

Part 5

Annual Financial Statements 31 March 2003

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Management Report for the year ended 31 March 2003

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General review of the state of financial affairs

GCIS was allocated R144 864 000 for the 2002/03 financial year. This was increased by 6,1% during the Adjustments Estimates, resulting in a total budget of R153 728 000. The additional funds were to cover the following expenses:

- (i) roll-over funds of R1 418 000, which include R1 000 000 for the printing of two million Mid-term leaflets as part of the *Imbizo* roll-out and R418 000 for refurbishment costs
- (ii) R4 834 000 for the HIV/AIDS communication campaign
- (iii) R650 000 for media placements explaining government's position on the Cosatu strike of 1 and 2 October 2002
- (iv) a sponsorship of R100 000 from First National Bank for the Government Communicators Awards, held for the first time in December 2002
- (v) R1 862 000 for inflation adjustments and additional costs for salary increases.

An amount of R152 046 000 was spent by 31 March 2003. This includes R405 090, which constitutes thefts and losses written off during the year under review. This represents a saving of R1 682 000 (1,1%). A request for a roll-over will be made to National Treasury to defray the commitments made in producing information products for the State of the Nation Address during the Opening of Parliament in February 2003.

Following the submission of our request for a roll-over, it came to our attention that an amount of R12,7 million had not been declared during the 2001/02 financial year. This amount had been paid to Kagiso Media by GCIS during the 2001/02 finan-

cial year for services rendered on behalf of the International Marketing Council (IMC). However, without the knowledge of GCIS, this amount was later transferred into what was meant to be a dormant account of the IMC Trust. Both IMC and Kagiso did not inform GCIS of this, and IMC utilised these funds during 2002 for advertising and other IMC core functions, as well as for administrative purposes. As soon as this matter was brought to our attention during May 2003, through a letter written by the IMC CEO, Ms Yvonne Johnston, we reported this to the Office of the Auditor-General and National Treasury and requested their professional assistance in auditing this expenditure.

During the Audit Review by the Auditor General, it was confirmed that of this R12,7 million, R8,8 million was subsequently used by IMC for its work; R3,2 million was the credit balance reflected on the bank statement and R700 000 was identified as potentially fraudulent spent funds. This matter has since been referred to the Scorpions for further investigation. The Finance Manager has subsequently been suspended from duties, but had also submitted his resignation while the Audit Review was being carried out. The appropriate action will be taken once we have established all the facts of the case and the Scorpions have finalised the matter.

During this Audit Review, GCIS established that a further amount of R7,9 million, which had been paid to Kagiso Media for services rendered during the 2002/03 financial year, remained in their account as unspent funds because the appointed company did not deliver a satisfactory service. We have since recovered this amount with interest and surrendered it to the National Revenue Fund.

In line with the requirements of the Public Finance Management Act (PFMA), GCIS continues to adhere to sound financial man-

agement through a closely monitored action plan that addresses the key requirements of the PFMA and National Treasury Regulations. As a way of preventing such an incident from recurring, we are assisting the IMC in appointing a company for a period of six months to ensure the strengthening of the financial and human resource administrative structures and procedures in the IMC.

The contract will ensure that in the first three months, the appointed company will strengthen the current financial controls and procedures and in the second three months it will assist in the appointment and induction of the newly appointed personnel.

GCIS is responsible for co-ordinating government communication and information dissemination to the public. It assists national departments with the drafting of communication strategies and programmes and ensures the integration of communication in order that a coherent and uniform message is articulated by government.

The CEO is the official government spokesperson, with the Secretariat serving as the strategising body.

A high premium is placed on development communication which emphasises direct dialogue, especially with citizens in disadvantaged areas. By the end of the 2002/03 financial year, 37 Multi-Purpose Community Centres (MPCCs) were operational. This figure is to increase to 60 during the 2004/05 financial year.

GCIS will continue to implement its mandate to keep the public informed of government's programmes, policies and plans. The key strategic focus areas of GCIS for achieving its key objectives are:

Strategic priorities of GCIS

- giving greater direction to government communication
- raising the standard of government communication through an appropriate performance evaluation system and development of core competencies for communicators
- improving the communication environment through establishing the Media Development and Diversity Agency (MDDA) and the roll-out of the MPCC programme
- developing a smarter working GCIS by improving the use of information communication technologies
- mass campaigns of unmediated public communication including *Imbizo* and multimedia campaigns
- giving strategic coherence to the country's international marketing campaigns by consolidating the work of the IMC Trust, including rolling out programmes in selected countries, on the basis of a brand identity.

GCIS strategic objectives

- ensuring that the voice of government is heard
- fostering a more positive communication environment
- having a clear understanding of the public's information needs and government's communication needs
- setting high standards for government communication.

Main programmes of GCIS

- **Administration** is responsible for the overall management of the GCIS
- **Policy and Research** conducts communication research, develops media policy, provides communication advice and monitors government's Programme of Action from a communication perspective
- **Government and Media Liaison** ensures the integration of departmental communication and a professional service to the media
- **Provincial and Local Liaison** facilitates national, provincial and local co-operation and co-ordinates the intersectoral committee for establishing MPCCs

- **Communication Service Agency** provides a range of media production services to GCIS and other government departments
- **International Marketing and Mobilisation** markets South Africa to the international community.

GCIS has undergone a restructuring process resulting in the establishment of two branches, namely Strategy and Content Development and Centralised Services. This will assist in meeting the increased demands of the organisation as well as compensating for the fact that the CEO of GCIS is also the Head of the Policy Co-ordination and Advisory Service in The Presidency.

Cabinet adopted an international marketing strategy which resulted in the setting up of the IMC as a Trust in 1999. This was to ensure the launching of a brand identity that will drive the marketing of South Africa internationally. An initial amount of R50 000 000 was allocated over a three-year cycle. A brand key has been developed and an internal campaign will be launched and rolled out in the 2003 /04 financial year.

The legislation for the setting up of the MDDA was passed by Parliament during 2002. Through GCIS, government contributed an amount of R3 000 000 for the initial setting up of the MDDA. For the 2003/04 financial year, GCIS has transferred an amount of R7 000 000 which will be government's contribution towards the activities of the MDDA. It is envisaged that other stakeholders including business will also contribute towards the activities of the Agency.

2. Services rendered by the department

Tariff policy

GCIS produces posters, banners, photos and videos on behalf of other departments. Some of these photos and videos are sold to both the public and other departments. We also provide graphic design services to government departments and for GCIS-initiated projects.

Tariffs are developed after determining the direct costs linked to the production of the products. Prices make no provision for a profit margin. The income generated through sales is deposited directly in the South African Revenue Service account on a monthly basis

A total amount of approximately R271 544 was generated during 2002/03. This amount represents 40% of the total amount of R679 167 revenue generated.

3. Corporate governance arrangements

GCIS developed a risk management and fraud prevention plan. The Internal Audit Section facilitated the drafting of the GCIS risk management strategy. A methodology/guideline was developed to assist in determining the risks facing GCIS. Among the factors taken into account in developing a risk management strategy, were GCIS' previously audited financial statements and legislative requirements. The risk management strategy was integrated into the overall GCIS annual strategic planning session.

A fraud prevention policy has been developed to manage all fraud-related activities within the department. The quality of work of the Internal Audit Section continues to ensure effective and efficient financial management systems within the organisation. Four Audit Committee meetings were held during the year under review, which evaluated the reports of the Internal Audit and those of the Auditor-General. All matters raised during the audit have been followed up and addressed.

4. Transfer payