dispute with the commission for conciliation, mediation and arbitration (CCMA). The nature of the dispute referred was unfair discrimination in terms of two salary structures which the employer has in place which the applicants believed is discriminatory. The commissioner noted that the application of two different salary structures are discriminatory and unfair because some employees are benefiting whereas others are not in terms of the benefits provided by the employer. The commissioner noted that the employer has until 13 August 2020 to remedy the unfair discrimination and also consider back payment to employees who did not benefit.

## Housing Development Agency

KB Mosehla was appointed as acting CFO from 22 May 2020 to date.

## Industrial Development Corporation of South Africa Limited

The IDC provides financial guarantees in the normal course of business. Following the outbreak of COVID-19 and the impact on IDC clients, there was an increase in the number of guarantees being called and subsequently converted to loans. The total guarantees at year end amounted to R2,87 bn. The guarantees that were called upon are considered non-adjusting events and have been treated as such.

## International Trade Administration Commission

Reduction of the 2020/2021 budget by R12.7 million as a result of reprioritisation of the budget due to Covid 19 economic relief support packages.

## Isimangaliso Wetland Park

The Authority is currently in the process of taking over the daily operation of some tourism facilities currently being operated by Ezemvelo. The expected takeover will result in the Authority generating some revenue from accommodation through operating these properties, cleaning and maintenance costs will also increase. As part of take over of these properties, iSimangaliso will also take over employees who are directly involved in operating these properties from Ezemvelo resulting in increase in employee costs.

## Lepelle Northern Water

The Board has moved its services from Modjadji and Nkowankowa schemes under Mopani District Municipality with effect from August 1, 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## Mine Health and Safety Council

There are uncertainties relating to levy collections resulting from negative impact of COVID-19.

## National Agricultural Marketing Council

After the date of this report, The NAMC received a settlement agreement withdrawal of litigation cases against the NAMC relating to Altivex (PTY) LTD (R7,960,000.00 contingent liability) and (R 4,9390,000.00 contingent asset) and Kgalagadi trading and investment (R 197,000.00 contingent asset), this was previously disclosed as contingent liability and contingent assets.

During July 2020, The NAMC has received a report with regard to vandalism that occurred at Nongoma feedlot. The mobile offices were completely destroyed.

## National Consumer Tribunal

Subsequent to year end and as a result of the Covid-19 pandemic, the grant allocation of the NCT for the 2020-21 financial year was reduced by R6.2 million.

## National Energy Regulator of South Africa

Since 27 March 2020, The South African government has declared lockdown restriction to curb the spreading of Covid-19 which is a global pandemic. Lockdown measures include ban on non essential travelling and meetings. In response NERSA management has closed the NERSA building and requested staff to work from home. The travel ban together with the closure of the NERSA building is expected to reduce operating expenditure. The slow economic growth caused by the virus is expected to have a minimal impact on NERSA levies and license fees. NERSA major debtors continue to operate and NERSA expect to recover all its trade receivables. NERSA has determined that these events are non-adjusting subsequent events. Accordingly the financial position and performance as of and for the year ended 31 March 2020 have not been adjusted. The duration and impact of the pandemic remains unclear at this time.

## National Housing Finance Corporation Limited

Since its outbreak around December 2019, the COVID 19 Corona virus pandemic has severely impacted many Global economies around the world. The South African Reserve Bank has since January 2020 cut the repo rate by 2.75% as a measure to revive the economy. The rate cut will significantly impact the NHFCs profitability in the short to medium term.

## National Nuclear Regulator

A contingent liability of R800 000, in respect of a grievance lodged by an external candidate relating to an alleged unfair labour practice during the recruitment and appointment process. The matter was subsequently withdrawn by the applicant on the 29th of July 2020.

On 23 March 2020, the president of South Africa announced a national lockdown, starting from 26 March 2020. Because of the lockdown many industries, including some NNR licence holders, were forced to close their operations. This closure negatively affected their ability to generate revenue, and to subsequently pay their licence fees to the NNR. Some of the licence holders approached the NNR to request the deferment of their debts and to enter into a debt repayment agreement. On 21 April 2020, a R500 million stimulus package was also announced to deal with the pandemic. The National Nuclear Regulator contributed R5 million, from its government transfer, to the government's Covid-19 initiative.

## National Research Foundation

On 15 March 2020, shortly before year-end, a national state of disaster was declared in South Africa due to a local and global COVID-19 infectious disease pandemic. As a preventative measure, except for certain essential services, a strictly regulated total lockdown was implemented from 26 March to 30 April 2020. An alert level approach was adopted by the government from 1 May 2020, where level 5 means only essential services can operate and level 1 means that most normal activities can resume. As at the date of this report, the country is at alert level 3. This lockdown and the phased recovery of economic activity did not have a negative impact on the entity's business and cash flow as at 31 March 2020. The pandemic will, however, impact the budget, cashflows and performance of the NRF negatively in the 2020/21 financial year. The NRF is expected to remain a going concern for the foreseeable future.

## Onderstepoort Biological Products Limited

The entity had ongoing investigations relating to irregularities identified during procurement of



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

inventory and COVID-19 supplies. The results of such investigations could potentially lead to Irregular, fruitless and wasteful expenditure in future financial years.

## Passenger Rail Agency of South Africa

PRASA Rail division suspended its commuter services in line with government lockdown regulations as a result of COVID 19. In addition to the loss of fare revenue due to suspension of services, since the lockdown period, the division has experienced an exponential increase in the vandalism of Infrastructure from May 2020. Overhead Traction Equipment cables are being stolen on daily basis especially in Gauteng. Some stations have also been destroyed in the past two months wherein ticket offices are no longer in a state that can be used after the resumption of services. This will result in assets being impaired and revenue loss as certain stations that will not be able to be used as revenue generating assets.

## Ports Regulator of South Africa

On 15 March 2020 the President declared a national state of disaster in terms of the Disaster Management Act to enable the government to manage the spread of the COVID-19 virus, this may have an impact on the business continuity in terms of budget cutting/adjustment as the entity primarily receives government funding for its operations. Management will make every effort to minimise any budget cuts/adjustments.

## Rand Water

In July 2020, Rand Water was informed that the proposed potable water tariffs of all Water Boards was not approved by the Minister of Human Settlements, Water and Sanitation. Rand Water's tariff increase was the only proposed tariff increase that was supported by the South African Local Government Association (SALGA). The customers of Rand Water and National Treasury were also supportive of the proposed increase. The entity is engaging the Minister and is hopeful that these will be approved.

## Small Enterprise Development Agency

The contracts of three of Seda's Executives expired on 31 March 2020. - The Chief Financial Officer (CFO) contract was not renewed; - The Executive: Corporate Services contract was not renewed;

- The Executive: Seda Technology Programme (STP) contract was renewed for a period of 6 months. Executive: STP resigned at end August 2020.
- Furthermore the following also needs to be reported:
- The Chief Strategy and Information Officer (CSIO) contract was terminated at end June 2020; and
- The Chief Executive Officer (CEO) resigned at end August 2020. b) The Seda Board had a meeting on the 1st of September 2020 and resolved to comply with the directive of the DPSA and National Treasury not to make any changes to the conditions of service or benefits of SEDA, due to the impact of COVID-19 on the fiscus, and to defer payment of performance bonuses for 2019/20. The matter has not yet been finalised as Labour has declared a dispute and has referred the matter to the CCMA.

## South African Bureau of Standards

The SABS Group has been impacted by the closure of the economy as a result of the covid19 pandemic as only critical services, were allowed to operate and had to subsequently revise its targets for the 2020/21 financial year to account for the expected impact of the lockdown.

## South African Civil Aviation Authority

The COVID-19 outbreak spread rapidly in 2020, with a significant number of infections globally. Measures taken by various governments to stop and contain the virus have affected economic activity and the aviation industry materially.

- The reduction of economic activity and the restrictions imposed on air travel has resulted in a significant reduction in revenue for the SACAA.
- The SACAA generates more than 92% of its revenue from passenger safety charges, user fees and fuel levy and for the three months post the year end it has been unable to generate any revenue from passenger safety charges and generated minimum revenue from user fees and fuel levy.

The government is implementing a risk-based approach to easing the current lockdown. It is anticipated that restricted air travel will only commence at lockdown Level 3, full domestic air travel at Level 2 and regional and international air travel at Level 1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## South African National Biodiversity Institute

Subsequent to the year end SANBI has not been able to trade due to the lockdown that came into effect on 27 March 2020 and thus has lost significant amounts of revenue. Although this exposes the organisation to significant risks, measures have been put in place to manage the effects of the lockdown and to ensure the sustainability of the business operations.

## South African National Energy Development Institute

Subsequent to the financial year end, the board is aware of a letter endorsed by the minister of the Department of Mineral resources and Energy, Informing that the functions within the CCUS be transferred to the Council for Geoscience at the beginning of the second quarter of the 2021 Financial Year. All financial obligations and commitments will also be transferred. During the financial year, the entity was in the process of approving expenditure relating to projects, material projects were subsequently approved and finalised after amounting to 5.9million.

## South African National Roads Agency Limited

On 18 September 2020, SANRAL received a letter from the Johannesburg Stock Exchange (JSE) in connection with SANRAL's 2019 integrated report volume 2. The published 2018 financial statements were restated in accordance with International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The restatement was as a result of immaterial errors identified during the year, which resulted in adjustments to the non-cash items of depreciation of property, plant and equipment in 2018 financial year. The impact of the errors were fully disclosed in the 2019 integrated report, as required in terms of the standard. The external auditors' report confirmed that SANRAL was compliant in all material respects with International Financial Reporting Standards (IFRS) for both 2018 and 2019. The JSE held a view that these changes were material and may have influenced users and has proposed a R1 million fine. SANRAL will be submitting an objection to this proposed fine, which is allowed by the JSE.

The Minister of Finance announced in the Supplementary Budget of 24 June 2020 that a transfer of R2.53bn (incl. VAT) from non-toll to toll is approved. The announcement also included an overall reduction in the non-toll grant of R1.1bn and a shift of R300 million from capital allocations to operational allocations to recover some of the additional costs of the lock down.

## South African Tourism

The Minister of Tourism, Honorable Mmamoloko Kubayi appointed Mr. Siyabonga Dube CA(SA) and Advocate Manjakunyane Gumbe as Chairperson and Deputy Chairperson of the Board respectively. COVID-19 has had a negative impact on the global tourism sector with about 700 000 jobs predicted to be lost in the tourism sector in South Africa. In July, the Minister of Tourism addressed tourism related activities under COVID-19 Risk-Adjusted Level 3 including the phased in opening of the domestic leisure tourism sector-intra -provincial leisure travel.

## Trans-Caledon Tunnel Authority

At the end of the year, TCTA held R100 million in promissory notes maturing on 27 May 2020 issued by the Land and Agricultural Development Bank of South Africa (Land Bank). On 20 April 2020, the Land Bank issued a SENS announcement informing noteholders that it had defaulted on a payment to one of its Revolving Credit Facilities and was also likely to default on other payments amounting to R738m due to over the period to end April 2020. It further stated that it will be engaging with bondholders and other lenders to defer payment of interest and capital. However, it later appeared that the problem was not limited to the payments which were due as at that time but also affected other payments which were due in the near future which includes promissory note purchased by TCTA. Subsequently, TCTA and Land Bank agreed to defer the repayment of the promissory notes by the three months by replacing the promissory notes with the new notes.

## Broadband Infraco

Shareholders' loan conversion approval by The Department of Telecommunications and Postal Services has been approved and is undertaking relevant processes to convert the R 1,3 billion loan issued to Broadband Infraco into equity. This conversion will improve the liquidity of the Company, which will improve the going concern assumptions.

## Co-Operatives Banks Development Agency

Management are aware of events which may have unfavourable financial implication for the organisation in the future. a) Conclusion of investigation which require legal action to be taken against guilt parties. (b) Former employee have taken CBDA to the CCMA and Labour Court for unfair



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

discrimination. (c) the expiry and non-sourcing of the IT banking system resulted in the Central Support Service unit being merged into the Capacity Building unit in the 2020/21 financial year.

## ESKOM

Mr S Dabengwa resigned from the Eskom board effective from 21 July 2020.

Eskom received R1 billion on 29 May 2020 and R5 billion on 11 August 2020 as part of the support from government.

The board approved an implementation plan on 15 September 2020 to give effect to the legal separation of the transmission division into a wholly owned subsidiary and a PFMA application had been made to this effect. Various other approvals, including various regulatory and legal aspects would be required before this could be finalised.

Mr M Manjingolo was appointed as company secretary on 1 July 2020.

## Office of the Ombud for Financial Services Providers

On 27 March 2020, the President of the Republic placed the country under level five lockdown, having declared a national state of disaster on 15 March 2020, following the emergence of the COVID-19 pandemic in South Africa. The lockdown saw the closure of the Office for the initial period of two weeks and by a further two weeks thereafter. Prior to the closure of the office, management took a decision to, where applicable, to incur the capital expenditure relating to ICT hardware, software and other tools earlier than expected in order to capacitate the employees to work remotely. After the initial lockdown was extended, further ICT hardware was procured to enable and capacitate additional staff members to work remotely. Due to these measures that were implemented, the Office has attended to address the complaints received from the public. The first month of the lockdown saw fewer complaints received by the Office but the complaints began to increase thereafter.

## Public Investment Corporation Limited

On Tuesday, 21 April 2020, the Land and Agricultural Development Bank of South Africa (Land Bank) advised note holders holding listed notes issued under Land Bank's JSE-listed (i) R20bn DMTN Programme dated 18 October 2010 (the 2010 Programme) and its (ii) R30bn DMTN Programme dated 13 March 2017 (the 2017 Programme) that a potential Event of Default has occurred under the terms of both the 2010 Programme and the 2017 Programme. The Land Bank is currently experiencing a liquidity shortfall and the Land Bank is accordingly engaging with various stakeholders with a view to addressing this challenge especially in regard to financial obligations falling due which may need to be deferred. The PIC hold promissory notes with Landbank. The promissory notes have separate maturity date as per below: 30 April 2020 with a value of R4,729,498.60 at year end which was not received 07 July 2020 with a value of R 4,633,779.10 at year end 08 October 2020 with a value of R 4,639,138.55 at year end.

## South African Forestry Company Limited

Since December 2019, the spread of COVID-19 has severely affected the local and international economy. The pandemic resulted in the limitation and restriction of how the company does and is able to do its normal business operations. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to the business.

The government and central bank have responded with monetary and fiscal interventions to stabilise economic conditions. The company has been able to access funding through the UIF-Covid 19 TERS system.

## South African Revenue Services (SARS)

The Nugent Commission found that legal costs incurred by Mr TS Moyane relating to the book titled "Rogue" was in his own personal interest and recommended the recovery of the expenditure from him. A letter of demand requesting payment of the cost was sent to his legal representation on 14 July 2020.

On 3 September 2020 one of the controlling entity's landlords approved the early termination of one of the entity's leases. The cancellation is subject to the controlling entity paying one month's rental in lieu of the June 2020 notice period. The controlling entity agreed to the condition as stated.

## Armaments Corporation of South Africa Limited (ARSMCOR)

The AAD exhibition which was due to take place during September 2020 has subsequently been postponed to 2022 due to the COVID-19 pandemic.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

The SA government has responded to the COVID-19 pandemic with monetary and fiscal stimulus interventions to stabilise economic conditions.

## Castle Control Board

The entity was severely impacted by the effects of COVID-19. Its revenue generating ability was affected by the lockdown thus rendering it unable to generate revenue and continue as a going concern. Visitors and tourism could not happen. The Department of Defence made available R3m financial injection to the entity to allow it to meet its obligations as they become due. The financial assistance was received in May 2020, and covers expenditure from 01 April 2020.

## Private Security Industry Regulatory Authority

On the 23rd March 2020, the president Hon. Cyril Ramaphosa announced a lockdown due to the Covid-19 pandemic. The lockdown affected a number of security service providers and also PSiRA's daily operations. PSiRA was not able to collect revenue as budgeted resulting in strained cashflows. The Authority has however implemented significant cost containment measures and improved revenue collection strategies to ensure that the cashflow is recovered from service providers.

## Public Protector of South Africa

In the matter of the Public Protector vs. SABS, the PPSA had instructed its attorneys to oppose the bill. The taxation has been set down for 07 October 2020. The PPSA already provided for this costs in the 2019/20 financial year.

In the matter of the Public Protector vs. Hugh Eiser, the taxation has been set down for 26 October 2020. The PPSA already provided for this costs in the 2019/20 financial year.

In the matter of DA CASAC v Public Protector. The High Court handed down a judgment in favour of DA and CASAC on 20 May 2019. The cost judgement was handed down on 15 August 2019. There was leave to appeal which was dismissed on 06 December 2019. The Public Protector appealed to the SCA. The application was dismissed on 26 June 2020. The PPSA appealed to the Constitutional Court, the Constitutional Court dismissed the Public Protector's appeal with costs on 26 August 2020.

## Government Printing Works

Due to the pervasive effects of Covid-19, GPW has adjusted its projected revenue for the 2020/2021 year from R 1.56 billion to R 775 million. Spending has been adjusted accordingly pursuant to the reduction in revenue and a provision has been made for a special budget to deal with the prevention and control of Covid-19. A net loss of R 83.4 million is projected for 2020/2021. The going concern status of the GPW will not be affected despite this loss. The ability of customers to settle their accounts will be closely monitored to ensure any adverse effects of financial risk are identified and addressed timeously.

## Agricultural Sector Education and Training Authority

In order to assist businesses with alleviating the cash flow burden arising as a result of the COVID-19 outbreak and lockdown, as well as reducing the burden of payroll taxes in the short term government proposed a four-month holiday (non-payment) for skills Development Levy contribution made by employers, beginning 1st May to 31st August 2020. This was an announcement made by the President of South Africa, Mr Cyril Ramaphosa on the 21 April 2020. AgriSETA will still be able to pay liabilities as and when they fall due in the next twelve (12) months.

## Culture, Arts, Tourism, Hospitality and Sport Education

On 21 April the President announced, that there would be relief from skills development levy ("SDL") contributions for the four-month period commencing from May to August 2020. This means that employers who are registered for SDL do not have to declare and pay SDL to SARS for this period. A detailed analysis of whether the organisation will be able to operate as a going concern was conducted. The outcome of the assessment resulted in management making the conclusion that, notwithstanding the expected losses, the entity still remains solvent and liquid and will thus be able to continue as a going concern.

## Energy & Water Sector Education and Training Authority

EWSETA had a legal case with an employee at year end. The CCMA awarded a judgement in favour of the employee after the reporting period and the financial statements are adjusted accordingly.

## Financial and Accounting Services SETA

Subsequent to year end the President of South Africa announced relief measures for companies due to the impact of the global coronavirus pandemic. One of the relief measures was a four month Skills

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Development Levy payment holiday for all companies. As a result of this payment holiday there will be a significant drop in revenue for the 2020/21 financial period. Fasset has assessed this drop in revenue against its active commitments and has sufficient reserves to compensate for this shortfall.

## Food and Beverages Manufacturing Industry SETA

The term for the FoodBev SETA Accounting Authority expired on 31 March 2020. The new Accounting Authority was appointed with effect from 1 April 2020.

## Local Government Education and Training Authority

On the 31 March 2020, The Minister of Higher Education and Training announced the new Board on the 31 March 2020, with effect from 1 April 2020. The new Board will be serving for a 5 year-term ending in 2024/2025 financial period.

On 21 April 2020, the President of South Africa announced the 4-month payment holiday of skills development levy for all employers part of tax relief measures during the COVID19. As a result, LGSETA has estimated a loss of revenue of R260 million for the 2020/21 financial period relating to the 4 month payment holiday. The budget and annual performance plan for the 2020/21 financial period has been adjusted to take into account the impact of the COVID19 4 month payment holiday. LGSETA is awaiting approval of the adjusted budgets and annual performance plan from the Department of Higher Education and Parliament.

## Market Theatre Foundation

During the last week of March 2020, the Market Theatre shut down its premises as a result of the National lockdown announced by the president, Mr Cyril Ramaphosa. The Market Theatre foundation has remained committed to supporting governments efforts to combat Covid-19 and at the time to find alternate ways online to serve the student communities at the Market Theatre Laboratory and Market photo workshop. The long closure of the theatre and the schools will have a direct impact on box office income and venue hire income as well as tuition fee income. The effect of the pandemic on the income of the Market Theatre will be material but the cost of the production and student programmes will also reduce as a result of the lockdown. The 2020/21 budget has been adjusted and council is satisfied that The Market Theatre Foundation will remain a going concern for the foreseeable future.

## Mining Qualifications Authority

His excellency the president of the Republic of South Africa, Mr Cyril Ramaphosa, on 21 April stated on economic and social measures in response to the COVID-19 pandemic amongst others that in addition to existing tax relief measures, the government will also be introducing a 4 month skills development levy contribution holiday by companies to SETA's. This implies that the MQA will not receive levies to the tune of R400 million. The levy payment holiday is a non-adjusting subsequent event in line with the standard.

## National Economic Development and Labour Council

With the advent of the Covid-19 pandemic, budget adjustment occurred for Nedlac allocations through to the financial year 2022/2023. The budget was reduced to R57 million in 2020/21, R52 million and R49 million for the 2021/22 and 2022/23 financial years respectively.

Nedlac will absorb the impact of these budget adjustments by moving social engagements towards online platforms.

## National Health Laboratory Service

NHLS continues to provide pathology services with regards to COVID-19 testing. The global pandemic has put extreme pressures on both the availability and pricing of all items with regards to performing the COVID-19 testing. NHLS is currently in the process of sourcing goods and suppliers to deal with the COVID-19 pandemic in South Africa.

## National Museum, Bloemfontein

The National Museum received a three year funding allocation from the National Science Collection facility on 30 April 2020.

The National Museum's operational and capital works budget for the 2020/21 financial year was reduced by R6.8 million and R5 million respectively. It should be noted that the reduction of the operational and capital works budget was due to COVID-19 and was applied to all government departments and entities to help government address COVID-19.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Productivity SA

The impact of Covid-19 has the potential to affect the generation of additional revenue as there will be limited time available for the entity to assist companies, however this will be offset by the additional revenue to be generated through the Turnaround Solutions program which has recently been funded to the tune of R104 million for the 2021 financial year. The additional revenue to be generated from the TAS program has the potential to off-set any possible grant reductions from the Department.

## War Museum of the Boer Republics

COVID19: Lockdown will result in under recovery of income (due to closure of Museum) and operational savings (due to closure of Museum). Amounts not yet known at this stage. 2020/2021 Subsidy has been cut with R2million. The Museum adjusted its budgets and plans accordingly. The Management is of the opinion that it will not affect the going concern status of the Museum.

## Wholesale and Retail Sector Education and Training Authority

As part of the South African government's Covid-19 relief interventions, businesses have been given a four-month holiday from the Skills Development Levy (SDL). From 1 May 2020, there will be a four-month holiday for skills development levy contributions (1 per cent of total salaries) to assist all businesses with cash flow. This will result in a loss of income for the WRSETA. As a result of covid-19 the WRSETA is going to receive less income as previously budget.

## South African Health Products Regulatory Authority

Board member, Ms L Mothae, was appointed in April 2020.

### 73 Service Concession Arrangements

The Eskom group operates a service concession for the generation and transmission of electricity through its operations in Uganda.

Eskom Uganda Ltd (Eskom Uganda) entered into an operation and maintenance agreement with Uganda Electricity Generation Company Ltd (UEGCL) in 2002, which is linked to a power purchase agreement concluded with Uganda Electricity Transmission Company Ltd (UETCL). In terms of the agreements, Eskom Uganda operates and maintains two hydro-electric power stations in Uganda, from which it supplies electricity to UETCL. The dams, powerhouses, related switchyard facilities, high voltage substations, land and movable property together constitute the energy assets in terms of the agreement. The concession period is 20 years (ending in March 2023).

Eskom Uganda is entitled to receive revenue from UETCL, based on electricity supplied at tariffs regulated by the Electricity Regulatory Authority of Uganda. It also receives a fee to cover it for investment in additional energy assets where required. This has been recognised as an intangible asset.

The plant remains the property of and will revert to UEGCL at the end of the concession period. At that point Eskom Uganda will have no further obligation in respect of the plant.

	2019/20 R '000	2018/19 R '000
<b>Service Concession Liability</b>		
Debt securities and borrowings	10	14
Trade and other payables	36	94
Other liabilities	57	29
	<b>103</b>	<b>137</b>
<b>Service Concession Asset</b>		
Intangible assets	271	217
Cash and cash equivalents	51	111
Other assets	82	95
	<b>404</b>	<b>423</b>
<b>Total Service concession liability</b>		
<b>Current liability</b>	52	107
<b>Non-Current Liability</b>	51	30
<b>Total Liability</b>	<b>103</b>	<b>137</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 74 Segment Reporting

2019/20

### STATEMENT OF FINANCIAL POSITION

	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
<b>ASSETS</b>							
Segment assets	135 286 996	1 003 902 844	2 487 084 854	12 119 498	291 640 446	(16 569 061)	3 913 465 577
Investment in associates (equity method)	-	43 379 668	5 169 296	-	5 364 585	-	53 913 549
<b>Total ssets</b>	<b>135 286 996</b>	<b>1 047 282 512</b>	<b>2 492 254 150</b>	<b>12 119 498</b>	<b>297 005 031</b>	<b>(16 569 061)</b>	<b>3 967 379 126</b>
<b>LIABILITIES</b>							
Segment liabilities	19 426 781	706 588 130	2 109 240 542	2 129 897	69 485 628	(173 390 749)	2 733 480 229
<b>Total liabilities</b>	<b>19 426 781</b>	<b>706 588 130</b>	<b>2 109 240 542</b>	<b>2 129 897</b>	<b>69 485 628</b>	<b>(173 390 749)</b>	<b>2 733 480 229</b>
<b>OTHER INFORMATION</b>							
Capital expenditure	2 854 761	23 864 752	60 338 416	112 181	1 428 961	557 326	89 156 397
Non cash items excluding depreciation and amortisation	(90 576)	(4 134 153)	1 001 827	116 992	(4 761 562)	335 596	(7 531 876)
Deferred Revenue	-	66 814 401	28 275 667	476 444	20 983	-	95 587 494

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2018/19											
STATEMENT OF FINANCIAL POSITION											
	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATIONS	TOTAL					
<b>ASSETS</b>											
Segment assets	133 226 466	971 798 054	2 180 621 466	11 223 377	298 756 286	3 577 467 585					
Investment in associates (equity method)	-	46 245 122	7 021 871	-	4 045 144	57 312 137					
<b>Total assets</b>	<b>133 226 466</b>	<b>1 018 043 176</b>	<b>2 187 643 337</b>	<b>11 223 377</b>	<b>302 801 430</b>	<b>3 634 779 722</b>					
<b>LIABILITIES</b>											
Segment liabilities	19 731 000	635 938 450	1 823 515 799	2 199 891	75 824 797	2 421 772 258					
<b>Total liabilities</b>	<b>19 731 000</b>	<b>635 938 450</b>	<b>1 823 515 799</b>	<b>2 199 891</b>	<b>75 824 797</b>	<b>2 421 772 258</b>					
<b>OTHER INFORMATION</b>											
Capital expenditure	3 325 256	25 548 724	73 467 265	349 274	1 157 710	103 848 228					
Non cash items excluding depreciation and amortisation	(55 450)	(1 949 733)	(1 293 742)	(60 786)	(2 650 412)	(6 523 418)					
Deferred Revenue	-	60 268 592	26 878 256	486 488	15 255	87 648 591					

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2019/20	STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATIONS	TOTAL
<b>REVENUE</b>							
	Revenue from non-exchange transactions	5 710 013	91 670 864	11 153 316	6 252 774	79 321 800	194 108 768
	Revenue from exchange transactions	15 587 769	111 929 700	318 840 588	2 832 425	31 163 627	480 354 109
	Inter-entirety transfers	4 247	3 600 684	11 677 144	157 444	1 310 471	-
	Share of surplus/ (deficit) of associate	-	1 420 229	678 516	-	61 247	2 159 992
	Interest Revenue	398 165	16 156 288	28 124 999	363 746	20 555 062	65 598 261
	<b>Total Segment Revenue</b>	<b>21 700 194</b>	<b>224 777 766</b>	<b>370 474 563</b>	<b>9 606 390</b>	<b>132 412 207</b>	<b>742 221 130</b>
<b>EXPENSES</b>							
	Employee related costs	(2 752 896)	(39 308 182)	(81 119 498)	(4 544 763)	(14 084 697)	(141 810 037)
	Depreciation and amortisation expense	(2 387 246)	(15 366 530)	(46 697 409)	(213 560)	(669 447)	(65 334 193)
	Other expenses	1 224 184	(136 758 685)	(245 265 909)	(307 869)	(90 860 967)	(450 860 428)
	Interest expenses	(86 740)	(13 672 608)	(65 341 559)	(4 162)	(3 086 288)	(82 191 357)
	<b>Total segment expenses</b>	<b>(4 002 698)</b>	<b>(205 106 005)</b>	<b>(438 424 376)</b>	<b>(5 070 354)</b>	<b>(108 701 400)</b>	<b>(740 196 015)</b>
	<b>Total segment surplus/deficit</b>	<b>17 697 496</b>	<b>19 671 761</b>	<b>(67 949 813)</b>	<b>4 536 036</b>	<b>23 710 808</b>	<b>2 025 115</b>
	Other unallocated revenue						(19 576 813)
	Unallocated expenses						21 091 423
	<b>Surplus/Deficit for the period</b>						<b>1 514 610</b>
	<b>Reconciliation of the above surplus and the surplus as disclosed in the CFS</b>						
	Surplus/Deficit for the period per segment report						3 539 726
	Reversal of inter segment expenses eliminated						(21 108 818)
	Other items not included in the segment						70 897 248
	<b>TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS</b>						<b>54 842 767</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

2018/19	STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
<b>REVENUE</b>								
	Revenue from non-exchange transactions	5 409 390	93 421 961	11 499 173	5 944 804	63 104 701		179 380 028
	Revenue from exchange transactions	13 244 516	108 896 771	301 940 512	2 650 700	29 340 445		456 072 943
	Inter-entity transfers	2 424	1 747 859	10 588 961	619 278	19 973 378	(32 931 900)	-
	Share of surplus/ (deficit) of associate	-	2 029 086	1 005 546	-	20 125	-	3 054 757
		190 458	15 421 830	37 397 353	302 827	18 152 875		71 465 343
	<b>Total Segment Revenue</b>	<b>18 656 329</b>	<b>206 095 676</b>	<b>325 034 192</b>	<b>9 214 782</b>	<b>112 438 649</b>	<b>(32 931 900)</b>	<b>709 973 071</b>
<b>EXPENSES</b>								
	Employee related costs	(2 672 637)	(37 909 454)	(81 666 429)	(4 371 019)	(13 135 997)		(139 755 535)
	Depreciation and amortisation expense	(2 294 850)	(15 017 034)	(47 727 619)	(182 061)	(771 706)		(65 993 271)
	Other expenses	(11 639 332)	(187 793 386)	(175 826 792)	(2 916 750)	(75 882 397)	9 893 539	(444 165 117)
	Interest expenses	(75 230)	(15 350 070)	(60 584 461)	(509)	(2 574 321)		(78 584 590)
	<b>Total segment expenses</b>	<b>(16 606 819)</b>	<b>(240 719 874)</b>	<b>(305 220 840)</b>	<b>(7 469 830)</b>	<b>(89 790 100)</b>	<b>9 893 539</b>	<b>(728 498 514)</b>
	<b>Total segment surplus/deficit</b>	<b>2 049 511</b>	<b>(34 624 198)</b>	<b>19 813 352</b>	<b>1 744 952</b>	<b>22 648 549</b>	<b>(23 038 361)</b>	<b>(18 525 443)</b>
	Other unallocated revenue							(8 925 870)
	Unallocated expenses							9 864 809
	<b>Net Surplus/Deficit for the period</b>							<b>938 939</b>
	<b>Reconciliation of above surplus with surplus disclosed in the CFS</b>							
	Surplus/Deficit for the period per segment report							(17 586 503)
	Reversal of inter segment expenses eliminated							(9 893 539)
	Other items not included in the segment							70 013 795
	<b>TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS</b>							<b>43 472 692</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 75 Risk Management

Risks associated with the financial instruments of the public entities included in this consolidation are managed on an individual entity level in line with the requirements of the PFMA. In this note we describe the general high-level practices employed by entities in managing the risks that they are exposed to as a result of their financial instrument holdings.

### Maximum credit risk exposure

The public entities included in this consolidation are exposed to credit risk mainly as a result of holding cash equivalents, long term receivables, finance lease receivables and trade receivables. To manage the credit risk that the entities are exposed to as a result of holding these classes of financial assets the following steps are generally taken. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

### A. CASH AND CASH EQUIVALENTS

Public entities bank with major banks with high credit standing. Furthermore, the cash holdings with banks are spread amongst a variety of banks to reduce the concentration of their credit risk exposure. The minimum counterparty credit rating for placing deposits and investing in government bonds is 'A' by Standard & Poor's or its Moody's or Fitch's rating equivalents, while the minimum rating for investments in corporate bonds is 'AA-'. The rating of certain investment securities were below 'A' at year-end due to downgrading of instruments or institutions by the rating agencies and due to the tightening of investment guidelines by the Bank, which resulted in passive breaches on some of the financial assets in the Bank's portfolios.

### B. TRADE RECEIVABLES

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the individual boards of directors of each of the public entities. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

### C. FINANCE LEASE RECEIVABLES

The exposure to credit risk arising from finance lease receivables is limited by using the underlying assets of the finance leases as collateral. Also, finance lease receivables comprise a widespread customer base to reduce the concentration of credit risk exposure.

### D. LONG TERM RECEIVABLES

Long term receivables consist exclusively of loans and advances made to the employees of participating public entities. Repayment of these receivables is ensured through properly authorised payroll deductions. Where an employee leaves the services of the public entity the remaining balance is deducted from the employee benefits payable to the employee in accordance with the loan agreements signed with the employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 75.1 Financial Assets carried at Amortised Cost

	2019/20 R '000	2018/19 R '000
The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets at amortised cost:		
Cash and cash equivalents	225 313 980	194 082 500
Trade and other receivables from exchange transactions	66 534 088	64 159 570
Other receivables from non-exchange transactions	9 412 757	7 531 988
Other current financial assets	1 169 991 589	877 558 258
Current Investments	46 360 691	43 983 635
Construction contracts and receivables	986 274	1 017 519
Finance lease receivable	691 714	726 375
Non-current receivables from exchange transactions	21 657 129	25 628 371
Non-Current Investments	361 208 382	393 910 805
Other non-current financial assets	66 686 456	51 071 634

## 75.2 Collateral held and other credit enhancements

The credit risk exposure, as posed by the financial assets held at amortised cost detailed above, is further mitigated by the collateral held in relation to these instruments:

Bank - collateral held	28 329 478	20 813 298
Financial guarantees	546 165	581 963
Trade and other receivables	21 807 496	20 166 288
Other	236 540 917	170 364 865

## 75.3 Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 2019/20

	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
Gross finance lease obligations	523 748	1 689 128	2 424 673	9 156 874
Borrowings	447 144	19 580 351	146 908 667	442 956 335
Trade and other payables	48 089 205	132 379 024	119 566 856	18 467 550
Bank overdraft	2 687 514		2 703 715	
Other	1 099 107 220	9 971 093	7 185 272	8 689 595

## 2018/19

	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
Gross finance lease obligations	144 675	452 347	2 041 662	7 828 804
Borrowings	11 989 551	11 253 922	112 934 964	437 999 053
Trade and other payables	25 998 370	157 548 839	175 604 314	22 562 047
Bank overdraft	4 506 901		1 633 737	
Other	466 714 133	634 229 886	162 775 978	8 014 730

### 75.4 Collateral held and other credit enhancements

The entity holds the following collateral and / or credit enhancements that aid in the mitigation of the liquidity risk it is exposed to:

#### Pledged collateral

<b>2 644 048</b>	<b>2 718 500</b>
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### 75.5 Interest rate risk

The public entities included in this consolidation are exposed to interest rate risk as a result of interest bearing bank accounts. At year end, financial instruments exposed to interest rate risk were as follows:

**Call deposits:** With the exception of South African Government bonds, the rand-denominated financial assets and liabilities of the Bank respectively earn and bear interest at rates linked to South African money-market rates. The level of these rates is closely linked to the Bank's repurchase (repo) rate, which is set by the Monetary Policy Committee (MPC). The re-pricing of these assets and liabilities, therefore, occurs at approximately the same time as changes to the repo rate are announced by the MPC.

**Notice deposits:** Exposure to interest rate risk in respect of foreign investments for SARB is imminent. The risk tolerance and return expectations in respect of these financial instruments are embodied in the strategic asset allocation approved by the Reserves Management Committee (Resmanco) and the risk budget approved by the GEC.

**Finance lease obligations:** The majority of the finance leases entered into by the public entities is subject to variable interest rates linked to the prime rate of interest in South Africa.

**Long term loans:** These loans are obtained from a variety of sources and consist of a mixture of variable interest rate loans and fixed rate loans. This mixture of fixed and variable rate loans are intended to offset the overall exposure to variability in interest rates on an entity-by-entity basis.

**Bank overdraft:** These borrowings are obtained exclusively at variable interest rates from the major banks in South Africa.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 75.6 Credit quality of financial assets carried at amortised cost

### Method of determining credit quality of other non-current financial assets

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to credit ratings obtained, for the customers included in the balance, from external credit ratings agencies.

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to historical payment trends. Accordingly the credit quality of the customers included in the balance of trade and other receivables from exchange transactions is determined internally through application of the entity's own credit policy. Based on the evaluation of the historical payment trends, customers included in the balance are categorised into the following:

**High credit quality** - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

**Medium credit quality** - Customers included in this category are prone to late payments, but seldom default on the entire balance owing.

**Low credit quality** - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

**Other method** - Any other method applied to evaluate the credit quality.

76	Principal-agent arrangements	2019/20 R'000	2018/19 R'000
76.1	Entity acting as the principal	Fee Paid	
	<i>Fee paid as compensation to the agent</i>		
	Rand Water	142	-
	Supply Chain Logistic Programme	1 811	1457
	SmallHolder Farming in Agro processing industry	11 319	-
	National Red Meat Development (NRMDP)	568 234	560 555
	Ceres Abattoir	765	151
	Operation Phakisa	6 000	-
	Arrow Investments, City of Tshwane, Ekurhuleni	-	5 630
	Metro, Mbombela Local		
	Emfuleni Local Municipality	134	2 923
	Govan Mbeki Local Municipality	20 313	25 910
	Meter installations	479	325
	Midvaal Local Municipality	2 548	3 196
	Rand West Local Municipality	7 383	2 319
	Thembisile Hani Local Municipality	1 895	1 353
	UNESCO IHE	390	178
	Mogale City, Rustenberg Local Municipality,	-	8 190
	Msukaligwa Local Municipality		
	South African Qualifications Authority (SAQA)	1 753	1 655
	University of Johannesburg	182	-
	Other agents	246 109	218 205
	<b>Total</b>	<b>869 457</b>	<b>832 045</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

76.2	Entity acting as the agent	2019/20 R'000	2018/19 R'000
76.2.1	<b>Revenue received for agency activities</b>		
	<i>List of the entities which received amounts for agency duties</i>		
	Competition Commission	8 675	33 466
	Cross-Border Road Transport Agency	48 313	41 644
	Deeds Registration Trading Account	109 931	127 065
	Magalies Water	5 410	9 000
	National Agricultural Marketing Council	456 803	19 195
	National Gambling Board of South Africa	220 338	202 034
	Rand Water	23 937	15 197
	Road Traffic Infringement Agency	270 867	160 060
	South African Maritime Safety Authority	24 607	23 088
	South African National Biodiversity Institute	54 650	12 492
	Development Bank of Southern Africa	334 196	285 130
	Public Investment Corporation Limited	1 130 757	1 205 714
	Government Technical Advisory Centre (GTAC)	815 326	1 165 026
	Armaments Corporation of South Africa Limited (ARMSCOR)	1 253 698	1 170 796
	Private Security Industry Regulatory Authority	674	-
	Special Investigation Unit	843	178
	South African Qualifications Authority	1 752	1 655
	<b>Total</b>	<b>4 760 777</b>	<b>4 471 740</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

76.2.2 Reconciliation of funds and disbursements 2019/20	Total funds received R'000	Expenditure incurred against funds R'000
Job Fund	2 249	
Department of Human Settlements, Water and Sanitation	103 402	103 402
Moretele Local Municipality	13 879	13 879
COGTA	2 264	2 264
Vineyard Development Scheme	620	(472)
Maize Meat Hub Feedlot	244	(96)
Australian Center for International Agricultural Research (ACIAR)	510	(368)
Construction Projects	410 932	(391 614)
Training and consulting	97 719	(93 065)
Global Environment Facility (GEF5 Project)	14 597	12 458
Global Environment Facility (GEF6 Project)	6 286	3 453
The Adaptation Fund (Small Grants Facility Project)	2 013	6 072
The Adaptation Fund (uMngeni Resilience Project)	31 754	12 272
Development Bank of Southern Africa	4 510 974	(4 255 359)
DPW – Salvokop	23 000	5 232
Department of Transport	-	173
DPW –Energy	-	15 944
eThekweni Municipality	1 559	1 559
SAPS	2 304	2 304
Employment Creation Facilitation: Implementation of the Jobs Fund on behalf of National Treasury	561 739	413 311
Independent Power Producers Procurement Programme-DBSA	30 982	97 801
Neighbourhood Development Programme - National Treasury	47 164	46 457
Office of the Accountant-General - National Treasury	148 577	139 568
Special Investigations unit	-	843
<b>Total</b>	<b>6 012 769</b>	<b>(3 863 981)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

Reconciliation of funds and disbursements 2018/19	Total funds received R'000	Expenditure incurred against funds R'000
Department of Human Settlements, Water and Sanitation	129 104	129 104
Moretele Local Municipality	39 736	39 736
Madibeng Local Municipality	9 837	9 837
Vineyard Development Scheme	1 018	(620)
Maize Meat Hub Feedlot	2 716	(244)
Australian Center for International Agricultural Research (ACIAR)	649	(510)
Construction Projects	169 372	(167 116)
Training and consulting	336 195	(320 186)
AARTO	25 550	21 796
RTIA Collecting agents	27 178	14 843
RTMC	1 084	1 084
RTIA	882	882
TMPD	2 460	-
JMPD	-	4 617
Global Environment Facility (GEF5 Project)	10 180	11 991
Global Environment Facility (GEF6 Project)	-	899
The Adaptation Fund (Small Grants Facility Project)	2 312	7 124
The Adaptation Fund (uMngeni Resilience Project)	-	11 012
Development Bank of Southern Africa	3 771 879	(3 271 054)
DPW - Salvokop	40 000	8 571
Department of Transport	1 500	683
DPW -Energy	20 000	-
DPW - DAFF	15 000	-
DSD -Feasibility study	10 000	-
Employment Creation Facilitation: Implementation of the Jobs Fund on behalf of National Treasury	309 804	263 038
Independent Power Producers Procurement Programme- DBSA	578 738	222 994
Neighbourhood Development Programme - National Treasury	49 069	48 488
Office of the Accountant-General - National Treasury	140 915	96 078
Special Investigations Unit	4 450	78
<b>Total</b>	<b>5 699 629</b>	<b>(2 866 874)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 76.2.3 Reconciliation of carrying amount of receivables and payables – 2019/20

	Opening balance	Revenue principal is entitled to	Less: Write offs/settlement s/waivers	Cash received on behalf of principal	Closing balance
	R '000	R '000	R '000	R '000	R '000
<b>Receivables</b>	<b>128 365</b>	<b>309 757</b>	<b>-</b>	<b>20 542</b>	<b>417 581</b>
<b>Payables</b>	<b>592 322</b>	<b>1 344 727</b>	<b>254 090</b>		<b>1 682 959</b>

## Reconciliation of carrying amount of receivables and payables – 2018/19

<b>Receivables</b>	<b>249 336</b>	<b>532 256</b>	<b>-</b>	<b>169 001</b>	<b>950 593</b>
<b>Payables</b>	<b>681 211</b>	<b>1 441 388</b>	<b>654 239</b>		<b>1 468 361</b>

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## Related Party Relationships

Constitutional Institutions, Schedule 2, 3A and 3B Public Entities and Trading Accounts

## Transactions and balances 2019/20

	Transactions	Balances/ Commitments	Provisions for doubtful debts	Bad/ Doubtful debts
Controlling entities	(6 546 864)	(696 783 032)	(69 484)	85
Entities with joint control or significant influence over another entity	144 561 008	7 559 959	(3 090 502)	
Controlled entities	118 505	2 187 380	12 769	
Associates	520 131	1 376 174	10 211	
Joint ventures in which the entity is a venturer	(6 721 548)	6 959 926	1 090 116	
Management	10 314 894	(342 221 874)	(200 117)	
Other related parties	3 175 371	(186 042 064)	898	196 792

## 2018/19

	Transactions	Balances/ Commitments	Provisions for doubtful debts	Bad/ Doubtful debts
Controlling entities	32 477 185	(79 256 460)	90 190	29
Entities with joint control or significant influence over another entity	9 832 177	22 948 997	(1 845 657)	3
Controlled entities	(22 952)	1 039 838		
Associates	411 888	1 200 681		
Joint ventures in which the entity is a venturer	(3 514 488)	396 519		
Management	490 590	1 011 158		
Other related parties	25 910 408	(123 349 338)	3 620	169 326



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 78 Financial Sustainability

Economic growth projections are at 0.5 per cent for 2019 rising gradually to 1.7 per cent by 2022. This level of growth is far too low to support meaningful increases in employment and welfare. The increase in the unemployment rate, devaluation of the Rand against the Dollar and the poor financial position of some state-owned companies that continue to burden the public finances over the medium term, results in a very bleak outlook for South Africa. Furthermore, mounting trade tensions and political uncertainty resulted in the global growth forecast for 2019 to be the lowest since the 2008 financial crisis for both developed and developing countries.

In this regard the National Treasury released a discussion paper on economic reforms to boost GDP growth over the medium and long term, support increase investment and job creation. These measures have been broadly agreed within government and the next step is to implement them urgently to restore the momentum of economic growth and stabilise the public finances. The interventions considered are strengthening network industries for road and rail and enabling small firms to grow and compete with dominant players.

Over the past decade public finances deteriorated. This accelerated in recent years as low growth led to large revenue shortfalls. In 2018/19, government collected R57.3 billion less than projected in the 2018 Budget, and R14.5 billion less than set out in the 2019 Budget. This was the largest under collection since 2009/10, following the global financial crisis. It was partly driven by large and unexpected once-off payments of VAT refunds in line with commitments in the 2018 MTBPS. The bulk of the 2018/19 shortfall resulted from weaker-than-expected economic growth in 2019. Measures to increase tax revenue have offset some of this decline, but the expected increase in collections has disappointed. Sustained higher economic growth, and a revitalised and effective SARS, are key to improved revenue outcomes over the medium term. The SARS Large Business Centre, which focuses on major firms and high net-worth individuals, was officially reopened in October.

Although South Africa's macroeconomic framework remains broadly supportive of investment and growth, economic reforms are required. Persistent growth in the wage bill has worsened the composition of spending, while spending outcomes continue to disappoint. This resulted in fiscal deficits not raising long-run growth, and begun to undermine confidence. South Africa needs to boost the economy, narrow the fiscal deficit and raise the quality of spending particularly on large infrastructure projects. Treasury has begun a review of public-private partnership regulation aimed at merging approval processes and reducing implementation timeframes.

For 10 years, South Africa have run large budget deficits raising its borrowing and making the increase in South Africa's debt-to-GDP ratio among the highest of peer countries. This might have provided some support to the economy but put us deeply in debt. The combination of lower revenue and increased spending widens the budget deficit to an average of 6.2 per cent over the next three years. Debt and debt-service costs will continue to increase. South Africa is now at the point where interest payments have begun crowding out social and economic spending programmes.

Gross loan debt is expected to increase from R3.2 trillion or 60.8 per cent of GDP in 2019/20 to R4.5 trillion or 71.3 per cent of GDP in 2022/23, mainly to finance the budget deficit. The key drivers of this increase remain the budget balance and fluctuations in the interest, inflation and exchange rates. Government's gross borrowing requirement consisting of the budget deficit and maturing debt is expected to increase from 7.6 per cent of GDP in 2019/20 to 8.2 per cent of GDP in 2022/23. To return the public finances to a sustainable position over the longer term requires large additional adjustments. Government proposes a fiscal target that should achieve a main budget primary balance, excluding Eskom funding provisions, by 2022/23. This target is expected to result in debt stabilizing by 2025/26.

South Africa's biggest economic risk remains Eskom. Problems with the utility's operations continue to disrupt the supply of electricity to households and businesses which puts a further hamper on economic growth. Government has set aside significant resources for Eskom to service its debt obligations. Addressing Eskom's underlying problems requires reinvigorated governance, operational efficiencies and restructuring for a competitive, transparent and financially viable electricity sector. To reduce future transfers, a sustainable plan for state-owned companies is required. It should include the disposal of non-core assets and options for private-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

sector participation. As previously highlighted provision for financial support for Eskom in the current year and over the medium term amounts to R161 billion. Excluding these provisions for Eskom, the main budget primary deficit improves by 0.9 percentage points to 1.4 per cent of GDP in 2019/20, and narrows to 1.1 per cent of GDP in 2022/23.

Government remains committed to fiscal sustainability. Spending pressures continue to mount, led by the public service wage bill and state-owned companies in crisis. This requires substantial spending and expenditure reductions to stabilise debt. Measures to manage and reduce public-sector pressures and risks will be implemented over the medium term.

## 79 Exemptions and Departures

### Section 92 Exemption

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

The reason for all departures and exemptions granted was to achieve fair presentation, and Management has concluded that the consolidated financial statements fairly present the primary and secondary information as required by GRAP.

# NATIONAL REVENUE FUND



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020



## ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2020

The National Revenue Fund Financial Statements are prepared on the going concern basis. They are based on accounting policies which have been consistently applied and supported by reasonable and prudent judgements of estimates. The National Revenue Fund Financial Statements have been approved by the Acting Accountant-General on 15 March 2021.

A handwritten signature in black ink, appearing to read 'K. Maree', with a stylized, cursive script.

**Karen Maree**

**Accounting Officer**

# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

## ■ Mandate

In terms of section 11 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) the National Treasury is responsible for the National Revenue Fund and must enforce compliance with the provisions of section 213 of the Constitution, namely that-

- a) All money received by the national government must be paid into the fund, except money reasonably excluded by this Act or another Act of Parliament; and
- b) No money may be withdrawn from the Fund except-
  - i) in terms of an appropriation by an Act of Parliament; or
  - ii) as a direct charge against the Fund, provided for in the Constitution or the Act, or in any other Act of Parliament provided the direct charge in such a case is listed in Schedule 5.

Section 11(3) of the PFMA, requires money that must be paid into the National Revenue Fund is paid into the Fund by depositing it into a bank account of the Fund in accordance with the requirements that may be prescribed. In this regard Tax and Loan accounts are held at the Commercial Banks and at other accounts at the South African Reserve Bank.

## ■ Revenue

Section 12 of the PFMA, requires the South African Revenue Services must promptly deposit into the National Revenue Fund all taxes, levies, duties, fees and other moneys collected by it in accordance with a framework determined by the National Treasury.

South Africa's tax system forms part of the foundation of the country's public finances. Over the past two decades South Africa has built a progressive tax system founded on the principles of equity, efficiency, simplicity, transparency and certainty.

Road Accident Fund, Unemployment Insurance Fund and SETAs funds are collected by SARS and are refunded to the institutions on a monthly basis. Transfers to a member of the South African

Customs Union are made on a quarterly basis. This is shared between South Africa, Botswana, Lesotho, Namibia and Swaziland.

Other sources of revenue are departmental receipts known as departmental revenue, national revenue fund receipts and other revenue which mainly consists of unused conditional grants and revenue received from entities.

## ■ Expenditure

Section 15(1) of the PFMA states that only the National Treasury may withdraw money from the National Revenue Fund, and may do so only-

- a) to provide funds that may have been authorised-
  - i) in terms of an appropriation by an Act of Parliament; or
  - ii) as a direct charge against the National Revenue Fund provided for in the constitution or this Act, or in any other Act of Parliament provided the direct charge is such a case is listed in Schedule 5;
- b) to refund money invested by a province in the National Revenue Fund; or
- c) to refund money incorrectly paid into, or which is not due to, the National Revenue Fund.

In terms of section 27(1) the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year or, in exceptional circumstances, on a date as soon as possible after the start of that financial year as the Minister may determine.

The medium-term expenditure framework establishes a predictable budget process that is open to public scrutiny. Over this period government is preparing the ground between the rate of economic growth and the affordability of social programmes.

## ■ Funding of the deficit

Section 11(5) of the PFMA, requires the National Treasury to ensure that there is at all times sufficient money in the National Revenue Fund. In this regard the deficit is funded in terms of section 66(2)(a) of the PFMA by the Asset and Liability section within the National Treasury.

# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2020

Government's flexible debt management strategy ensures that additional borrowing minimises interest and repayment risks. These considerations are necessary to maintain a stable debt portfolio and avoid burdening the country with repayment obligations for many years to come.

South Africa's borrowing strategy is sufficiently responsive to withstand long-term adjustments in global and domestic capital allocations and short term market shocks. Debt levels remain sustainable with a long maturity structure and exposure to foreign currency liabilities remains low, reducing the impact on global volatility.

## ■ Accounting standards

On a drive to improve public accountability, there is a transition in progress from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other events are recognised when cash is received or paid, while provision is made in the annual financial statements (AFS) for provisions, accruals, contingent liabilities and so on.

With effect from 2013/14, as part of the cash-to-accrual process, the OAG developed and published the Modified Cash Standard (MCS) which sets out the principles of the modified cash framework in a format ordinarily used by other public sector accounting standard setters such as Accounting Standards Board (ASB). The National Treasury guide on accounting for the Revenue Fund provides detailed guidance on the principles stated in the MCS.

This Accounting Officer's Review includes an Executive Summary and Review of Operating Results. The review of operating results reflects monetary values presented in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented.

# EXECUTIVE SUMMARY

For the year ended 31 March 2020

The economic outlook is not strong. South Africa needs much faster economic growth to promote investment, create jobs, and enable the state to sustainably grow the revenue that pays for social and developmental programmes.

Real GDP is expected to grow at 0.9 per cent in 2020, 1.3 per cent in 2021 and 1.6 per cent in 2022. Achieving faster economic growth requires far-reaching structural reforms.

The public finances continue to deteriorate. Low growth has led to lower than budgeted revenue collection relative to the 2019 Budget. Debt is not projected to stabilize over the medium term, and debt-service costs now absorb 15.2 per cent of main budget revenue.

To maintain fiscal sustainability, government has reduced the main budget expenditure baseline by R156.1 billion over the next three years in comparison with the 2019/20 actual expenditure. This is approximately 1 per cent of GDP per year. Non-interest expenditure is forecast to grow at 3.8 per cent over the next three years, down from an average of 8.4 per cent over the past three years. Despite slower growth in spending, the deficit is forecast to remain in excess of 6 per cent of GDP due to lower economic growth and tax collection.

Since 2012/13, government has taken steps to reduce spending growth and raise tax revenue. Lower nominal GDP and revenue growth have not stabilized debt. Over the same period, the composition of spending has deteriorated. Debt-service costs have been the fastest-growing area of spending, rising from 9.8 per cent of main budget revenue in 2010/11 to 15.2 per cent in 2019/20. The wage bill has grown strongly over this period, averaging 35.4 per cent of total consolidated expenditure.

In recent years the combined results of financial mismanagement and corruption have led to a severe deterioration in the financial position of many State – owned entities, leaving them unable to deliver on their mandates. The growing number of State – owned entities that require state guarantees or bailouts to remain afloat strains national budgets and drains resources.

Unreliable electricity supply continues to throttle economic activity and therefore the most pressing reform is to ensure that all businesses and

households have sufficient and dependable electricity supply.

Government is committed to building partnerships with the private sector to provide infrastructure. The Infrastructure Fund has a project pipeline with potential investments of more than R700 billion over the next 10 years, including both government and non-government contributions.

The barriers to economic growth are complex and require structural reforms. In other words, the cost of doing business, the cost of finding or conducting work, and the cost of living must be meaningfully reduced. Such reforms will help to transform the economy by improving the profitability of existing businesses, encouraging the start-up of new enterprises, boosting private-sector investment, creating jobs and reducing unemployment, and improving the purchasing power of all households.

The public finances remain under severe strain. Further pressure was added with the outbreak of the COVID 19 pandemic. Government had to prioritised relief for households and businesses, alongside a major effort to protect public health.



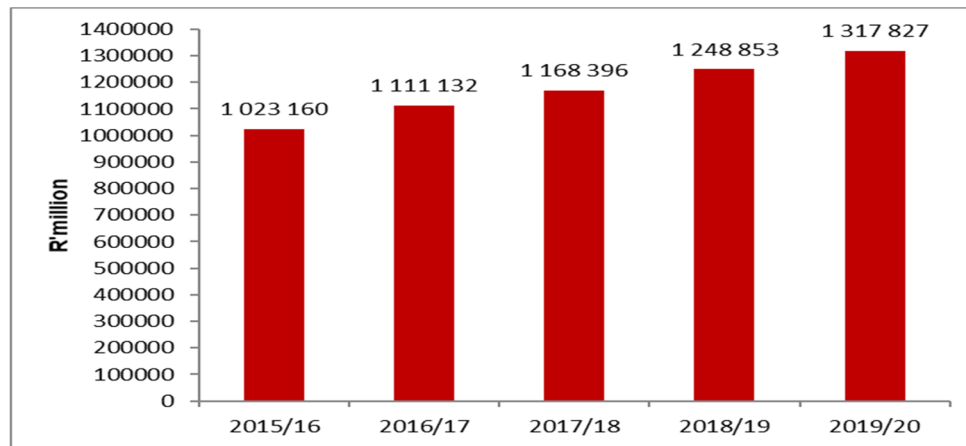
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Taxes, Levies & Duties	1 122 504	1 201 452	1 279 007	1 358 259	1 430 427
Less: South African Customs Union Agreement	51 022	39 448	55 951	48 289	50 280
Less: Payment to sec 12(3) of the PFMA	-	-	-	-	-
Less: Payment to UIF	16 601	16 108	16 614	17 420	18 205
Less: Amount payable by SARS to UIF	150	1 719	1 657	1 697	1 896
Less: Payment to RAF	31 442	33 545	36 048	41 890	42 633
Less: Amount payable by SARS to RAF	129	(500)	341	110	(414)
<b>Net Revenue for the Year</b>	<b>1 023 160</b>	<b>1 111 132</b>	<b>1 168 396</b>	<b>1 248 853</b>	<b>1 317 827</b>
<b>Movement in SARS revenue</b>	<b>9%</b>	<b>9%</b>	<b>5%</b>	<b>7%</b>	<b>6%</b>

## Revenue

South African Revenue Services (SARS) income increased by 6 per cent in 2019/20 (2018/19: 7 per cent).



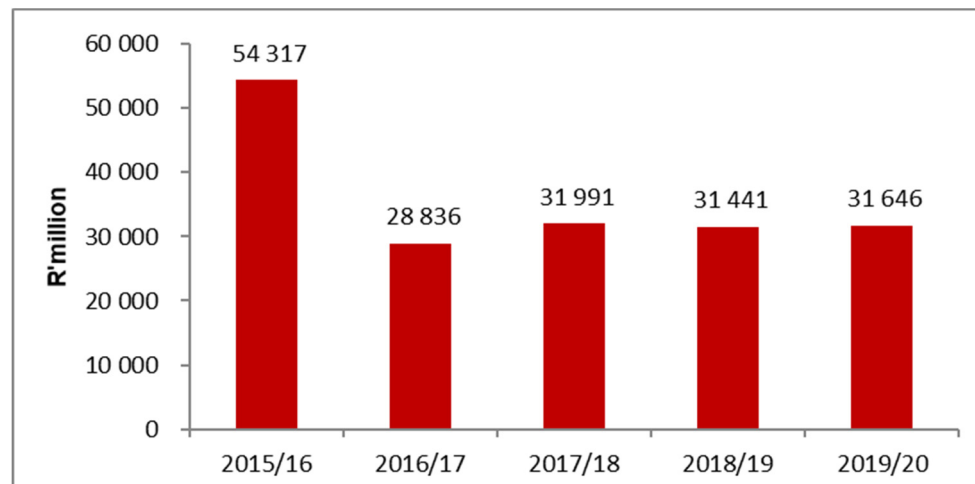
Other main sources of income are departmental revenue, inclusive of National Revenue Fund receipts. This amounts to R27 billion for the 2019/20 financial year. The increase in other revenue of 1 per cent for the 2019/20 financial year is mainly due to an increase in Departmental Revenue. For the full detailed analysis of what departmental revenue consist of refer to note 1.2 of the Notes to the Annual Financial Statements for the National Revenue Fund.

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Departmental revenue	51 604	25 949	26 671	24 063	27 083
Other surrenders	599	1 170	3 886	4 562	2 922
Other revenue received	2 114	1 717	1 434	2 816	1 640
<b>Total revenue</b>	<b>54 317</b>	<b>28 836</b>	<b>31 991</b>	<b>31 441</b>	<b>31 646</b>
<b>Movement in other revenue</b>	<b>95%</b>	<b>-47%</b>	<b>11%</b>	<b>-2%</b>	<b>1%</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

## Other Revenue excluding CARA

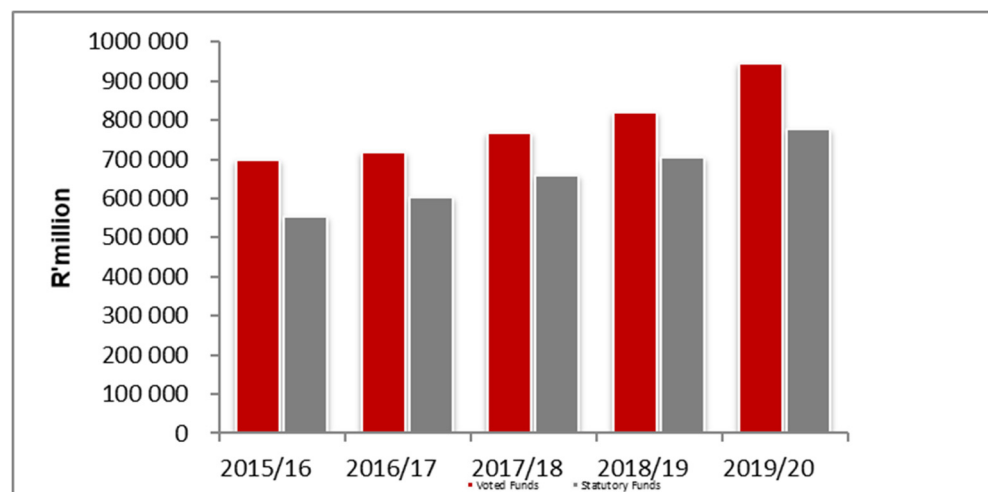


## Expenditure

Net Appropriation increased by 13 per cent in 2019/20 (2018/19: 7 per cent)

Year Ended 31 March R' million	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Voted Funds	699 678	716 634	768 848	820 904	945 130
Statutory Funds*	553 700	604 261	658 594	703 946	777 429
<b>Net Appropriation</b>	<b>1 253 378</b>	<b>1 320 895</b>	<b>1 427 442</b>	<b>1 524 850</b>	<b>1 722 559</b>
<b>Movement in net appropriation</b>	<b>10%</b>	<b>5%</b>	<b>8%</b>	<b>7%</b>	<b>13%</b>

\*Included in Statutory Funds is National Revenue Fund payments.



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

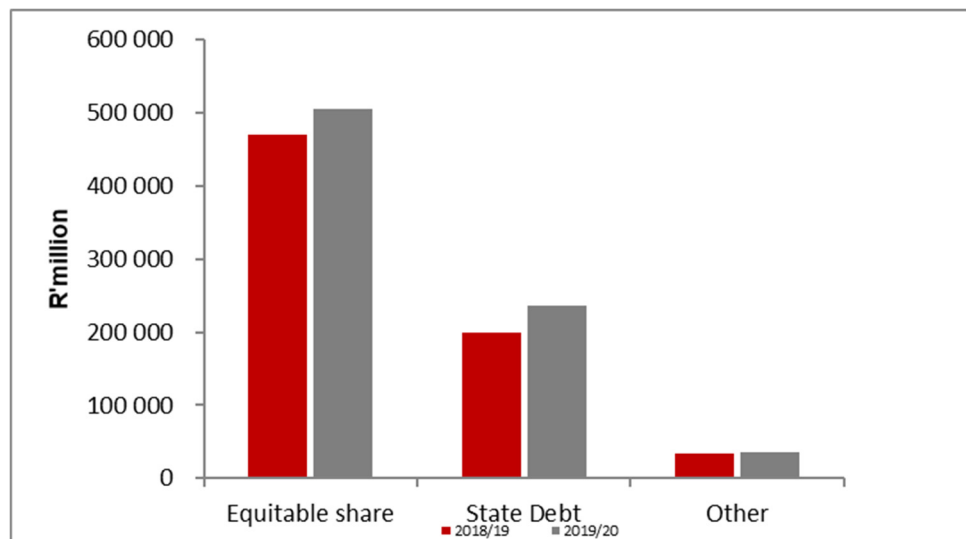
## Statutory Funds

Statutory Funds <i>R' million</i>	Actual 2018/19	Actual 2019/20
Equitable share	470 287	505 554
State Debt	199 978	236 195
Other	33 681	35 680
<b>Total</b>	<b>703 946</b>	<b>777 429</b>

Statutory Net Appropriation includes Provincial equitable share, Debt-service costs, National Revenue Fund Payments and other salaries that are a direct charge against the National Revenue Fund.

The Provincial equitable share is transferred to provinces to perform functions at the provincial sphere of government. This amounts to 65 per cent in 2019/20 (2018/19: 67 per cent) of the total statutory budget.

Debt service costs consist mainly of interest paid on government debt. This amounts to 30 per cent in 2019/20 (2018/19: 28 per cent) of the total statutory budget.



## Assets

Cash and Cash Equivalent <i>R' million</i>	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Cash and equivalent	214 058	216 768	224 630	217 568	251 690
<b>Movement in cash and cash equivalent</b>	<b>4%</b>	<b>1%</b>	<b>4%</b>	<b>-3%</b>	<b>16%</b>

Cash and cash equivalents amount to R252 billion. Total cash includes deposits held at South African Reserve Bank (SARB) and commercial banks. Operational cash to finance the borrowing requirement is held in the tax and loan accounts with the four commercial banks and in the foreign currency accounts with the SARB. The table below reflects the breakdown.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

<b>Break down of cash balances R' million</b>	<b>Actual 2015/16</b>	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
<b>Commercial banks</b>					
Tax and Loan account	47 354	41 739	58 623	37 754	35 845
<b>South African Reserve Bank</b>					
Cash with SARB	67 157	67 157	67 157	57 157	67 157
Foreign Currency Investment	102 080	106 649	101 947	122 541	148 196
Other	(2 533)	1 223	(3 098)	115	491
<b>Total Cash and cash equivalents</b>	<b>214 058</b>	<b>216 768</b>	<b>224 630</b>	<b>217 568</b>	<b>251 690</b>

## Non-current Investments

<b>Investments R' million</b>	<b>Actual 2015/16</b>	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
Investments	195 542	190 038	193 239	253 331	337 860
<b>Movement in Investments</b>	<b>46%</b>	<b>-3%</b>	<b>2%</b>	<b>31%</b>	<b>33%</b>

Total investment increased to R337 billion for the current year. This is a 33 per cent increase for 2019/20 against a 31 per cent increase in the prior year. The table below reflects the investment held by government for the past two years.

<b>Investments R' million</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
International Monetary Fund quota subscription	61 366	74 503
African Development Bank	57 802	71 385
International Bank for Reconstruction and Development	31 162	38 494
International Monetary Fund SDR Holding	30 054	36 554
New Development Bank		
Paid up Shares	14 487	23 258
Callable Shares	57 947	93 033
Multilateral Investment Guarantee Agency	261	322
International Finance Corporation	252	312
<b>Total</b>	<b>253 331</b>	<b>337 860</b>

## Liabilities

### Non-current liabilities

<b>Multilateral Institutions R' million</b>	<b>Actual 2015/16</b>	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>
Multilateral Institutions	184 505	176 837	177 874	227 209	307 747
<b>Movement in Multilateral Institutions</b>	<b>45%</b>	<b>-4%</b>	<b>1%</b>	<b>28%</b>	<b>35%</b>

The balance presents the callable portion of South Africa's subscription in the various multilateral institutions. The total liabilities in multilateral institutions increased to R308 billion for the current year. This is a 35 per cent increase for 2019/20 against a 28 per cent increase in the prior year. The table below reflects Non-Current Liabilities held by government for the past two years.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

<b>Multilateral Institutions</b> <i>R' million</i>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
New Development Bank	57 947	93 033
IMF-Securities Account	50 001	68 179
African Development Bank	53 855	66 509
IMF-SDR Allocations	35 908	43 595
International Bank for Reconstruction and Development	29 287	36 169
Multi- Lateral investment Guarantee Agency	211	261
<b>Total</b>	<b>227 209</b>	<b>307 747</b>

## Current and non-current borrowings

<b>Borrowings</b> <i>R' million</i>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Current Borrowings	305 197	326 832	328 462	406 957	425 734
Non-Current Borrowings	1 713 713	1 906 011	2 161 227	2 381 332	2 835 608
<b>Total</b>	<b>2 018 910</b>	<b>2 232 843</b>	<b>2 489 689</b>	<b>2 788 290</b>	<b>3 261 343</b>
<b>Movement in Borrowings</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>17%</b>

Government gross borrowing requirements are financed through the issuance of domestic short term, long term and foreign loans. Domestic loans consist mainly of treasury bills, fixed rate and inflation linked bonds. The total gross debt figure increased to R3 261 billion for the current year. This is a 17 per cent increase for 2019/20 against a 12 per cent increase in the prior year. The table below reflects the breakdown between local and foreign debt:

<b>National Government Debt</b> <i>R' million</i>	<b>Actual</b> <b>2015/16</b>	<b>Actual</b> <b>2016/17</b>	<b>Actual</b> <b>2017/18</b>	<b>Actual</b> <b>2018/19</b>	<b>Actual</b> <b>2019/20</b>
Domestic debt	1 819 303	2 020 089	2 271 877	2 496 976	2 874 118
Foreign debt	199 607	212 754	217 812	291 314	387 225
<b>Total</b>	<b>2 018 910</b>	<b>2 232 843</b>	<b>2 489 689</b>	<b>2 788 290</b>	<b>3 261 343</b>

The table below reflects the reconciliation of the deficit per National Revenue Fund to the budget review.

<b>Net Surplus/(Deficit) reconciliation</b>			
<b>Reconciliation to Deficit as reflected in 2020</b>	<b>Revised</b> <b>Estimate</b>	<b>Audited</b> <b>outcome</b> <b>NRF</b>	<b>Audited</b> <b>outcome</b> <b>Budget</b> <b>Review</b>
<b>R'million</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2018/19</b>
<b>Surplus/(Deficit) per Income Statement (NRF)</b>	<b>(446 020)</b>	<b>(294 326)</b>	<b>(294 326)</b>
Revaluation gains/(losses)	77 444	51 699	51 699
Movement on National Treasury Financial Instruments	(4 498)	(1 897)	(1 897)
Increase/(Decrease) in revenue	(4 677)	(5 024)	(5 024)
Movement in Annual Appropriation: Net Financing	40 255	18 121	18 121
<b>Other receipts:</b>			
Recovery of criminal assets	(160)	(168)	(168)
<b>Other payments:</b>			
Recovery of criminal assets	147	137	137
Expenditure in terms of an Act of Parliament	-	-	-
<b>Surplus/Deficit per Budget Review</b>	<b>(337 508)</b>	<b>(231 459)</b>	<b>(231 457)</b>
<b>GDP as per Budget Review</b>	<b>5 157 347</b>	<b>4 921 494</b>	<b>4 921 494</b>
<b>Surplus/(Deficit) as percentage of GDP</b>	<b>(6,5)</b>	<b>(4,7)</b>	<b>(4,7)</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2020

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL REVENUE FUND



CONSOLIDATED  
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## ■ Report of the auditor-general to Parliament on the National Revenue Fund

### Report on the audit of the Financial statements

#### Opinion

1. I have audited the financial statements of the National Revenue Fund set out on pages 280 to 302, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Revenue Fund as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard 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).

#### Basis for opinion

3. 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 financial statements section of this auditor's report.
4. I am independent of the National Revenue Fund in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical

requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

#### Key audit matters

6. I have determined that there are no other key audit matters to communicate in this auditor's report.

#### Emphasis of matter

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

#### Subsequent events

8. As disclosed in note 27 to the financial statements, material subsequent events occurred after 31 March 2019. These events relate to the evoking of section 16 of the PFMA and the issuing of foreign bonds.

#### Restatements of prior period errors

9. As disclosed in note 24 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the national departments at, and for the year ended, 31 March 2020.

#### Other matter

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

#### Unaudited supplementary schedules

11. The supplementary information set out on pages 310 to 343 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Responsibilities of accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements 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 for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the National Revenue Fund's 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 National Revenue Fund or to cease operations, or has no realistic alternative but to do so.

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

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

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

## Other information

16. 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 financial statements and the auditor's report.
17. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
18. 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 financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
19. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate this matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

## Internal control deficiencies

20. I considered internal control relevant to my audit of the financial statements, however, my objective was not to express any form of assurance on it.
21. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria

16 March 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 maintain professional scepticism throughout my audit of the financial statements.

## Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Revenue Fund'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 basis of 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 National Revenue Fund 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

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2020

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 this auditor's report. However, future events or conditions may cause the National Revenue Fund 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 in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.
5. I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

# STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2020

The Financial Statements have been prepared in accordance with the following accounting policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, (Act 1 of 1999) as amended by Act 29 of 1999, and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2009.

## 1. Presentation of the Financial Statements

### 1.1 Reporting Entity

The National Revenue Fund was established in terms of the Constitution of the Republic of South Africa (Section 213 of Act No. 108, 1996) into which all money received by the national government must be paid except money reasonably excluded by an Act of Parliament. Money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament or as a direct charge against the National Revenue Fund, when it is provided for in the Constitution or an Act of Parliament. A province's equitable share of revenue raised nationally is a direct charge against the National Revenue Fund.

### 1.2 Going concern

The National Revenue Fund was established in terms of the Constitution of the Republic of South Africa, 1996. The financial statements of National Revenue Fund are prepared on a going concern basis.

### 1.3 Basis of preparation

The Financial Statements have been, unless otherwise indicated, prepared on the modified cash basis of accounting in accordance with the under mentioned policies which have been applied consistently in all material respects. The modified

cash basis of accounting for the National Revenue Fund comprise of the Modified Cash Standard which includes a chapter on Treasury Financial Instruments.

Near-cash balances are all recognised. This includes the revaluation of foreign and domestic investments and loans. The recognition thereof results in revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

Unless otherwise stated, accounting policies adopted are consistent with those of the previous financial year.

### 1.4 Rounding and Presentation currency

All amounts are rounded to the nearest one thousand rands (R'000). All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the National Revenue Fund.

### 1.5 Comparative Figures

Prior period comparative information has been presented in the current year's financial statements.

### 1.6 Settlement period of assets and liabilities

#### 1.6.1 Current and Non-Current Assets

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

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

All other assets with a remaining term longer than

# STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2020

one year are classified as non-current assets.

## 1.6.2 Current and Non-Current Liabilities

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

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

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

## 1.7 Restatements and Adjustments

Where necessary figures included in the prior period financial statements have been reclassified/adjusted to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. This includes prior years errors detected by National Revenue Fund.

## 2. Revenue

### 2.1 South African Revenue Service (SARS) Revenue/ Revenue in terms of Section 12(3) of the PFMA

#### 2.1.1 SARS

Taxpayer-assessed revenues including payroll tax and stamp duties are recognised when funds are received by SARS. Cash in transit or over remitted as at 31 March by the SARS is included in the Statement of Financial Position as other receivables/payables.

#### 2.1.2 Revenue in terms of Section 12(3) of the PFMA

All transfers, duties, fees and other moneys collected (in terms of Section 12 (3) of the PFMA) by the SARS for a province are deposited into the National Revenue Fund and then transferred to the respective Provincial Revenue Fund is recognised when instructed by SARS.

## 2.2 Departmental Revenue

All departmental revenue is recognised in the Statement of Financial Performance when received by the National Revenue Fund, unless stated otherwise. Any amounts owing to National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position.

The main categories of Departmental Revenue are listed below together with the short definition:

#### 2.2.1 Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the departments.

#### 2.2.2 Transfers received

Transfers received comprise of all unrequited, voluntary receipts from other parties. This includes gifts, donations and sponsorships.

#### 2.2.3 Fines, penalties and forfeits

Fines penalties and forfeits are compulsory receipts imposed by court or another judicial body or agreed upon by parties as an out of court settlement.

#### 2.2.4 Interest, dividends and rent on land

**Interest** is revenue associated with the ownership of interest bearing financial instruments, such as

# STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2020

bank deposits, loans extended to others and bills and bonds issued by others.

**Dividends** are revenue associated with ownership of shares in a company whether fully or partially government owned. Gains or losses associated with buying or selling of shares do not belong to this line item.

**Rent** on land includes revenue and due to the ownership of land.

## 2.2.5 Sale of capital assets

The proceeds from the sale of capital assets include compensation received from the sale of capital assets. A capital asset is an item of property, plant and or equipment that costs more than R5 000 (all inclusive). This also comprise of intangible items as computer software with a cost exceeding R5 000 (all inclusive).

## 2.2.6 Financial transactions in assets and liabilities

This includes receipts associated with certain transactions in financial assets and liabilities such as:

Repayments of loans and advances previously extended to employees and public corporations for policy purposes and forex gains and losses on settlement of loans.

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 re-issued the payment is made from Revenue.

## 2.2.7 Taxation revenue

This is compulsory, unrequited revenue collected by a government unit. Taxes are compulsory because the other party is required by law to pay them in certain circumstances and under certain conditions. Taxes are unrequited, which means that the government does not give any particular goods or service directly in return for paying taxes.

## 2.3 Criminal Asset Recovery Account (CARA) receipts

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

## 2.4 Other revenue

Surrenders for appropriated funds are recognised when amounts become payable by departments at the end of the reporting date. Other revenue and surrenders are recognised when cash is received from the departments.

Amounts owing to the National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position.

# 3. Expenditure

## 3.1 Net Appropriation

Appropriated funds include annual appropriation and statutory appropriation. These are appropriated to entities in order to be utilised for the necessities of business operations. Appropriated funds are recognised in the financial records when approved by Parliament.

Net Appropriation included in the Statement of Financial Performance represent the funds appropriated for annual appropriation during the financial year, less net amounts to be surrendered and unauthorised expenditure funded by the National Revenue Fund.

Total statutory appropriations less amounts to be surrendered plus exceeding of the approved statutory appropriation are presented in the statement of financial performance. Exceeding of approved statutory appropriation are recognised as a payable in the Statement of Financial Position.



# STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2020

## 3.2 Other expenditure

Expenditure is recognised on receipt of a request. If not paid by 31 March the payment becomes a payable.

## 3.3 Unauthorised expenditure approved (with funding) by an Act of Parliament and expenditure in terms of an Act of Parliament

Expenditure is recognised when an Act has been approved (with funding) by Parliament. Unauthorised expenditure approved with funding, but not yet requested is recognised as a payable.

## 3.4 CARA payments

Cara money is not appropriated as such and funds are transferred to department when approved by Cabinet in accordance with section 65 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts transferred by the National Revenue Fund are recognised in the Statement of Financial Performance when approved by Cabinet. Funds not requested when approved by Cabinet are recognised as a payable by the National Revenue Fund in the Statement of Financial Position.

## 3.5 Financial Instrument Valuation and Capital Subscription on Investments

Capital Subscriptions Investments are initially recognised at the issue price upon transaction date of the relevant department.

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

## 4. Assets

### 4.1 Cash and cash equivalents

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

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held and other short-term highly liquid investments.

Foreign cash and cash equivalents are carried in the statement of finance position at the closing rate of 31 March. Gains and losses on revaluation are recognised in the statement of financial performance.

### 4.2 Receivables

Receivables included in the Statement of Financial Position comprise of payments due at financial year end by departments which have not yet been received. Any unspent CARA fund assistance to departments does not need to be surrendered to the National Revenue Fund.

Receivables outstanding at year-end are carried at cost.

### 4.3 Investments

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

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

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in special drawing rights (SDR) and is recognised in the Statement of Financial Position in Rand,

# STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2020

converted at the closing SDR exchange rate published by the IMF at the year end.

Any gains and or losses on the revaluation of investments and financial liabilities are recognised in the Statement of Financial Performance.

(settlement value). Zero coupon bonds are recognised at amortised costs.

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

## ■ 5. Liabilities

### 5.1 Payables

Recognised payables mainly comprises of amounts owing by the National Revenue Fund to other governmental entities and SARS. These payables are carried at cost in the statement of financial position.

### 5.2 Multilateral Institutions

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

The International Monetary Fund's securities account and SDR allocations represents South Africa's liability to the fund.

### 5.3 Borrowings

#### 5.3.1 Domestic Borrowings

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

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

#### 5.3.2 Foreign Loans and Bonds

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

## ■ 6. Contingent liabilities and contingent assets

### 6.1 Contingent liability

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

### 6.3 Contingent asset

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



# STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2020

## ■ 7. Events after the reporting date of the Annual Financial Statements

Events after reporting date are both those favourable and unfavourable events, that occur between reporting date and the date when financial statements are authorised for issue.

Where applicable:

- The amounts recognised and recorded in the financial statements were adjusted to reflect adjusting events after the reporting date; and
- The amounts recognised or recorded in the financial statements to reflect non-adjusting events after the reporting date are not adjusted.

Material events after reporting date are disclosed in the notes to the financial statements. For more information see the applicable note in this regard.

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>REVENUE</b>			
Revenue collected	1	1 345 070 611	1 273 084 344
By SARS		1 317 827 484	1 248 853 193
Departmental Revenue		27 083 485	24 063 180
CARA Receipts		159 642	167 971
Other Revenue	2	4 562 161	7 378 145
<b>TOTAL REVENUE</b>		<b>1 349 632 771</b>	<b>1 280 462 489</b>
<b>EXPENDITURE</b>			
Net Appropriation		1 722 559 153	1 524 849 684
Annual Appropriation	3	945 130 248	820 903 572
Statutory Appropriation	4	777 428 905	703 946 112
CARA Payments	5	147 472	136 862
Expenditure in terms of a separate Act of Parliament	6	-	-
<b>TOTAL EXPENDITURE</b>		<b>1 722 706 625</b>	<b>1 524 986 546</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(373 073 853)</b>	<b>(244 524 057)</b>
<b>Financial Instrument Valuation and Capital</b>	7	<b>(72 946 275)</b>	<b>(49 801 772)</b>
<b>Subscription on Investments</b>			
Valuation and Capital on Investment		(77 444 160)	(51 699 270)
Movement on National Treasury Financial Instruments		4 497 885	1 897 498
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(446 020 129)</b>	<b>(294 325 830)</b>

# STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	251 690 111	217 567 764
<b>Receivables</b>	9	<b>15 978 468</b>	<b>12 212 363</b>
Funds to be surrendered to the Revenue Fund:			
Voted Funds		11 817 453	9 292 310
Departmental Revenue		4 068 969	2 867 526
Other		92 045	51 547
Unauthorised expenditure		-	980
<b>Total</b>		<b>267 668 578</b>	<b>229 780 127</b>
<b>Non-current assets</b>			
Investments	10	337 860 152	253 331 433
<b>Total</b>		<b>337 860 152</b>	<b>253 331 433</b>
<b>TOTAL ASSETS</b>		<b>605 528 730</b>	<b>483 111 560</b>
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES</b>			
		(2 984 113 916)	(2 538 093 786)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<b>Payables</b>	11	<b>20 553 779</b>	<b>5 706 667</b>
Voted Funds to be transferred		511	372 702
Unauthorised expenditure		18 533 945	3 099 050
Other		2 019 323	2 234 915
Borrowings	12	425 734 466	406 957 490
<b>Total</b>		<b>446 288 246</b>	<b>412 664 158</b>
<b>Non-current liabilities</b>			
Multilateral Institutions	13	307 746 647	227 209 302
Borrowings	14	2 835 607 754	2 381 331 886
<b>Total</b>		<b>3 143 354 401</b>	<b>2 608 541 188</b>
<b>TOTAL LIABILITIES</b>		<b>3 589 642 646</b>	<b>3 021 205 346</b>
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>605 528 730</b>	<b>483 111 560</b>

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2020

	Notes	R'000
Opening balance as at 1 April 2019		(2 243 729 200)
Surplus / (Deficit) for the year 2019		(294 325 830)
Prior year errors for transactions 2018/19	22	(38 758)
Rounding		3
<b>Balance at 31 March 2019</b>		<b>(2 538 093 786)</b>
Surplus / (Deficit) for the year 2020		(446 020 129)
Rounding		(2)
<b>Balance at 31 March 2020</b>		<b>(2 984 113 916)</b>

# CASH FLOW STATEMENT

For the year ended 31 March 2020

	Notes	2019/20 R'000	2018/19 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
<b>Revenue collected</b>	15	<b>1 343 668 900</b>	<b>1 272 565 652</b>
By SARS		1 317 627 217	1 248 949 212
Departmental Revenue collected		25 882 042	23 448 469
CARA Receipts		159 642	167 971
Surrenders from departments	16	9 173 258	12 525 241
Other revenue received by the revenue fund	17	4 562 161	7 378 145
		<b>1 357 404 319</b>	<b>1 292 469 038</b>
<b>PAYMENTS</b>			
<b>Appropriated payments</b>	18	<b>1 718 968 640</b>	<b>1 534 032 017</b>
Annual Appropriation		941 136 281	829 752 543
Statutory Appropriation		777 684 887	704 142 612
CARA Payments		147 472	136 862
Appropriation for unauthorised expenditure		-	-
Other Payments	19	372 702	199 723
		<b>1 719 341 341</b>	<b>1 534 231 740</b>
<b>Net cash flow available from operating activities</b>	23	<b>(361 937 023)</b>	<b>(241 762 702)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other investing activities	20	-	-
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in borrowings	21	396 059 369	234 700 802
<b>Net cash flows from financing activities</b>		<b>396 059 369</b>	<b>234 700 802</b>
Net increase/(decrease) in cash and cash equivalents		34 122 346	(7 061 900)
Cash and cash equivalents at beginning of period		217 567 764	224 629 665
<b>Cash and cash equivalents at end of period</b>	8	<b>251 690 110</b>	<b>217 567 764</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

		2019/20 R'000	2018/19 R'000
<b>1</b>	<b>Revenue collected</b>		
<b>1.1</b>	<b>By SARS</b>		
	Revenue collected by SARS	WP 2A	
	Taxation	1 355 766 257	1 287 690 241
	Non-taxation	74 661 027	70 568 519
	Less: Payments by SARS	112 599 800	109 405 567
	<b>Total Revenue collected by SARS*</b>	<b>1 317 827 484</b>	<b>1 248 853 193</b>
	*Refer to note 25 for Departures from the Modified Cash Standard granted to SARS		
<b>1.2</b>	<b>Departmental Revenue</b>		
	Departmental Revenue collected	WP 2B & 2C	
	National Revenue Fund Receipts	27 083 485	24 063 180
	Sales of goods and services other than capital assets	12 801 334	11 999 373
	Fines penalties and forfeits	2 699 578	2 338 454
	Interest dividends and rent on land	360 757	382 707
	Sales of capital assets	9 174 543	7 818 943
	Financial transactions in assets and liabilities	120 875	111 918
	Transfers received	1 555 575	1 056 348
	<b>Total Departmental Revenue collected</b>	<b>27 083 485</b>	<b>24 063 180</b>
	*National Revenue Fund receipts (previously known as extra-ordinary receipts) are also included in departmental revenue in line with global standards in particular the International Monetary Fund's Government Finance Statistics Manual 2001. Detailed information on these transactions is provided in Working papers 2C and 2D. If exchange rate profit is not received in cash it is recognised during the financial year once the information by means of a journal is obtained from the Assets and Liability Management (ALM) section.		
<b>1.3</b>	<b>CARA Receipts</b>		
	CARA funds received	WP 1C	
	<b>Total CARA Receipts</b>	<b>159 642</b>	<b>167 971</b>
<b>2</b>	<b>Other Revenue</b>		
<b>2.1</b>	<b>Other</b>		
	Other surrenders	WP 3B	
	Other revenue received	WP 3C	
	<b>Total Other</b>	<b>2 922 155</b>	<b>4 561 671</b>
		<b>1 640 006</b>	<b>2 816 474</b>
		<b>4 562 161</b>	<b>7 378 145</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

		2019/20 R'000	2018/19 R'000
<b>3</b>	<b>Net Appropriation</b>	<b>945 130 248</b>	<b>820 903 572</b>
<b>3.1</b>	<b>Annual Appropriation</b>		
	Equitable Share / Voted Funds	WP 1A 941 168 502	831 572 099
	<b>Total Annual Appropriation</b>	<b>941 168 502</b>	<b>831 572 099</b>
<b>3.2</b>	<b>Voted funds to be surrendered</b>		
	Equitable Share / Voted Funds	(3 961 746)	10 668 527
	<b>Total voted funds to be Surrendered</b>	<b>(3 961 746)</b>	<b>10 668 527</b>
<b>4</b>	<b>Net Appropriation - Statutory</b>	<b>777 428 905</b>	<b>703 946 112</b>
<b>4.1</b>	<b>Statutory Appropriation</b>		
	Equitable Share / Statutory Funds	WP 1B 745 367 573	685 063 925
	<b>Total Statutory Appropriation</b>	<b>745 367 573</b>	<b>685 063 925</b>
<b>4.2</b>	<b>Statutory funds to be surrendered</b>		
	Equitable Share / Statutory Funds	(32 061 332)	(18 882 187)
	<b>Total Statutory funds to be Surrendered</b>	<b>(32 061 332)</b>	<b>(18 882 187)</b>
<b>5</b>	<b>CARA Payments</b>		
	Cara funds transferred to departments	WP 4C 147 472	136 862
	<b>Total CARA Fund assistance</b>	<b>147 472</b>	<b>136 862</b>
<b>6</b>	<b>Expenditure in terms of a separate Act of Parliament</b>		
	Unauthorised Expenditure in terms of an Act of Parliament	WP 5A -	-
	<b>Total Expenditure in terms of an Act of Parliament</b>	<b>-</b>	<b>-</b>
<b>7</b>	<b>Financial Instrument Valuation and Capital Subscription on Investments</b>		
	Capital Subscription on Investments	WP 6 8 771 385	6 179 215
	Financial Instrument Valuation	WP 6 (86 215 544)	(57 878 486)
	<b>Total Valuation and Capital on Investments</b>	<b>(77 444 159)</b>	<b>(51 699 270)</b>
<b>7.1</b>	<b>Movement*</b>		
	Movement on Capital Subscription	WP 6 22 489 425	9 487 490
	Movement on Multilateral Institutions	WP 6 (17 991 540)	(7 589 992)
	<b>Nett movement</b>	<b>4 497 885</b>	<b>1 897 498</b>

\*The movement in Capital subscription on Investment and Multilateral Institutions consist of revaluation gain/loss on additional subscription from the New Development Bank which took place in December 2019.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

		2019/20 R'000	2018/19 R'000
<b>8</b>	<b>Cash and cash equivalents</b>		
	Exchequer account	-	-
	Cash with commercial banks	35 845 076	37 753 712
	Cash with SARB	67 157 404	57 157 404
	Foreign Currency Investment	148 196 375	122 541 478
	ALM PMG balance	491 256	115 170
	<b>Total Cash and cash equivalents*</b>	<b>251 690 111</b>	<b>217 567 764</b>
	*Cash and Cash equivalents balances are net of outstanding transfer		
<b>9</b>	<b>Receivables</b>		
<b>9.1</b>	<b>Current</b>		
<b>9.1.1</b>	<b>Voted funds to be surrendered to the Revenue Fund</b>		
	Opening Balance	9 292 310	12 345 235
	Prior period error	-	(2 018)
	Restated opening balance	9 292 310	12 343 217
	Amounts to be surrendered WP 1A 1B & 1E	11 697 421	9 474 334
	Received during the year WP 3A	(9 172 278)	(12 525 241)
	<b>Closing balance</b>	<b>11 817 453</b>	<b>9 292 310</b>
<b>9.1.2</b>	<b>Departmental Revenue to be surrendered to the Revenue Fund</b>		
	Opening Balance	2 867 526	2 289 555
	Prior period error*	-	(36 740)
	Restated opening balance	2 867 526	2 252 815
	Revenue collected WP 2B	14 282 151	12 063 807
	Received during the year WP 2B	(13 080 708)	(11 449 096)
	<b>Closing balance</b>	<b>4 068 969</b>	<b>2 867 526</b>
	*See disclosure note on restatements for more details		
<b>9.1.3</b>	<b>Other</b>		
	Opening Balance	51 547	-
	Amounts to be received WP 9A	92 045	51 547
	Received during the year WP 9A	(51 547)	-
	<b>Closing balance</b>	<b>92 045</b>	<b>51 547</b>
<b>9.1.4</b>	<b>Unauthorised expenditure funded by NRF</b>		
	Opening Balance	980	-
	Appropriation for unauthorised expenditure WP 5B	-	980
	Received during the year WP 5B	(980)	-
	<b>Total Appropriation for unauthorised expenditure</b>	<b>-</b>	<b>980</b>
	<b>Total Receivables</b>	<b>15 978 468</b>	<b>12 212 363</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R'000	2018/19 R'000
<b>10 Investments</b>		
<b>Non-Current</b>		
<b>Foreign</b>	WP7B	
International Monetary Fund quota subscription	74 502 890	61 366 021
African Development Bank	71 384 722	57 802 395
New Development Bank	116 291 175	72 434 251
International Monetary Fund SDR Holding	36 553 813	30 054 086
International Bank for Reconstruction and Development	38 494 197	31 161 833
Multilateral Investment Guarantee Agency	321 730	260 515
International Finance Corporation	311 625	252 332
<b>Total Investments - Non-current</b>	<b>337 860 152</b>	<b>253 331 433</b>
<b>Number of shares</b>		
International Finance Corporation	17 418	17 418
International Bank for Reconstruction and Development	17 831	17 831
Multilateral Investment Guarantee Agency	1 662	1 662
African Development Bank	330 749	330 749
New Development Bank	65 000	50 000
<b>Special Drawing Rights (SDR)</b>		
International Monetary Fund Quota Subscription	3 051 200	3 051 200
International Monetary Fund SDR Holding	1 497 029	1 494 329
<b>Issue price per share</b>		
Foreign:		
<i>Issued in American dollars</i>		
International Finance Corporation	17 891	14 487
International Bank for Reconstruction and Development	2 158 275	1 747 621
Multilateral Investment Guarantee Agency	193 580	156 748
New Development Bank	1 789 095	1 448 685
<i>Issued in unit of account</i>		
African Development Bank	215 827	174 762
<b>Exchange rates as at year end used to convert issue price</b>		
American dollar (USD)	17.89	14.49
Special Drawing Rights (SDR)	24.42	20.11

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

			2019/20 R'000	2018/19 R'000
<b>11</b>	<b>Current Liabilities Payables</b>			
	<b>11.1 Current</b>			
	<b>11.1.1 Voted funds to be transferred</b>			
	Opening Balance		372 702	199 722
	Prior period error		-	-
	Restated opening balance		372 702	199 722
	Funds not transferred	WP 1A & 1B	511	372 703
	Paid during the year	WP 4A	(372 702)	(199 723)
	<b>Closing balance</b>		<b>511</b>	<b>372 702</b>
	<b>11.1.2 Other</b>			
	Opening Balance		2 234 915	5 427 980
	Amounts to be paid	WP 9C	2 019 328	2 234 920
	Amount paid during the year	WP 9C	(2 234 920)	(5 427 985)
	<b>Closing balance</b>		<b>2 019 323</b>	<b>2 234 915</b>
	<b>11.1.3 Unauthorised Expenditure NOT funded by Revenue Fund</b>			
	Opening Balance		3 099 050	3 041 910
	Prior period error*		-	-
	Restated opening balance		3 099 050	3 041 910
	Amount paid Approved by Finance Act	WP 5A	-	-
	Unauthorised reported in current financial year	WP 5A	15 434 895	57 140
	<b>Total Appropriation for unauthorised expenditure</b>		<b>18 533 945</b>	<b>3 099 050</b>
	*See disclosure note on restatements for more details			
	<b>Total Payables</b>		<b>20 553 779</b>	<b>5 706 667</b>
<b>12</b>	<b>Borrowings</b>			
	<b>Current</b>			
	<b>Domestic</b>	WP 8A	<b>411 068 017</b>	<b>356 856 849</b>
	Bonds		411 068 017	356 856 849
	<b>Foreign</b>	WP 8A	<b>14 666 449</b>	<b>50 100 641</b>
	Bonds		14 666 449	50 100 641
	<b>Total Current Borrowings</b>		<b>425 734 466</b>	<b>406 957 490</b>

Foreign loans are revalued at the closing exchange rate at 31 March.

The face value of these bonds at the date of issue was R8.0 bn (2018/19: R27.0 bn).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

		2019/20 R'000	2018/19 R'000
<b>12.1</b>	<b>Domestic short-term bonds treasury bills and other loans</b>		
	Debt as at 1 April	32 212 012	15 998 394
	Created	(8 423 090)	(2 688 713)
	Reduced	(23 788 921)	(24 385 631)
	Transfer from long-term	50 345 679	43 287 962
	Treasury bills	333 433 015	307 432 585
	Other Loans	27 289 324	17 212 252
	<b>Total</b>	<b>411 068 019</b>	<b>356 856 849</b>
<b>12.1.1</b>	<b>Composition of domestic short-term bonds treasury bills and other loans</b>		
	1-day Treasury bills	72 585	72 585
	91-day Treasury bills	10 601 550	17 000 000
	182-day Treasury bills	57 367 800	59 818 000
	273-day Treasury bills	109 293 400	98 504 000
	365-day Treasury bills	156 097 680	132 038 000
	CPD borrowing	27 282 358	17 205 286
	Fixed-rate bonds	48 964 708	28 818 977
	Retail bonds	1 380 970	3 393 035
	Other	6 966	6 966
	<b>Total</b>	<b>411 068 019</b>	<b>356 856 849</b>
<b>12.2</b>	<b>Foreign short-term bonds and other loans</b>		
	Debt as at 1 April	26 952 291	1 272 106
	Created	-	-
	Reduced	(26 952 291)	(1 272 106)
	Transfer from long-term	7 960 585	26 952 291
	Revaluation of foreign loans	6 705 864	23 148 350
	<b>Total</b>	<b>14 666 449</b>	<b>50 100 641</b>
<b>13</b>	<b>Non-current Liabilities</b>		
	<b>Multilateral Institutions</b>	WP 8D	
	IMF-Securities Account	68 179 342	50 000 714
	African Development Bank	66 509 395	53 854 693
	New Development Bank	93 032 940	57 947 400
	IMF-SDR Allocations	43 595 499	35 908 437
	International Bank for Reconstruction and Development	36 168 816	29 286 998
	Multilateral investment Guarantee Agency	260 655	211 060
	<b>Total Multilateral Institutions</b>	<b>307 746 647</b>	<b>227 209 302</b>
<b>13.1</b>	<b>African Development Bank</b>	<b>66 509 395</b>	<b>53 854 693</b>
	This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.		
<b>13.2</b>	<b>IMF-Securities Account</b>	<b>68 179 342</b>	<b>50 000 714</b>
	This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R'000	2018/19 R'000
<b>13.3 IMF-SDR Allocations</b>	<b>43 595 499</b>	<b>35 908 437</b>
The special drawing rights deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund in terms of the Finance and Financial Adjustments Acts Consolidation Act 11 of 1977.		
<b>13.4 International Bank for Reconstruction and Development</b>	<b>36 168 816</b>	<b>29 286 998</b>
This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.		
<b>13.5 New Development Bank</b>	<b>93 032 940</b>	<b>57 947 400</b>
This commitment represents the callable portion of a country's subscription available to New Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.		
<b>13.6 Multi- Lateral investment Guarantee Agency</b>	<b>260 655</b>	<b>211 060</b>
This commitment represents the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet its obligations on foreign investment guarantees to investors that are planning investments in developing member countries.		

## 14 Borrowings

### Long Term

<b>Domestic</b>	WP 8A	<b>2 463 049 550</b>	<b>2 140 118 932</b>
Bonds		2 463 049 550	2 140 118 932
<b>Foreign</b>	WP 8B	<b>372 558 203</b>	<b>241 212 954</b>
Bonds		372 558 203	241 212 954
<b>Total Long Term Borrowings</b>		<b>2 835 607 754</b>	<b>2 381 331 886</b>

Included in domestic borrowings are inflation-linked bonds with the revalued amount of R650.2bn (2018/19: R567.5bn). The face value of these bonds is R495.1bn (2018/19: R436.0bn). Foreign bonds are revalued at the closing exchange rate at 31 March. The face value of these bonds at the date of issue was R260.5bn (2018/19: R192.4bn)

<b>14.1 Domestic long-term bonds debentures and other loans</b>	WP 8A		
Debt as at 1 April		2 008 595 925	1 837 208 216
Created		349 658 583	218 185 300
Reduced		-	(3 509 629)
Transfer to short-term		(50 345 679)	(43 287 962)
Revaluation premium on inflation-linked bonds		155 101 854	131 484 136
Former Regional Authorities		38 867	38 871
<b>Total</b>		<b>2 463 049 550</b>	<b>2 140 118 932</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R'000	2018/19 R'000
<b>14.1.1 Composition of Domestic long-term bonds debentures and other loans</b>		
Fixed-rate bonds	1 802 092 302	1 564 041 814
Inflation-linked bonds	650 221 496	567 527 655
Zero coupon bonds	-	-
Retail bonds	10 696 885	8 510 592
Former Regional Authorities	38 867	38 871
<b>Total</b>	<b>2 463 049 550</b>	<b>2 140 118 932</b>
<b>14.1.2 Redemption analysis of foreign long term and other loans financial year(s)</b>		
2019-2022	181 288 224	106 658 536
2022-2025	249 616 170	240 122 026
2025-2028	257 202 091	281 079 598
2028-2031	431 746 539	265 116 772
2031-2035	363 884 266	309 049 738
2035-2055	979 273 393	938 053 391
<b>Total</b>	<b>2 463 010 683</b>	<b>2 140 080 061</b>
<b>14.2 Foreign long term bonds and other loans</b>	WP 8B	
Debt as at 1 April	192 395 898	194 088 389
Created	76 052 000	25 259 800
Reduced	-	-
Transfer to short-term	(7 960 586)	(26 952 291)
Revaluation premium on inflation-linked bonds	112 070 891	48 817 056
<b>Total</b>	<b>372 558 203</b>	<b>241 212 954</b>
<b>14.2.1 Redemption analysis of foreign long term and other loans financial year(s)</b>		
2019-2022	22 838 435	15 750 849
2022-2025	62 618 325	36 235 594
2025-2028	85 828 255	69 709 998
2028-2031	60 829 230	49 255 290
2031-2035	-	-
2035-2055	140 443 958	70 261 223
<b>Total</b>	<b>372 558 203</b>	<b>241 212 954</b>
<b>14.2.2 Currency analysis of foreign long-term loans</b>		
British pound	-	21 903
Euro	9 791 287	8 235 136
Japanese yen	4 947 486	7 871 153
Swedish krona	-	361 054
United States dollar	357 819 430	224 723 708
<b>Total</b>	<b>372 558 203</b>	<b>241 212 954</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

		2019/20 R'000	2018/19 R'000
<b>15</b>	<b>Revenue collected</b>		
	By SARS	1 317 627 217	1 248 949 212
	Departmental Revenue collected WP 2B & 2C	25 882 042	23 448 469
	CARA Fund assistance WP 1C	159 642	167 971
	<b>Total Revenue collected</b>	<b>1 343 668 900</b>	<b>1 272 565 652</b>
<b>16</b>	<b>Surrenders from Departments</b>		
	Equitable Share / Voted & Statutory funds surrendered WP 3A	9 172 278	12 525 241
	Unauthorised Expenditure funded by Revenue Fund WP 5B	980	-
	<b>Total Surrenders from Departments</b>	<b>9 173 258</b>	<b>12 525 241</b>
<b>17</b>	<b>Other revenue received by the Revenue Fund</b>		
	Other surrenders WP 3B	2 922 155	4 561 671
	Other revenue received WP 3C	1 640 006	2 816 474
	<b>Total Other revenue received</b>	<b>4 562 161</b>	<b>7 378 145</b>
<b>18</b>	<b>Appropriated Payments</b>		
	Annual Appropriation: Funds transferred WP 1A	941 136 281	829 752 543
	Statutory Appropriation: Funds transferred WP 1B	777 684 887	704 142 612
	CARA Fund assistance WP 4C	147 472	136 862
	<b>Total Appropriated Payments</b>	<b>1 718 968 640</b>	<b>1 534 032 017</b>
<b>19</b>	<b>Other Payments</b>		
	Amounts transferred to departments for previous appropriated funds WP 4A	372 702	199 723
	<b>Total Other Payments</b>	<b>372 702</b>	<b>199 723</b>
<b>20</b>	<b>Other investing activities</b>		
	Other investing activities WP 7C	-	-
	<b>Total Other investing activities</b>	<b>-</b>	<b>-</b>
<b>21</b>	<b>Increase/Decrease in borrowings</b>		
	Changes in borrowings WP 8C	396 059 369	234 700 802
	<b>Total Other financing activities</b>	<b>396 059 369</b>	<b>234 700 802</b>
<b>22</b>	<b>Adjustments and Restatements</b>		
	Restatements: Before prior period 2017/18	-	7 711
	Restatements: Prior period 2017/18	-	(38 758)
	<b>Total Adjustments and Restatements</b>	<b>-</b>	<b>31 046</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R'000	2018/19 R'000
<b>23</b>		
<b>Net cash flow available from operating activities</b>		
<b>Net surplus /(deficit) as per Statement of Financial Performance</b>	(446 020 128)	(294 325 830)
<b>Add back non cash/cash movements not deemed operating activities</b>	<b>84 083 105</b>	<b>52 563 127</b>
Increase/(decrease) in receivables-current	9 173 258	(12 525 241)
Increase/(decrease) in other current assets	1 774 412	718 415
Increase/(decrease) in payables-current	-	-
Voted funds not requested/not received	3 993 967	(8 849 971)
Approved Statutory Overdrawn	(255 982)	(196 500)
Other non-cash items	72 946 274	49 801 772
<b>Net cash flow generated by operating activities</b>	<b>(361 937 023)</b>	<b>(241 762 702)</b>

## 24 RESTATEMENTS

**Restatement done by Departments 2018/19** **2019/20** **2018/19**

### Voted funds to be surrendered

#### Correctional Services

The department restated prior period expenditure for 2018/19 - **1 069**

#### Rural Development

The department restated prior period expenditure for 2018/19 - **6 343**

#### Basic Education

The department restated prior period voted funds to be surrendered 2017/18 - **1 313**

#### Sports and Recreation SA

This spending should not be classified as unauthorised expenditure as it made part of Mass Mobilization programme and was in line with the stated objectives of the programme. National Treasury and SCOPA agreed with this but Parliament is unable to reclassify expenditure. This unauthorised expenditure is therefore reclassified. - **705**

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R'000	2018/19 R'000
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## Departmental Revenue

<b>Public Service Commission</b>		
Department restated departmental revenue collected for 2018/19	-	299

<b>National Treasury</b>		
NRF's disclosure for departmental revenue brought in line with that of the department 2016/17	-	2 894

<b>International Relations and Cooperation</b>		
Department restated departmental revenue collected for 2017/18	-	72 657

<b>Home Affairs</b>		
The Department restated Departmental Revenue collection for 2017/18	-	112 291

	2018/19	Reflected in the Audited Financial Statements 2018/19	
<b>ALM prior period error</b>			
<b>Domestic short term loans, treasury bills and other loans</b>			
Current Borrowings-Domestic	356 856 849	353 463 814	3 393 035
Long term Borrowings-Domestic	2 140 118 932	2 143 511 967	(3 393 035)
<b>Foreign short term bonds and other loans</b>			
Transfer from long term	26 952 291	14 906 098	12 046 193
Revaluation of foreign loans	23 148 350	11 738 711	11 409 639
<b>Foreign long term bonds and other loans</b>			
Transfer from long term	(26 952 291)	(14 906 098)	(12 046 193)
Revaluation of foreign loans	48 817 056	60 226 695	(11 409 639)



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

## Summary of above mentioned prior period errors

	Revenue	Expenditure	Equity	Assets	Liability
<b>2018/19</b>					
Correctional Services restated prior period expenditure for 2018/19	-	1 069	1 069	1 069	-
Rural Development restated prior period expenditure for 2018/19	-	6 343	6 343	6 343	-
Public Service Commission restated departmental revenue collection for 2018/19	299	-	299	299	-
<b>Sub Total</b>	<b>299</b>	<b>7 412</b>	<b>7 711</b>	<b>7 711</b>	<b>-</b>
<b>Prior to 2018/19</b>					
National Treasury revenue reallocation	-	-	2 894	2 894	-
International Relation and Cooperation restated departmental revenue for 2017/18	-	-	72 657	72 657	-
Home Affairs restated departmental revenue for 2017/18	-	-	(112 291)	(112 291)	-
Basic Education restated voted funds to be surrendered for 2017/18	-	-	(1 313)	(1 313)	-
Reclassification of Unauthorised expenditure Sports and Recreation SA	-	-	(705)	(705)	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>(38 758)</b>	<b>(38 758)</b>	<b>-</b>
<b>TOTAL</b>	<b>299</b>	<b>7 412</b>	<b>(31 047)</b>	<b>(31 047)</b>	<b>-</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

**25**

## **Departures from the Modified Cash Standard granted to SARS**

The financial statements comply with the Modified Cash Standard with the Departures disclosed below.

### **25.1 Revenue recognition: Penalties**

Chapter 9.14 of the Modified Cash Standard requires recording and disclosure of accruals in respect of revenue. However, the Standard provides for exemption of taxation revenue. For the purpose of this Standard the definition of taxes specifically excludes fines and other penalties imposed for breaches of law.

SARS concluded that the recording and disclosure of accruals in respect of revenue from penalties relating to taxation revenue would be misleading and that it would conflict with the overall objective of fair presentation.

Revenue from penalties is directly related to taxation revenue for which exemption was granted and consequently is recognised on the same basis.

### **25.2 Revenue recognition: Revenue from SACU**

Chapter 9.14 of the Modified Cash Standard requires recording and disclosure of accruals in respect of revenue. However, the Standard provides for exemption for recording of an accrual of taxation revenue. The South African Government receives revenue from the common Customs Pool in terms of the Agreement. The revenue originates from custom duties excise levies and other duties. Revenue from SACU is administered by SARS in terms of the SARS Act (Act No.34 of 1997) and by implication falls within the ambit of taxation revenue.

Revenue received from SACU is based on monies received into the Common Customs Pool from the participating Member States. SARS concluded that revenue received in terms of the SACU agreement should be accounted for on the cash basis of accounting.

### **25.3 Contingent assets and Liabilities**

SARS has litigation matters which are not disclosed. Chapter 4 of the Standard will require retrospective application in adopting the accounting policy for the contingent assets and liabilities.

There is currently no reliable basis that can be utilised in respect of the judgment to be applied in considering whether transactions meet the criteria of accruals provisions contingent assets and liabilities.

SARS concluded that the disclosure of contingent assets and liabilities would not achieve the overall objective of fair presentation.

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2019/20 R'000	2018/19 R'000
<b>26</b>		
<b>Contingent Asset</b>		
<b>GEFECRA</b>	<b>436 062 044</b>	<b>285 829 289</b>

The GFEFRA, which operates in terms of Sec 28 of the SARB Act, represents the net revaluations profits and losses on gold and foreign exchange transactions which are for the account of the South African government.

## 27.1 Subsequent events

The 2020/21 financial year coincided with the accelerated global spread of COVID-19. The resulting volatility and uncertainty in financial markets contributed to heightened risk aversion, leading to a large-scale sell-off of developing-country assets by international investors.

Globally, central banks took steps to maintain financial market liquidity and anchor stability in the financial system. In South Africa, the Reserve Bank conducted a bond-buying programme in the government bond secondary market. This step, announced in March 2020, contributed to continued market liquidity and stabilised government bond yields.

In 2020/21, government's gross borrowing requirement – the budget deficit plus maturing loans – increased significantly, from R432.7 billion to R670.3 billion, or from 8.0 to 13.6 per cent of GDP. This borrowing enabled government to finance essential health and economic measures to contain and mitigate the effects of the pandemic.

Gross loan debt is expected to increase from R3.95 trillion, or 80.3 per cent of GDP, in 2020/21 to R5.23 trillion, or 87.3 per cent of GDP, by 2023/24. Debt is now expected to stabilise at 88.9 per cent of GDP in 2025/26 – down from a projected 95.3 per cent of GDP estimated in the 2020 MTBPS. This is as a result of a decline in the tax revenue shortfall since the tabling of the MTBPS, which resulted in improved cash balances. Over the medium term, these cash balances and reduced budget deficits will be used to lower the government's gross borrowing requirement, resulting in reduced debt issuances.

In 2020/21, debt-service costs were revised upwards by R3.6 billion from R229.3 billion to R232.9 billion due to the higher borrowing requirement.

The financial performance of state-owned companies, which has placed considerable pressure on the public finances for several years, is likely to deteriorate in 2020/21. The pandemic and associated economic restrictions are expected to reduce revenues for entities such as the Airports Company South Africa, Eskom and the South African National Roads Agency Limited. Global market volatility may further limit the ability of state-owned companies to borrow in capital markets and service their debt obligations.

The COVID-19 pandemic underlines the urgent need for broad-based reforms at state-owned companies so that they can become efficient and financially sustainable. These reforms include rationalisation (reducing the number of and merging some state-owned companies, and incorporating certain functions into government), equity partnerships, and stronger policy certainty and implementation. Planned transfers from the fiscus will be strictly conditional on improving their balance sheets.

The Land Bank's financial position is in a dire state with the entity not able to repay all maturing debt. On 1 April 2020 the Land Bank defaulted on its debt obligations. Further in July and August 2020 the Land Bank defaulted on guaranteed debt of R74.4 million, which the National Treasury had to pay in terms of section 70 of the PFMA. To improve the financial position of Land Bank the Special adjustment budget allocated R3 billion to recapitalise the Land Bank. In 2021 Budget, the Land Bank is allocated R7 billion over the medium term, R5 billion in 2021/22, and R1 billion in each of the two subsequent years.

In the Supplementary Budget government introduced a loan guarantee scheme was to support certain businesses affected by COVID-19 and associated lockdown measures. The National

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

Treasury provided a R100 billion guarantee to the Reserve Bank with the option to extend to R200 billion. By 11 February 2021, loans of R89.8 billion had been approved with drawdowns of R13.3 billion.

Subsequent to Moody's downgrading South Africa's credit rating to non-investment grade at the end of March 2020, Fitch, on 3 April 2020, downgraded the country's long term foreign and local currency debt ratings to 'BB' from 'BB+' and maintained a negative outlook. On 29 April 2020, S&P also downgraded the country's long-term foreign and local currency debt ratings to 'BB-' and 'BB' respectively, while it revised the outlook to stable from negative. The agency then affirmed the country's long-term foreign and local currency debt ratings at 'BB-' and 'BB' on 22 May 2020. R&I, on 5 June 2020, lowered the country's long-term foreign and local currency debt ratings to 'BBB-' and 'BBB' respectively, and maintained the negative outlook. More downgrades followed in the second half of the year. On 20 November 2020, Moody's and Fitch downgraded the sovereign's credit ratings to 'Ba2' and 'BB-', respectively. Both agencies maintained a negative outlook. On the same day, S&P, contrary to Moody's and Fitch, affirmed the country's foreign and local currency ratings at 'BB-' and 'BB', respectively and maintained a stable outlook.

## 27.2 Events after the reporting date

Non adjusting events:

In terms of section 22 of the 2020 Division of Revenue Act the approval for roll over was only received after 31 March 2020. Unspent conditional grants should be surrendered by the Province to the National Revenue Fund through the relevant National Departments. As these approvals were received after June 2020 the amounts for unspent conditional grants to be surrendered were not included in the audited Annual Financial Statements of the relevant National departments. The National Revenue Fund should therefore receive the amount of R2,109 million.

See breakdown below:

	2019/20 R'000	2018/19 R'000
<b>Province/Agency</b>		
Western Cape	15 927	154
Mpumalanga	47 096	15 668
Northern Cape	60 930	31 199
KwaZulu Natal	28 490	39 547
North west	553 758	66 586
Limpopo	569 458	139 334
Eastern Cape	84 142	156 546
Free State	245 114	205 467
Gauteng	503 593	967 529
<b>Total</b>	<b>2 108 508</b>	<b>1 622 030</b>

## 28 Financial Risk Management

Government's debt portfolio during 2019/20 was assessed for a sixth year against the strategic risk benchmarks which were implemented in 2014/15. Government's funding programme was monitored against these benchmarks to assess the impact on refinancing, inflation and currency risks. While the numeric benchmarks and indicators will remain unchanged in 2020/21, they will continue to be monitored and reported on a quarterly basis.

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

## Strategic portfolio risk benchmarks

Description	Range or limit
Treasury bills as % of domestic debt	15
Long-term debt maturing in 5 years as % of bonds	25
Inflation-linked bonds as % of domestic debt	20-25
Foreign debt as % of total debt	15
Weighted term-to-maturity of fixed-rate bonds and Treasury bills (in years)	10-14
Weighted average term-to-maturity of inflation-linked bonds (in years)	14-17

Government's gross loan debt of R3.2 trillion consist of domestic (R2.9 trillion) and foreign debt (R387.2 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate, inflation-linked, retail and zero-coupon bonds, and other loans). For purposes of calculating the risk benchmarks; borrowings from the CPD, retail bonds, zero coupon bonds and other non-marketable were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

## 28.1 Inflation risk

Inflation risk is the risk that adverse changes in month on month inflation might result in increases in the outstanding amount of inflation-linked bonds and thus result in higher future redemption amounts. This risk is managed by setting a benchmark for inflation-linked bonds (ILB) as a per cent of domestic debt to range between 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate- and inflation-linked bonds only.

### Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2020	31 March 2019
Domestic debt <sup>1</sup>	R2 834.6 bn	R2 467.6 bn
Inflation-linked bonds	R 650.2 bn	R 567.5 bn
ILBs as % of domestic debt	22.9 %	23.0 %

1. Excludes retail bonds, borrowing from the CPD, zero coupon bonds and other loans.

## 28.2 Currency risk

Currency risk arises from the change in price of the rand against major currencies the foreign debt is denominated in. These impacts on the rand value of interest and redemption amounts on foreign loans. The risk is managed by setting a limit of 15 per cent for foreign currency debt as a per cent of total debt. Changes in the exchange rate, mainly the USD/ZAR also impact on the rand value of government's foreign currency deposits with the Reserve Bank.

Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio. Foreign currency deposits are held in US dollar.

### Composition of foreign debt

Indicator	31 March 2020	31 March 2019
Percentage		
As % of total debt		
- Gross foreign debt	11.9	10.6
- Net foreign debt	8.0	6.7
Currency composition		
- US Dollar	94.8	94.0
- Euro	2.6	2.9
- Yen	2.6	2.7
- GBP	0.0	0.0
- Swedish krona	0.1	0.4

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 28.3 Refinancing risk

Refinancing risk is the possibility that money cannot be borrowed to refinance maturing debt or that these borrowings take place at unfavourable rates. This risk is manifested in the concentration of large volumes of debt that needs to be repaid.

One of the aims of government's debt management strategy is to maintain a smooth debt maturity profile. Refinancing risk is reduced through an active switch programme whereby short dated bonds are exchanged for longer-term bonds.

### Refinancing risk benchmarks

Indicator	31 March 2020	31 March 2019
Treasury bills as % of domestic debt	11.76%	12.46%
Long-term debt maturing in 5 years as % of bonds	15.32%	14.40%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	12.49	13.34
Weighted term-to-maturity of inflation-linked bonds (in years)	13.66	14.20

## 28.4 Credit Risk

### Credit risk exposure from explicit contingent portfolio

The explicit contingent liabilities of government consist mainly of government guarantees issued to state-owned companies (SOCs), Public-Private Partnerships (PPPs) as well as Independent Power Producers (IPPs).

The explicit contingent liability portfolio of government exposes government to credit risk, in that, should the guaranteed entities fail to settle their government guaranteed financial obligations; government as the guarantor will have to settle the obligations in default on behalf of the entities.

As at 31 March 2020, guarantees to public institutions decreased by R3.3 billion, from R487.7 billion in 2018/19 to R484.4 billion. This is mainly due to decreases in the guarantees issued to the Development Bank of Southern Africa, South African National Roads Agency Limited, South African Post Office and South African Express. The total amount borrowed, revaluation adjustments due to inflation rate movements, and accrued interest against the guarantees, was approximately R385.3 billion (2018/19: R368.1 billion).

### Counterparty risk exposure from investment of government surplus cash

Government's surplus cash is invested with four South African commercial banks, namely: Standard Bank, First National Bank, ABSA and Nedbank. As at 31 March 2020, the total surplus cash invested with the banks amounted to R44.5 billion (2018/19: R63.4 billion).

The risk that emanates from government's surplus cash investments with the banks is the possibility that as a result of these banks being in financial distress; government will not be able to access its deposits when needed.

The amount of government surplus cash invested with each of the four banks is based on government's risk assessment of each bank. The bank with the highest risk out of the four banks is allocated the lowest amount of surplus cash while the bank with the lowest risk is allocated the highest amount of surplus cash. As at 31 March 2020, government's risk exposure to the banks was equal and therefore the surplus cash was allocated equally between the banks

## 28.5 Sovereign risk

Sovereign credit ratings play an important role in a country's ability to access capital markets, as they influence investor perceptions of the quality of its debt. Credit rating agencies carry out annual reviews of South Africa's credit-worthiness. However, since the inception of the European Union's Credit Regulation Act 3 in 2013, European-based credit rating agencies are obliged to review their credit ratings every six months. South Africa continues to solicit ratings from four major rating

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

Fiscal year 2019/20 was characterised by heightened risk of policy uncertainty amid the national elections in May 2019. However, the risk of adverse rating actions somewhat subsided following the outcome of the elections. Moreover, the 2019 Budget outlined a dire picture of the weak economic environment as well as deteriorating fiscal strength. Rating agencies were further concerned about the announced measures aimed at reducing the public sector wage bill by R160 billion over the medium term, alluding that such savings are too ambitious given the history of wage negotiations between the government and strong labour unions.

On 22 May 2019, S&P affirmed South Africa's long-term foreign and local currency debt ratings at 'BB' and 'BB+', respectively and maintained a stable outlook. On the same day, R&I affirmed the country's long-term foreign and local currency ratings at 'BBB' and 'BBB+', respectively and maintained a stable outlook.

On 23 July 2019, Minister of Finance tabled a Special Appropriation Bill for Eskom aimed at providing additional support of R26 billion in 2019/20 and R33 billion in 2020/21 to the entity. This allocation added more pressure on the already weak government balance sheet. As such, on 26 July 2019, Fitch affirmed the sovereign's long-term foreign and local currency debt ratings at 'BB+'. The outlook was revised to negative from stable.

Soon after the tabling of the 2019 MTBPS, Moody's, on 1 November 2019, affirmed South Africa's long term foreign and local currency debt ratings at 'Baa3' but revised the outlook to negative from stable. South Africa's credit ratings by Moody's remained investment grade. Similarly, S&P on 22 November 2019, affirmed the country's foreign and local currency debt ratings at 'BB' and 'BB+', respectively and changed the outlook to negative from stable. Fitch later followed suit, on 18 December 2019, affirmed the country's long term foreign and local currency debt ratings at 'BB+' and maintained a negative outlook. The rating agencies remained concerned about the deteriorating economic environment as well as rising public debt and contingent liabilities.

Moody's conducted its first annual credit rating review mission on 2 to 4 March 2020, and subsequently downgraded the country's long term foreign and local currency debt ratings to 'Ba1' (non-investment grade) and maintained a negative outlook as the coronavirus exacerbated South Africa's fiscal and economic challenges. South Africa's credit ratings by the big three ratings agencies are non-investment grade. This saw South Africa being excluded from the World Government Bond Index.

Herewith South Africa's Credit Ratings per solicited rating agency

**Table: South Africa's Credit Ratings by R&I, S&P, Fitch and Moody's**

Rating Agency	Latest credit	Action	LTFC <sup>1</sup>	LTLC <sup>2</sup>	Outlook
	rating action				
<b>R&amp;I</b>	24-May-19	Ratings affirmed	BBB	BBB+	stable
<b>S&amp;P</b>	22-Nov-19	Ratings affirmed	BB	BB+	Negative
<b>Fitch</b>	18-Dec-19	Ratings affirmed	BB+	BB+	Negative
<b>Moody's</b>	27-Mar-20	Ratings downgrade	Ba1	Ba1	Negative

<sup>1</sup>LTFC = Long Term Foreign Currency Rating, <sup>2</sup>LTLC = Long Term Local Currency Rating.

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## Financial sustainability

Over the medium term, continued expenditure restraint is required to fiscal sustainability, defined as stabilisation of the debt-to-GDP ratio. Efforts to narrow the budget deficit and improve the composition of spending – primarily through restraining the wage bill growth remain on course. The consolidated deficit is projected to narrow from 14 per cent of GDP in the current year to 6.3 per cent in 2023/24. Gross national debt is projected to stabilise at a lower level of 88.9 per cent of GDP in 2025/26.

In the light of the COVID-19 pandemic and COVID-19 lockdowns the outlook remains highly uncertain and the economic effects of the pandemic are far-reaching and will likely be long-lasting. Government's balanced and prudent fiscal strategy is designed to stabilise the public finances and an immediate priority is to support a rapid return to economic growth.



# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

Resurgent spikes in infection rates have either halted or threaten the momentum from stronger-than-expected growth in the second half of 2020. Economic growth is expected to gain momentum during the second half of 2021, but much depends on the efficacy of the vaccine rollout and the impact of stimulus measures. Apart from the direct health benefits, a successful vaccination programme will allow for the economy to fully reopen.

The South African economy contracted by an estimated 7.2 per cent in 2020. By the third quarter of 2020, there were 1.7 million fewer jobs than in the same period in 2019. Although economic recovery is expected to continue, output and employment will remain well below pre-pandemic levels until 2023, with considerable uncertainty surrounding the outlook.

South Africa's fiscal challenge is to balance the immediate need for support to the economy during the pandemic with ongoing efforts to close a large, pre-existing budget deficit. Prior to the outbreak of COVID-19, economic growth had slowed to less than 1 per cent per year. The pandemic and associated lockdowns led to a severe contraction in GDP and tax revenue.

In response government proposed through the budget processes a combination of short-term measures to support the economy, while stabilising the debt-to-GDP ratio through reductions to expenditure. Most of these reductions applied to compensation budgets. Furthermore, State-owned companies in financial distress also will need to expedite the implementation of reforms, which include facilitating private-sector participation, costing developmental mandates and streamlining operations to focus on core mandates. A central reform is to restructure the electricity sector and ensure that sufficient electricity is generated to supply businesses and households. Unreliable electricity supply continues to throttle economic activity. Eskom is exploring short-term energy purchases to reduce load shedding and offset planned maintenance outages.

Government's response to the COVID-19 pandemic resulted in the gross borrowing requirement increasing significantly from R432.7 billion to R670.3 billion in 2020/21 or from 8.0 to 13.6 per cent of GDP. The borrowing requirement is expected to decline to R541.7 billion in 2023/24. This borrowing enabled government to finance essential health and economic measures to contain and mitigate the effects of the pandemic and to bail out State-owned entities. The gross borrowing requirement will be funded from short- and long-term borrowing in the domestic market, and foreign currency loans. Government will continue its bond-switch programme over the medium term, switching shorter-dated for longer-dated bonds and using surplus cash balances from borrowing to reduce refinancing risk. Domestic borrowing remains the major source of funding. Government will continue to borrow in the international market to meet its foreign-currency commitments which will average about 10 per cent of gross loan debt over the medium term, well below the strategic portfolio risk benchmark of 15 per cent. Gross loan debt is expected to increase from R3.95 trillion, or 80.3 per cent of GDP, in 2020/21 to R5.23 trillion, or 87.3 per cent of GDP by 2023/24.

The public finances remain under severe strain. Government's pro-growth fiscal consolidation aims to narrow the deficit and stabilise debt. These policy objectives are on course, but will require ongoing restraint in spending growth, the implementation of economic reforms and longstanding structural reforms to sustainably move South Africa to a higher growth path. The largest risks are that the global and domestic recovery remains highly uncertain, the spending pressures from State-owned companies and possible salary increases continue to exert upward pressure on the expenditure ceiling.

The National Treasury has outlined the support for economic recovery through immediate fiscal support and medium term fiscal reforms. The Government continues to provide relief to households and businesses. The composition of spending shifts from consumption towards capital investment. And over time, the stabilisation of debt will reduce borrowing costs and the cost of capital, providing greater incentive for investment that can support the economy. Apart from the direct health benefits, a successful vaccination programme will allow for the economy to fully reopen. Yet a faster recovery, characterised by growing investment and job creation, requires broader structural reforms to reverse the pattern of the last decade. Government's economic reforms are designed to remove barriers to growth, lower the cost of doing business, bolster confidence and boost investment to ensure South Africa continues on a path of economic recovery.



# **DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2020

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 1A

### STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2020

Name of Department	Appropriation Act	Funds transferred	Voted funds to be surrendered	Outstanding Request	Unauthorised Expenditure funded by NRF/PRF WP 5B	Unauthorised expenditure not funded by NRF/PRF WP 5B	Net Appropriation
	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	691 354	691 354	59 913	-	-	-	631 441
Parliament	1 993 460	1 993 460	-	-	-	-	1 993 460
Communications	4 773 091	4 773 091	41 454	-	-	-	4 731 637
Cooperative Governance and Traditional Affairs	90 346 554	90 346 554	3 396 205	-	-	-	86 950 349
Home Affairs	9 527 704	9 527 704	187	-	-	-	9 527 517
International Relations and Cooperation	6 508 515	6 508 515	445 439	-	-	246 968	6 310 044
National Treasury	30 691 720	30 691 720	857 632	-	-	-	29 834 088
Planning Monitoring and Evaluation	956 939	956 939	42 421	-	-	-	914 518
Public Enterprise	56 883 030	56 883 030	36 641	-	-	-	56 846 389
Public Service and Administration	993 343	993 343	38 378	-	-	-	954 965
Public Works	7 907 045	7 907 045	146 831	-	-	-	7 760 214
Statistics S A	2 514 368	2 514 368	11 846	-	-	50 940	2 553 462
Women	244 398	244 398	6 209	-	-	3 199	241 388
Basic Education	24 464 531	24 464 527	612 964	-	-	-	23 851 563
Higher Education and Training	89 039 710	89 039 710	227 256	-	-	-	88 812 454
Health	51 195 163	51 195 163	422 392	-	-	-	50 772 771
Social Development	184 721 972	184 721 972	125 384	-	-	15 133 788	199 730 376
Correctional Services	25 316 882	25 316 882	130 736	-	-	-	25 186 146
Defence and Military Veterans	50 888 132	50 888 132	5 875	-	-	-	50 882 257
Independent Police Investigative Directorate	336 653	336 653	43	-	-	-	336 610

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 1A (continued)

### STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2020

Name of Department	Appropriation Act	Funds transferred		Voted funds to be surrendered		Outstanding Request		Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	
Justice and Constitutional Development Office of the Chief Justice Police Agriculture Forestry and Fisheries Economic Development Energy Environmental Affairs Labour Minerals Resources Science and Technology Small Business Development Telecommunications Tourism Trade and Industry Transport Water Affairs Arts and Culture Human Settlements Rural Development and Land Reform Sport and Recreation S A	18 781 506	18 781 506	593 686	-	-	-	-	-	-	-	18 187 820	
	1 197 692	1 197 692	63 805	-	-	-	-	-	-	-	1 133 887	
	96 827 261	96 827 261	754 044	-	-	-	-	-	-	-	96 073 217	
	7 612 089	7 612 089	152 089	-	-	-	-	-	-	-	7 460 000	
	989 643	989 643	23 284	-	-	-	-	-	-	-	966 359	
	7 183 557	7 183 557	256 327	-	-	-	-	-	-	-	6 927 230	
	7 483 671	7 483 671	117 024	-	-	-	-	-	-	-	7 366 647	
	3 433 199	3 433 199	217 322	-	-	-	-	-	-	-	3 215 877	
	2 002 220	2 002 220	13 928	-	-	-	-	-	-	-	1 988 292	
	8 146 176	8 126 176	73 679	-	-	-	-	-	-	-	8 052 497	
	2 268 552	2 256 335	27 556	-	-	-	-	-	-	-	2 228 779	
	1 684 574	1 684 574	63 690	-	-	-	-	-	-	-	1 620 884	
	2 392 670	2 392 670	8 278	-	-	-	-	-	-	-	2 384 392	
	10 084 727	10 084 727	115 121	-	-	-	-	-	-	-	9 969 606	
	64 205 131	64 205 131	316 520	-	-	-	-	-	-	-	63 888 611	
	16 467 299	16 467 299	1 249 693	-	-	-	-	-	-	-	15 217 606	
4 572 085	4 572 085	227 518	-	-	-	-	-	-	-	4 344 567		
33 861 914	33 861 914	516 361	-	-	-	-	-	-	-	33 345 553		
10 828 914	10 828 914	16 087	-	-	-	-	-	-	-	10 812 827		
1 151 058	1 151 058	27 110	-	-	-	-	-	-	-	1 123 948		
Total	941 168 502	941 136 281	11 440 928	-	-	-	-	-	-	15 434 895	945 130 248	

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 1A

### STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2019

Name of Department	Appropriation Act		Funds transferred		Voted funds to be surrendered		Outstanding Request		Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	R	000	R	000	R	000	R	000	R	000	R	000	R	000
Presidency	505 580		505 580		46 275		-		-		-		459 305	
Parliament	1 872 694		1 872 694		-		-		-		-		1 872 694	
Communications	1 516 246		1 516 246		28 125		-		-		-		1 488 121	
Cooperative Governance and Traditional Affairs	85 037 011		85 037 011		3 118 627		-		-		-		81 918 384	
Home Affairs	9 047 439		9 047 439		200		-		-		-		9 047 239	
International Relations and Cooperation	6 552 768		6 552 768		182 529		-		-		-		6 370 239	
National Treasury	29 710 233		29 710 233		1 057 941		-		-		-		28 652 292	
Planning Monitoring and Evaluation	958 035		958 035		83 281		-		-		-		874 754	
Public Enterprise	6 522 914		6 522 914		48 121		-		-		-		6 474 793	
Public Service and Administration	950 656		950 656		24 642		-		-		-		926 014	
Public Works	7 483 326		7 483 326		34 777		-		-		-		7 448 549	
Statistics S A	2 271 699		2 271 699		17 704		-		-		57 140		2 311 135	
Women	230 207		230 207		7 855		-		-		-		222 352	
Basic Education*	23 699 583		23 699 583		284 816		-		-		-		23 414 767	
Higher Education and Training	73 124 073		73 124 073		200 335		-		-		-		72 923 738	
Health	47 508 374		46 982 894		388 309		-		-		-		46 594 585	
Social Development	172 822 233		172 595 146		15 228		-		-		-		172 579 918	
Correctional Services*	23 848 973		23 848 973		73 126		-		-		-		23 775 847	
Defence and Military Veterans	48 496 235		48 496 235		4 162		-		-		-		48 492 073	
Independent Police Investigative Directorate	315 113		315 113		282		-		-		-		314 831	
Justice and Constitutional Development	17 458 829		17 458 829		276 722		-		-		-		17 182 107	

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 1A (continued) STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2019

Name of Department	Appropriation Act	Funds transferred		Voted funds to be surrendered		Outstanding Request		Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Office of the Chief Justice	1 119 747	1 119 747	27 728	-	-	-	-	-	-	-	-	1 092 019	
Police	91 684 161	91 684 161	1 255 419	-	-	-	-	-	-	-	-	90 428 742	
Agriculture Forestry and Fisheries	7 732 803	7 732 803	158 714	-	-	-	-	-	-	-	-	7 574 089	
Economic Development	1 072 597	1 072 597	28 587	-	-	-	-	-	-	-	-	1 044 010	
Energy	7 163 532	7 163 532	73 293	-	-	-	-	-	-	-	-	7 090 239	
Environmental Affairs	7 430 532	6 364 443	-	-	-	-	-	-	-	-	-	6 736 971	
Labour	3 282 870	3 282 870	196 179	-	-	-	-	-	-	-	-	3 086 691	
Minerals Resources	1 890 661	1 890 661	10 538	-	-	-	-	-	-	-	-	1 880 123	
Science and Technology	7 958 388	7 957 738	65 812	-	-	-	-	-	-	-	-	7 891 926	
Small Business Development	1 488 453	1 488 453	68 935	-	-	-	-	-	-	-	-	1 419 518	
Telecommunications	4 006 936	4 006 686	12 272	-	-	-	-	-	-	-	-	3 994 414	
Tourism	2 261 817	2 261 817	27 015	-	-	-	-	-	-	-	-	2 234 802	
Trade and Industry	9 531 758	9 531 758	41 514	-	-	-	-	-	-	-	-	9 490 244	
Transport	59 831 294	59 831 294	637 840	-	-	-	-	-	-	-	-	59 192 474	
Water Affairs	16 873 729	16 873 729	254 295	-	-	-	-	-	-	-	-	16 619 434	
Arts and Culture	4 338 737	4 338 737	100 752	-	-	-	-	-	-	-	-	4 237 985	
Human Settlements	32 455 843	32 455 843	260 459	-	-	-	-	-	-	-	-	32 195 384	
Rural Development and Land Reform*	10 425 243	10 425 243	150 486	-	-	-	-	-	-	-	-	10 274 757	
Sport and Recreation S A	1 090 777	1 090 777	14 764	-	-	-	-	-	-	-	-	1 076 013	
<b>Total</b>	<b>831 572 099</b>	<b>829 752 543</b>	<b>9 277 659</b>	<b>372 528</b>	<b>980</b>	<b>57 140</b>	<b>820 903 572</b>						

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 1B

### STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2020

Name of Department	Appropriation Act	Funds transferred	Statutory funds to be surrendered	Outstanding Request	Net Appropriation
	R 000	R 000	R 000	R 000	R 000
Presidency	7 254	7 254	1 546	-	5 708
Parliament	600 518	600 518	-	-	600 518
National Treasury					
Provinces	505 553 753	505 553 753	-	-	505 553 753
General Fuel Levy	13 166 793	13 166 793	-	-	13 166 793
State Debt Cost					
Interest	203 595 750	204 635 780	15 228	-	204 620 552
Management	15 000	16 529	-	511	17 040
Cost of raising loans	120 000	31 579 283	21 559	-	31 557 724
Higher Education and Training	18 576 305	18 283 844	-	-	18 283 844
Justice and Constitutional Development	2 263 695	2 263 695	163 529	-	2 100 166
Office of the Chief Justice	1 098 546	1 098 546	46 821	-	1 051 725
ALM (National Revenue Fund Payments)	359 535	468 468	-	-	468 468
Transport	10 424	10 424	7 810	-	2 614
<b>Total</b>	<b>745 367 573</b>	<b>777 684 887</b>	<b>256 493</b>	<b>511</b>	<b>777 428 905</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 1B

### STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2019

Name of Department	Appropriation Act	Funds transferred	Statutory funds to be surrendered	Outstanding Request	Net Appropriation
	R 000	R 000	R 000	R 000	R 000
Presidency	6 742	6 742	1 061	-	5 681
Parliament	493 161	493 161	-	-	493 161
National Treasury					
Provinces	470 286 510	470 286 510	-	-	470 286 510
General Fuel Levy	12 468 554	12 468 554	-	-	12 468 554
State Debt Cost					
Interest	180 989 034	181 816 257	18 875	-	181 797 382
Management	60 000	7 827	-	77	7 904
Cost of raising loans	50 000	18 174 229	1 362	-	18 172 867
Higher Education and Training	17 312 161	17 479 896	-	-	17 479 896
Justice and Constitutional Development	2 215 538	2 215 538	168 153	-	2 047 385
Office of the Chief Justice	1 022 091	1 022 091	-	98	1 022 189
ALM (National Revenue Fund Payments) <sup>1</sup>	149 934	161 607	-	-	161 607
Transport	10 200	10 200	7 224	-	2 976
<b>Total</b>	<b>685 063 925</b>	<b>704 142 612</b>	<b>196 675</b>	<b>175</b>	<b>703 946 112</b>

<sup>1</sup>National Revenue Fund payments (previously known as extra-ordinary payments) are also included in expenditure in line with global standards in particular the International Monetary Fund's Government Finance Statistics Manual 2001. Detailed information on these transactions is provided in working paper 4F.

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 1C

### STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) RECEIPTS

	2019/20		2018/19	
	Amount Received	Amount Received by Revenue Fund	Amount Received	Amount Received by Revenue Fund
	R 000	R 000	R 000	R 000
Non-operating Income Items				
CARA	159 642	159 642	167 971	167 971
<b>Total</b>	<b>159 642</b>	<b>156 642</b>	<b>167 971</b>	<b>167 971</b>

## ■ Working paper 2A

### STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2019/20		2018/19	
	Amount Collected		Amount Collected	
	R	000	R	000
<b>Taxation</b>				
Income tax	772 684 785	738 740 248		
Value-added tax / Sales tax	346 760 767	324 765 978		
Fuel levy	75 406 845	72 486 885		
Customs duties	54 380 105	54 019 977		
Excise duties	48 513 717	43 532 385		
Skills Development Levy	18 486 280	17 438 989		
Environmental levy	10 681 065	10 871 233		
Transfer duties	7 119 627	7 243 248		
Securities transfer tax	6 240 209	5 334 752		
Road Accident Fund recoupment	4 768 315	2 885 341		
SACU member duties	3 485 353	2 437 275		
Health Promotion levy	2 512 790	3 248 162		
Estate duty	2 047 843	2 069 332		
Air Passenger tax	1 068 258	1 082 862		
Other taxation revenue	867 500	918 445		
State miscellaneous revenue	742 798	615 129		
<b>Total Taxation</b>	<b>1 355 766 257</b>	<b>1 287 690 241</b>		



# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 2A (continued)

### STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2019/20	2018/19
	Amount Collected R 000	Amount Collected R 000
<b>Non-taxation</b>		
Road accident fund levy	42 755 355	42 426 677
Unemployment Insurance Fund (UIF)	20 100 561	19 116 523
Mineral and petroleum resource royalty	11 830 241	8 611 781
Mining leases and ownership	(25 130)	413 538
<b>Total Non-taxation</b>	<b>74 661 027</b>	<b>70 568 519</b>
<b>Total Revenue</b>	<b>1 430 427 284</b>	<b>1 358 258 760</b>
Less: South African Customs Union Agreement	50 280 312	48 288 636
Less: Payment to RAF	42 632 836	41 890 191
Less: Payment to UIF	18 204 772	17 419 812
Less: Payable by SARS to UIF	1 895 789	1 696 711
Less: Payable by SARS to RAF	(413 967)	110 154
Less: Payment in terms of sec 12(3) of the PFMA	58	63
<b>Net Revenue for the Year</b>	<b>1 317 827 484</b>	<b>1 248 853 193</b>
<b>Amount payable by SARS to UIF</b>		
Amount collected by SARS	20 100 561	19 116 523
Less: Amount requested by UIF	18 204 772	17 419 812
	<b>1 895 789</b>	<b>1 696 711</b>
<b>Amount payable by SARS to RAF</b>		
Amount collected by SARS	42 755 355	42 426 677
Less: Amount requested by RAF	42 632 836	41 890 191
<b>Sub total</b>	<b>122 519</b>	<b>536 486</b>
Recover/(refund) of receivable/(payable)	(536 486)	(426 332)
<b>Total amount payable by SARS to RAF</b>	<b>(413 967)</b>	<b>110 154</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 2B

### STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2020

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets		Fines penalties and forfeits		Interest dividends and rent on land		Sale of capital assets		Financial transactions in assets and liabilities		Transfers received		Total received		Amount Received by Revenue Fund	
		R	000	R	000	R	000	R	000	R	000	R	000	R	000	R	000
Presidency	-	298	-	-	-	32	-	254	-	266	-	-	-	850	-	840	-
Communications	-	26	-	-	-	1 229	-	-	-	358	-	-	-	1 613	-	1 855	-
Cooperative Governance	-	210	-	-	-	620	-	253	-	494	-	-	-	1 577	-	43 891	-
Home Affairs	-	1 008 968	-	23 146	-	2 184	-	1 503	-	16 590	-	507	-	1 052 898	-	1 046 006	-
International Relations and Cooperation	-	1 231	-	43	-	798	-	4 472	-	52 223	-	-	-	58 767	-	52 999	-
National Treasury	-	75 445	-	-	-	8 303 466	-	35	-	260 141	-	-	-	8 639 087	-	7 855 013	-
Planning Monitoring and Evaluation	-	101	-	-	-	36	-	38	-	6 640	-	-	-	6 815	-	6 798	-
Public Enterprise	-	65	-	-	-	-	-	-	-	44	-	-	-	109	-	109	-
Public Service and Administration	-	181	-	-	-	3	-	277	-	286	-	-	-	747	-	797	-
Public Works	-	305	-	-	-	25 652	-	139	-	971	-	-	-	27 067	-	13 818	-
Statistics S A	-	827	-	-	-	334	-	2	-	609	-	-	-	1 772	-	1 698	-
Women	-	53	-	-	-	10	-	-	-	71	-	-	-	134	-	192	-
Basic Education	-	3 044	-	-	-	11 137	-	-	-	1 529	-	-	-	15 710	-	19 725	-
Higher Education and Training	-	12 192	-	-	-	2 007	-	429	-	8 131	-	-	-	22 759	-	22 878	-
Health	-	3 713	-	-	-	3 554	-	298	-	369	-	-	-	7 934	-	8 594	-
Social Development	-	1	-	-	-	2 601	-	-	-	270 432	-	-	-	273 034	-	79 765	-
Correctional Services	-	63 424	-	16 165	-	1 827	-	5 567	-	44 022	-	-	-	131 005	-	130 102	-
Defence	-	764 759	-	1 804	-	6 010	-	2 504	-	157 203	-	356 875	-	1 289 155	-	1 304 472	-
Independent Police Investigative Directorate	-	117	-	-	-	12	-	61	-	123	-	-	-	313	-	317	-
Justice and Constitutional Development	-	173 075	-	211 573	-	11 030	-	5 612	-	15 713	-	6 625	-	423 528	-	416 441	-
Office of the Chief Justice	-	659	-	6	-	1	-	262	-	1 967	-	-	-	2 895	-	2 975	-
Police	-	331 208	-	43 394	-	1 755	-	85 536	-	139 810	-	-	-	601 703	-	594 889	-
Agriculture Forestry and Fisheries	-	201 211	-	30	-	2 776	-	6 183	-	8 093	-	339	-	218 632	-	219 677	-
Economic Development	-	28	-	61 250	-	370	-	-	-	19	-	-	-	61 667	-	61 667	-

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 2B (continued)

### STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2020

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	Total received	Amount Received by Revenue Fund
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Energy	-	4 121	-	3	-	142	764	5 030	53 593
Environmental Affairs	-	2 940	4 033	7 410	120	94 014	-	108 517	94 624
Labour	-	5 009	853	1 381	723	4 400	-	12 366	12 438
Minerals Resources	-	11 126	3 129	21 250	2 379	292	-	38 176	34 430
Science and Technology	-	69	-	13	-	19 334	-	19 416	19 415
Small Business Development	-	58	-	26	145	23 028	-	23 257	23 287
Telecommunications	-	82	-	664 637	484	(1 612)	360	663 951	663 522
Tourism	-	166	-	179	254	3 651	-	4 250	4 419
Trade and Industry	-	746	139	7 895	32	91 798	5 453	106 063	85 738
Transport	-	1 462	-	42 593	-	278 786	-	322 841	45 309
Water and Sanitation	-	1 977	1 310	3 561	379	8 130	-	15 357	15 361
Arts and Culture	-	235	-	47	221	368	-	871	871
Human Settlements	-	204	-	136	180	340	-	860	790
Rural Development and Land Reform	-	28 699	-	47 471	2 425	44 802	-	123 397	143 975
Sport and Recreation S A	-	66	-	2	39	105	-	212	176
Centre for Public Service Innovation	-	5	-	1	-	-	-	6	5
Civilian Secretariat	-	71	-	-	-	-	-	71	126
Government Communications and Information Systems	-	1 149	-	321	-	257	-	1 727	1 747
Military Veterans	-	41	-	-	-	1 042	-	1 083	418
National School of Government	-	44	-	81	69	153	-	347	309
Public Service Commission	-	117	-	92	-	441	-	650	706
Traditional Affairs	-	50	-	-	-	-	-	50	49
<b>Refunds for previous financial years</b>	-	-	(6 118)	-	-	-	-	(6 118)	(6 118)
Police	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>2 699 578</b>	<b>360 757</b>	<b>9 174 543</b>	<b>120 875</b>	<b>1 555 575</b>	<b>370 823</b>	<b>14 282 151</b>	<b>13 080 708</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 2B

### STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2019

Name of department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	Total received	Amount Received by Revenue Fund
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	-	288	-	30	-	403	653	1 374	1 607
Communications	-	53	-	1 801	-	284	-	2 138	1 897
Cooperative Governance	-	329	-	1 132	621	42 498	-	44 580	2 581
Home Affairs	-	1 096 533	8 739	2 202	9	9 267	-	1 116 750	715 099
International Relations and Cooperation	-	1 179	-	621	1 552	31 209	-	34 561	56 052
National Treasury	-	125 379	-	6 830 187	-	158 157	-	7 113 723	7 090 117
Planning Monitoring and Evaluation	-	93	-	15	20	1 333	-	1 461	1 498
Public Enterprise	-	64	-	-	17	285	-	366	385
Public Service and Administration	-	179	-	3	386	248	-	816	801
Public Works	-	292	-	1 451	90	1 645	-	3 478	10 578
Statistics S A	-	807	-	215	76	2 375	-	3 473	3 498
Women	-	54	-	2	-	64	-	120	62
Basic Education	-	2 885	-	5 093	8	2 315	-	10 301	18 599
Higher Education and Training	-	10 453	-	2 020	-	15 201	-	27 674	27 504
Health	-	3 573	-	1 853	-	587	-	6 013	7 233
Social Development	-	3	-	6 844	1 249	42 582	-	50 678	25 327
Correctional Services	-	61 114	17 812	4 311	1 180	43 814	-	128 231	139 206
Defence	-	367 602	2 227	4 622	18 924	100 407	320 609	814 391	719 378
Independent Police Investigative Directorate	-	113	-	13	45	114	-	285	281
Justice and Constitutional Development	-	79 449	246 572	2 424	48	45 403	2 272	376 168	374 853
Office of the Chief Justice	-	674	40	1	-	780	-	1 495	1 933
Police	-	329 367	6 732	1 333	86 231	139 486	-	563 149	571 128

\* See disclosure note on restatements for more details

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 2B (continued)

### STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2019

Name of department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	Total received	Amount Received by Revenue Fund
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Agriculture Forestry and Fisheries	-	201 482	12	2 835	202	4 477	417	209 425	210 474
Economic Development	-	32	96 247	50 462	-	14	-	146 755	147 201
Energy	-	4 409	-	12	-	48 642	1 617	54 680	7 262
Environmental Affairs	-	2 770	25	967	224	25 401	-	29 387	22 353
Labour	-	4 665	1 988	1 233	76	2 819	-	10 781	12 649
Minerals Resources	-	11 180	1 872	19 076	-	1 565	-	33 693	33 027
Science and Technology	-	64	-	27	217	32 441	-	32 749	32 743
Small Business Development	-	57	-	1	175	1 096	-	1 329	1 350
Telecommunications	-	58	-	723 109	52	423	26 000	749 642	749 626
Tourism	-	164	-	127	44	2 147	-	2 482	2 318
Trade and Industry	-	632	41	279	10	68 570	3 773	73 305	77 877
Transport	-	1 328	-	110 144	-	118 823	-	230 295	232 566
Water and Sanitation	-	2 354	400	2 921	1	60 734	-	66 410	66 304
Arts and Culture	-	260	-	14	-	692	-	966	956
Human Settlements	-	206	-	652	174	532	-	1 564	1 686
Rural Development and Land Reform	-	25 598	-	40 454	271	48 186	-	114 509	75 501
Sport and Recreation S A	-	67	-	2	-	70	-	139	147
Centre for Public Service Innovation	-	5	-	-	-	8	-	13	13
Civilian Secretariat	-	68	-	-	-	128	-	196	149
Government Communications and Information Systems	-	2 240	-	285	-	557	-	3 082	3 199
Military Veterans	-	36	-	-	-	17	-	53	1 205
National School of Government	-	41	-	74	16	22	-	153	161
Public Service Commission	-	115	-	96	-	527	96	834	568
Traditional Affairs	-	140	-	-	-	-	-	140	144
<b>Total</b>	<b>-</b>	<b>2 338 454</b>	<b>382 707</b>	<b>7 818 943</b>	<b>111 918</b>	<b>1 056 348</b>	<b>355 437</b>	<b>12 063 807</b>	<b>11 449 096</b>

\* See disclosure note on restatements for more details

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 2C

### STATEMENT OF NATIONAL REVENUE FUND RECEIPTS

Items	2019/20	2018/19
	Amount Received by Revenue Fund R 000	Amount Received by Revenue Fund R 000
<b>Non- Cash</b>	<b>12 801 334</b>	<b>11 999 373</b>
Revenue Fund Receipts: Penalties on Retail Bonds	2 345	2 545
Revenue Fund Receipts: Premium Received	3 462 654	444 598
Revenue Fund Receipts: Premium on Bonds issued	8 958 256	1 161 388
Revenue Fund Receipts: Profit on Foreign Currency Investment	378 078	10 390 835
Revenue Fund Receipts: Profit on scrip lending	-	7
<b>Total</b>	<b>12 801 334</b>	<b>11 999 373</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 3A

### STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2019/20		2018/19	
	Appropriated funds/ Equitable Share		Appropriated funds/ Equitable Share	
	R	000	R	000
Presidency	47 337		20 305	
Cooperative Governance and Traditional Affairs	3 118 627		2 101 747	
Home Affairs	200		660	
International Relations and Cooperation	182 530		411 483	
Performance Monitoring and Evaluation	82 281		31 659	
Public Works	34 777		57 843	
Women Children and People with Disabilities	7 855		1 456	
Communications	28 126		9 345	
National Treasury	1 057 940		692 234	
Asset and Liability Management	20 236		8 068	
Public Enterprise	48 122		16 283	
Public Service and Administration	24 641		32 474	
Statistics S A	17 704		57 727	
Arts and Culture	100 753		229 743	
Basic Education	284 816		67 168	
Health	388 308		220 866	
Higher Education and Training	200 335		12 019	
Labour	196 179		211 803	
Social Development	15 223		-	
Sport and Recreation S A	14 764		6 193	
Correctional Services	103 326		26 015	
Defence and Military Veterans	4 162		22 328	
Independent Police Investigative Directorate	282		147	
Justice	444 875		286 622	
Chief Justice	27 728		21 780	
Police	1 255 419		156 080	
Agriculture Forestry and Fisheries	158 714		118 902	
Telecommunications	12 272		282 321	
Economic Development	28 587		-	

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 3A (continued)

### STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2019/20		2018/19	
	Appropriated funds/ Equitable Share		Appropriated funds/ Equitable Share	
	R	000	R	000
Energy	73 293		200 776	
Environmental Affairs	-		258 077	
Human Settlements	260 458		107 220	
Minerals Resources	10 538		2 764	
Rural Development and Land Reform	144 143		542 261	
Science and Technology	65 813		67 684	
Small Business Development	68 935		16 185	
Tourism	27 016		6 180	
Trade and Industry	41 516		94 939	
Transport	645 064		5 128 920	
Water Affairs	76 754		1 027 592	
Rounding	-	3		
	<b>9 320 649</b>		<b>12 555 872</b>	
<b>Refunds</b>	<b>(148 371)</b>		<b>(30 631)</b>	
Water and Sanitation	(114 654)		-	
Environmental Affairs	(33 717)		-	
Public Service and Administration	-		(12 217)	
Statistics SA	-		(18 414)	
<b>Total</b>	<b>9 172 278</b>		<b>12 525 241</b>	



# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 3B

### STATEMENT OF OTHER SURRENDERS

Name of Department	2019/20		2018/19	
	Amount Surrendered		Amount Surrendered	
	R	000	R	000
<b>Other Surrenders</b>	<b>629 436</b>		<b>444 990</b>	
Parliament	23 789		101 474	
National School of Government	2 157		239	
Public Service Commission	431		612	
Various received in excess	12		(37)	
Statistics SA	74		-	
Military Veterans	85 109		20 611	
Centre for Public Service Innovation	2 308		1 533	
Government Communication and Information System	12 306		7 610	
Government Printers	200 000		300 000	
Traditional Affairs	9 043		12 948	
Civilian Secretariat for Police	13 684		-	
Transport	272 898		-	
Health	7 625		-	
<b>Public Entities</b>	<b>664 022</b>		<b>2 473 434</b>	
SA Tourism	-		130 100	
ICASA	-		10 262	
Deeds Office	14 300		173 400	
SA Diamond Precious Metal Regulator	-		15 300	
African Renaissance	-		300 000	
National Gambling Board	-		14 010	
National Credit Regulator	22 700		144 500	
Isimangaliso	-		12 300	
Housing Development Agency	631		1 512 580	
Community Scheme Ombudsmen	-		61 190	
Commission on Gender Equality	-		612	
National Agricultural Marketing Council	-		53 477	
Office of the Valuer-General	-		41 100	
Brand SA	-		4 603	

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 3B (continued)

### STATEMENT OF OTHER SURRENDERS

Name of Department	2019/20		2018/19	
	Amount Surrendered		Amount Surrendered	
	R	000	R	000
ALHA-Rural Development	197 691	-	-	-
National Library	2 000	-	-	-
SEDA-Economic Development	58 200	-	-	-
Valuer General-Rural Development	123 100	-	-	-
Companies and Intellectual Properties Commission	245 400	-	-	-
<b>Conditional Grants</b>	<b>1 309 955</b>		<b>1 184 304</b>	
Basic Education: Gauteng	36 564		2 000	
Basic Education: Free State	7 800		7 031	
Basic Education: Limpopo	62 632		159 994	
Basic Education: Eastern Cape	14 471		17 424	
Basic Education: KwaZulu-Natal	-		2 387	
Basic Education: Northern Cape	535		3 428	
Basic Education: Western Cape	-		43 236	
Basic Education: Mpumalanga	2 350		12 332	
Basic Education: North West	-		75 114	
Health: Northern Cape	-		352	
Health: North West	-		1 953	
Health: Mpumalanga	-		26 062	
Health: Free State	-		35 586	
Health: Eastern Cape	28 018		4 641	
Health: Gauteng	379 872		125 003	
Human Settlement: Free State	8 620		322	
Human Settlement: North West	2 385		702	
Human Settlement: Gauteng	161 708		1 844	
Human Settlement: Limpopo	2 993		683	
Human Settlement: Mpumalanga	1 391		-	
Human Settlement: Northern Cape	10 496		-	
Human Settlement: Eastern Cape	7 133		-	
Arts & Culture: Northern Cape	345		1 310	
Arts & Culture: Mpumalanga	168		-	
Arts & Culture: Limpopo	6 715		640	

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 3B (continued)

### STATEMENT OF OTHER SURRENDERS

Name of Department	2019/20		2018/19	
	Amount Surrendered		Amount Surrendered	
	R	000	R	000
Arts & Culture: Free State	5 485	-	-	-
Arts & Culture: Eastern Cape	78	-	-	-
Arts & Culture: Gauteng	18 606	7 162	7 162	7 162
Arts & Culture: North West	15 880	9 086	9 086	9 086
Arts & Culture: KwaZulu-Natal	31	-	-	-
Public Works: Eastern Cape	1 798	140	140	140
Public Works: Free State	773	557	557	557
Public Works: Gauteng	1 257	1 023	1 023	1 023
Public Works: Limpopo	4 629	533	533	533
Public Works: Mpumalanga	1 318	1 589	1 589	1 589
Public Works: KwaZulu-Natal	808	2 013	2 013	2 013
Public Works: Western Cape	-	1	1	1
Public Works: North West	2 191	4 419	4 419	4 419
Public Works: Northern Cape	2 464	4 170	4 170	4 170
Sports and Recreation: Northern Cape	179	865	865	865
Sports and Recreation: North West	1 898	3 070	3 070	3 070
Sports and Recreation: Eastern Cape	-	2 053	2 053	2 053
Sports and Recreation: Limpopo	882	39	39	39
Sports and Recreation: Free State	117 549	170	170	170
Sports and Recreation: Gauteng	1 272	5 054	5 054	5 054
Sports and Recreation: Western Cape	15	6	6	6
Sports and Recreation: KwaZulu Natal	1	-	-	-
Social Development: Eastern Cape	4 745	38 131	38 131	38 131
Social Development: KwaZulu Natal	-	17 009	17 009	17 009
Social Development: Gauteng	18 441	2 980	2 980	2 980
Social Development: Free State	19 823	2 208	2 208	2 208
Social Development: Limpopo	3 569	1 592	1 592	1 592
Social Development: Mpumalanga	2 333	7 676	7 676	7 676
Social Development: Northern Cape	3 209	2 136	2 136	2 136
Social Development: Western Cape	1 636	2 632	2 632	2 632
Social Development: North West	-	4 975	4 975	4 975

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 3B (continued)

### STATEMENT OF OTHER SURRENDERS

Name of Department	2019/20		2018/19	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Agriculture: KwaZulu-Natal	487		34 372	
Agriculture: Eastern Cape	18 899		3 098	
Agriculture: Free State	24 498		20 414	
Agriculture: Gauteng	1 481		39 094	
Agriculture: Limpopo	38		96	
Agriculture: Mpumalanga	400		2 578	
Agriculture: Northern Cape	-		320	
Agriculture: North West	9 400		1 311	
Agriculture: Western Cape	-		1 625	
Cooperative Governance: Gauteng	9 940		-	
Transport: Limpopo	55 945		17 202	
Transport: Free State	1 637		5 061	
Transport: Gauteng	215 934		180 319	
Transport: Mpumalanga	3 378		173	
Transport: Northern Cape	5		7	
Transport: North West	-		-	
Transport: Eastern Cape	2 847		-	
Treasury: Mpumalanga	-		140	
Treasury: Eastern Cape	-		2 545	
SASSA	-		232 616	
<b>Municipalities</b>	<b>318 742</b>		<b>459 766</b>	
Local Government Surrender	318 742		459 766	
<b>Refunds</b>	-		<b>(823)</b>	
Parliament	-		(706)	
National Treasury: Buffalo City Municipality	-		(117)	
<b>Total</b>	<b>2 922 155</b>		<b>4 561 671</b>	

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 3C

### STATEMENT OF OTHER REVENUE RECEIVED

Name of Department	2019/20		2018/19	
	Amount to be Received R 000	Amount Received by Revenue Fund R 000	Amount to be Received R 000	Amount Received by Revenue Fund R 000
<b>Reallocated from Departmental Revenue</b>		<b>1 554 525</b>		<b>2 781 908</b>
Department of Communication: ICASA	-	1 490 587	-	1 397 634
Economic Development: Competition Commission		58 688		1 369 239
Trade and Industry: Various entities		5 250		15 035
<b>Other</b>	<b>-</b>	<b>85 481</b>	<b>-</b>	<b>34 566</b>
Prevention of Organised Crime Act		3 166		-
Financial Intelligence Centre Act		78 984		15 972
SARB: Brightrock Life		1 000		-
Asset Forfeiture Unit		2 331		1 244
Trifecta Judgment		-		2 369
SARB: Grindrod Penalty		-		9 981
SARB: SAFRICAN Insurance Company Limited		-		5 000
<b>Total</b>	<b>-</b>	<b>1 640 006</b>	<b>-</b>	<b>2 816 474</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 4A

### STATEMENT OF AMOUNTS TRANSFERRED TO DEPARTMENTS FOR PREVIOUS APPROPRIATED FUNDS

Name of Department	2019/20		2018/19	
	Equitable Share	Amount Transferred	Equitable Share	Amount Transferred
	R 000	R 000	R 000	R 000
Environmental Affairs	372 528	372 528	-	-
Chief Justice	98	98	32 295	32 295
Asset and Liability Management	76	76	26 480	26 480
Social Development	-	-	24 648	24 648
Economic Development	-	-	116 300	116 300
<b>Total</b>	<b>372 702</b>	<b>372 702</b>	<b>199 723</b>	<b>199 723</b>

## Working paper 4B

### STATEMENT OF OTHER EXPENDITURE

NOT APPLICABLE TO NRF

## Working paper 4C

### STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) PAYMENTS

Name of Department	2019/20		2018/19	
	Amount Approved	Amount transferred by Revenue Fund	Amount Approved	Amount transferred by Revenue Fund
	R 000	R 000	R 000	R 000
CARA	147 472	147 472	136 862	136 862
<b>Total</b>	<b>147 472</b>	<b>147 472</b>	<b>136 862</b>	<b>136 862</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 4D

### STATEMENT OF APPROPRIATED FUNDS NOT RECEIVED FROM NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

## ■ Working paper 4E

### STATEMENT OF OTHER EXPENDITURE IN TERMS OF AN ACT OF PARLIAMENT (With Funding)

NOT APPLICABLE TO NRF

## ■ Working paper 4F

### STATEMENT OF ADDITIONAL INFORMATION ON NATIONAL REVENUE FUND PAYMENTS

Items	2019/20		2018/19	
	Amount to be Transferred	Amount Transferred by Revenue Fund	Amount to be Transferred	Amount Transferred by Revenue Fund
	R 000	R 000	R 000	R 000
GFECRA	131 729		141 959	
Premium paid	83 878		18 797	
Loss on Scriptlending	208		851	
Loss don Foreign Currency Investment	252 652		-	
<b>Total</b>	<b>468 467</b>	<b>-</b>	<b>161 607</b>	<b>-</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 5A

### STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2020

	Unauthorised approved by Finance Act					
			With Funding			Without Funding
	Finance Act No	Financial Year	Amount Approved Funded by Revenue Fund	Amount Transferred	Amount Approved Not funded by Revenue Fund	Amount Approved Not funded by Revenue Fund
Name of Department	R 000		R 000	R 000	R 000	R 000
No Finance Act Passed						
<b>Total</b>			-	-	-	-



# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 5A

### STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2019

Name of Department	Unauthorised approved by Finance Act					
	Finance Act Act No R 000	Financial Year	With Funding			Without Funding
			Amount Approved Funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Approved Not funded by Revenue Fund R 000
No Finance Act Passed						
<b>Total</b>			-	-	-	-

## Working paper 5B

### STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2020

Name of Department	Unauthorised Reported			Unauthorised funded by Revenue Fund and surrendered by departments	
	Revenue Fund (Exceeding of vote) From Working Paper 1A 1B & 1D	Not funded by Revenue Fund R 000	Funded by Revenue Fund R 000	Financial Year	Amount R 000
Transport	-	-	-	2018/19	980
International Relations and Cooperation	246 968				
Statistics SA	50 940				
Women	3 199				
Social Development	15 133 788				
<b>Total</b>	<b>15 434 895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>980</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 5B

### STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2019

Name of Department	Unauthorised Reported		Unauthorised funded by Revenue Fund and surrendered by departments	
	Not funded by Revenue Fund (Exceeding of vote) From Working Paper 1A 1B & 1D	Funded by Revenue Fund	Financial Year	Amount
	R 000	R 000	R 000	R 000
Transport Statistics SA	57 140	980	-	-
<b>Total</b>	<b>57 140</b>	<b>980</b>	<b>-</b>	<b>-</b>

\*See disclosure note on restatement

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 6

### STATEMENT OF FINANCIAL INSTRUMENTS VALUATION AND CAPITAL SUBSCRIPTION OF INVESTMENTS

	2019/20	2018/19
	Amount	Amount
	R 000	R 000
<b>Capital Subscription on Investments</b>		
Paid up Shares in New Development Bank	8 771 385	6 179 215
<b>Financial Instrument Valuation</b>	<b>(86 215 545)</b>	<b>(57 878 486)</b>
Foreign revaluation reconciliation	(96 965 388)	(79 459 640)
ALM - Movement on Paymaster General Account	376 086	3 213 065
Increase/(decrease) in Investments	75 757 335	53 913 669
Increase/(decrease) in Multi-Lateral Institutions	(80 537 345)	(49 334 954)
Revaluation Exchequer Investments including net movement of ALM restatement	15 153 766	13 789 373
Rounding	1	2
<b>Total</b>	<b>(77 444 160)</b>	<b>(51 699 270)</b>
<b>MOVEMENT IN CAPITAL SUBSCRIPTION OF INVESTMENTS</b>		
<b>New Development Bank purchase price in December 2018</b>	<b>22 489 425</b>	<b>9 487 490</b>
Value of subscription: 1 April 2018	17 020 500	9 165 800
Additional purchase: Value of subscription	5 468 925	321 690
<b>MOVEMENT ON MULTILATERAL INSTITUTIONS</b>	<b>(17 991 540)</b>	<b>(7 589 992)</b>
Value of subscription: 1 April 2018	(17 020 500)	(9 165 800)
Additional purchase: Value of subscription	(5 468 925)	(321 690)
Net investment: 1 April 2018	3 404 100	1 833 160
Additional purchase: Net Investment	1 093 785	64 338
<b>Nett movement</b>	<b>4 497 885</b>	<b>1 897 498</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 7A

### STATEMENT OF CURRENT INVESTMENTS

NOT APPLICABLE TO NRF

## ■ Working paper 7B

### STATEMENT OF NON-CURRENT INVESTMENTS

Investee	2019/20			2018/19		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	R 000	R 000	R 000	R 000	R 000	R 000
International Monetary Fund quota subscription		74 502 890	74 502 890		61 366 021	61 366 021
African Development Bank		71 384 722	71 384 722		57 802 395	57 802 395
International Bank for Reconstruction and Development		38 494 197	38 494 197		31 161 833	31 161 833
International Monetary Fund SDR Holding		36 553 813	36 553 813		30 054 086	30 054 086
New Development Bank						
Paid up Shares		23 258 235	23 258 235		14 486 850	14 486 850
Callable Shares		93 032 940	93 032 940		57 947 401	57 947 401
Multilateral Investment Guarantee Agency		321 730	321 730		260 515	260 515
International Finance Corporation		311 625	311 625		252 332	252 332
<b>Total</b>	-	<b>337 860 152</b>	<b>337 860 152</b>	-	<b>253 331 433</b>	<b>253 331 433</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 8A

### STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2020

Borrowings	Opening balance as at 1 April 2019	Issued	Repaid	Closing balance as at 31 March 2020		
	R 000	R 000	R 000	Total	Current	Non-current
<b>Domestic long-term</b>	<b>2 089 773 253</b>	<b>504 760 437</b>	<b>131 484 140</b>	<b>2 463 049 550</b>		<b>2 463 049 550</b>
Domestic long-term bonds debentures and other loans	2 008 595 925	349 658 583	-	2 358 254 508	-	2 358 254 508
Former Regional Authorities	38 871	-	4	38 867	-	38 867
Transfer to short term	(50 345 679)	-	-	(50 345 679)	-	(50 345 679)
Revaluation of inflation bonds	131 484 136	155 101 854	131 484 136	155 101 854	-	155 101 854
<b>Domestic short-term</b>	<b>407 202 526</b>	<b>960 163 721</b>	<b>956 298 229</b>	<b>411 068 017</b>	<b>411 068 017</b>	-
Debt at 1 April	15 998 394	(8 423 090)	23 788 921	(16 213 617)	(16 213 617)	-
Bonds created	(2 688 713)	-	-	(2 688 713)	(2 688 713)	-
Bonds reduced	(24 385 631)	-	-	(24 385 631)	(24 385 631)	-
Transfer from long-term as at 31 March 2019	43 287 962	-	-	43 287 962	43 287 962	-
Transfer from long-term as at 31 March 2020	50 345 679	-	-	50 345 679	50 345 679	-
Treasury Bills	307 432 585	550 928 647	524 928 217	333 433 015	333 433 015	-
Other Loans	17 212 252	417 658 164	407 581 092	27 289 324	27 289 324	-
Rounding	(2)	-	-	(2)	(2)	-
<b>Total</b>	<b>2 496 975 779</b>	<b>1 464 924 158</b>	<b>1 087 782 369</b>	<b>2 874 117 568</b>	<b>411 068 017</b>	<b>2 463 049 550</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 8A

### STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2019

	Opening balance as at 1 April 2018	Issued	Repaid	Closing balance as at 31 March 2019		
	R 000	R 000	R 000	Total	Current	Non-current
<b>Borrowings</b>						
<b>Domestic long-term</b>	<b>1 902 006 615</b>	<b>349 669 436</b>	<b>111 557 119</b>	<b>2 140 118 932</b>		<b>2 140 118 932</b>
Domestic long-term bonds debentures and other loans	1 837 208 216	218 185 300	3 509 629	2 051 883 887	-	2 051 883 887
Former Regional Authorities	38 889	-	18	38 871	-	38 871
Transfer to short term	(43 287 962)	-	-	(43 287 962)	-	(43 287 962)
Revaluation of inflation bonds	108 047 472	131 484 136	108 047 472	131 484 136	-	131 484 136
<b>Domestic short-term</b>	<b>369 870 615</b>	<b>910 338 015</b>	<b>923 351 781</b>	<b>356 856 849</b>	<b>356 856 849</b>	
Debt at 1 April	45 631 934	(2 688 713)	24 385 631	18 557 590	18 557 590	-
Bonds created	(46 261 008)	-	-	(46 261 008)	(46 261 008)	-
Bonds reduced	(28 366 532)	-	-	(28 366 532)	(28 366 532)	-
Transfer from long-term as at 31 March 2019	44 994 000	-	-	44 994 000	44 994 000	-
Transfer from long-term as at 31 March 2018	43 287 962	-	-	43 287 962	43 287 962	-
Revaluation of inflation bonds	-	-	-	-	-	-
Treasury Bills	293 393 585	518 550 362	504 511 362	307 432 585	307 432 585	-
Other loans	17 190 674	394 476 366	394 454 788	17 212 252	17 212 252	-
<b>Total</b>	<b>2 271 877 230</b>	<b>1 260 007 451</b>	<b>1 034 908 900</b>	<b>2 496 974 781</b>	<b>356 856 849</b>	<b>2 140 118 932</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 8B

### STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2020

Borrowings	Opening balance as at 1 April 2019	Issued	Repaid	Closing balance as at 31 March 2020		
				Total	Current	Non-current
	R 000	R 000	R 000	R 000	R 000	R 000
<b>Borrowings</b>						
<b>Current borrowings</b>	<b>61 941 677</b>	<b>6 705 864</b>	<b>53 891 092</b>	<b>14 666 449</b>	<b>14 666 449</b>	-
Loans	26 952 291	-	26 952 291	-	-	-
Transfer from long-term	7 960 585	-	-	7 960 585	7 960 585	-
Revaluation	27 028 801	6 705 864	27 028 801	6 705 864	6 705 864	-
<b>Non-current borrowings</b>	<b>229 371 917</b>	<b>188 122 891</b>	<b>44 936 605</b>	<b>372 558 203</b>	-	<b>372 558 203</b>
Loans	192 395 898	76 052 000	-	268 447 898	-	268 447 898
Transfer to short-term	(7 960 586)	-	-	(7 960 586)	-	(7 960 586)
Revaluation	44 936 605	112 070 891	44 936 605	112 070 891	-	112 070 891
<b>Total</b>	<b>291 313 594</b>	<b>194 828 755</b>	<b>98 917 697</b>	<b>387 224 652</b>	<b>14 666 449</b>	<b>372 558 203</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 8B

### STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2019

Borrowings	Opening balance as at 1 April 2018	Issued	Repaid	Closing balance as at 31 March 2019		
	R 000	R 000	R 000	Total	Current	Non-current
<b>Borrowings</b>						
<b>Current borrowings</b>	<b>35 834 940</b>	<b>23 148 350</b>	<b>8 882 648</b>	<b>50 100 641</b>	<b>50 100 641</b>	-
Loans	1 272 106	-	1 272 106	-	-	-
Transfer from long-term	26 952 291	-	-	26 952 291	26 952 291	-
Revaluation	7 610 542	23 148 350	7 610 542	23 148 350	23 148 350	-
<b>Non-current borrowings</b>	<b>181 976 067</b>	<b>74 076 856</b>	<b>14 839 969</b>	<b>241 212 954</b>	-	<b>241 212 954</b>
Loans	194 088 389	25 259 800	-	219 348 189	-	219 348 189
Transfer to short-term	(26 952 291)	-	-	(26 952 291)	-	(26 952 291)
Revaluation	14 839 969	48 817 056	14 839 969	48 817 056	-	48 817 056
<b>Total</b>	<b>217 811 007</b>	<b>97 225 206</b>	<b>23 722 618</b>	<b>291 313 595</b>	<b>50 100 641</b>	<b>241 212 954</b>



# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 8C

### STATEMENT OF CHANGES IN BORROWINGS

	2019/20			2018/19		
	Received	Paid	Increase/ Decrease	Received	Paid	Increase/ Decrease
	R 000	R 000	R 000	R 000	R 000	R 000
<b>Other financing activities</b>						
Treasury Bills	550 928 647	524 928 217	26 000 430	518 550 362	504 511 362	14 039 000
IGCC	417 659 184	407 582 815	10 076 369	359 444 803	360 421 402	(976 598)
Late Request non voted :ALM	1 020	1 723	(703)	1 723	3 342 354	(3 340 631)
Bonds	341 157 421	23 779 485	317 377 936	212 565 497	29 345 373	183 220 124
Loan Deposit	-	-	-	2 924 721	-	2 924 721
Non voted funds to surrendered by ALM	(55 120)	-	(55 120)	-	-	-
Foreign Loans						
Payment In terms of Section 239 of the Constitution - Redemption of State Debt	76 052 000	51 228 957	24 823 043	25 259 800	2 041 272	23 218 528
Payment in terms of Act no 11 of 1997 IMF Valuation	-	4	(4)	-	18	(18)
Revaluation of exchequer investments: FCI and ALM PMG balance	-	2 190 319	(2 190 319)	-	3 284 257	(3 284 257)
Rounding	20 027 737	-	20 027 737	18 899 936	-	18 899 936
<b>Total</b>	<b>1 405 770 888</b>	<b>1 009 711 519</b>	<b>396 059 369</b>	<b>1 137 646 841</b>	<b>902 946 038</b>	<b>234 700 802</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## Working paper 8D

### STATEMENT OF MULTILATERAL INSTITUTIONS

	2019/20		2018/19	
	Amount		Current Year Increase/(Decrease)	
	R 000	R 000	R 000	Amount R 000
New Development Bank	93 032 940	35 085 540		57 947 400
IMF-Securities Account	68 179 342	18 178 628		50 000 714
African Development Bank	66 509 395	12 654 702		53 854 693
IMF-SDR Allocations	43 595 499	7 687 062		35 908 437
International Bank for Reconstruction and Development	36 168 816	6 881 818		29 286 998
Multi- Lateral investment Guarantee Agency	260 655	49 595		211 060
<b>Total</b>	<b>307 746 647</b>	<b>80 537 345</b>		<b>227 209 302</b>

## Working paper 9A

### STATEMENT OF OTHER RECEIVABLES

Name of Department / Entity	2019/20		2018/19	
	Amount to be received		Amount to be received	
	R 000	Amount Received R 000	R 000	Amount Received R 000
SARS income in transit	36 925	51 547	51 547	-
ALM non voted funds	55 120	-	-	-
<b>Total</b>	<b>92 045</b>	<b>51 547</b>	<b>51 547</b>	<b>-</b>

# UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2020

## ■ Working paper 9B

### STATEMENT OF OTHER FUNDS TRANSFERRED TO NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

## ■ Working paper 9C

### STATEMENT OF OTHER PAYABLES

Name of Department / Entity	2019/20		2018/19	
	Amount to be Paid R'000	Amount Paid R'000	Amount to be Paid R'000	Amount Paid R'000
Payable SARS to RAF	122 519	536 486	536 486	426 332
Payable SARS to UIF	1 895 789	1 696 711	1 696 711	1 657 480
SARS in transit	-	-	-	1 819
Late request for Non Voted: ALM	1 020	1 723	1 723	3 342 354
<b>Total</b>	<b>2 019 328</b>	<b>2 234 920</b>	<b>2 234 920</b>	<b>5 427 985</b>

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CONSOLIDATED  
**FINANCIAL STATEMENTS**

for the year ended 31 March 2020

Private Bag X115, Pretoria, 0001 | 40 Church Square, Pretoria, 0002

Tel: +27 12 315 5944 | Fax: +27 12 406 9055 | [www.treasury.gov.za](http://www.treasury.gov.za)



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**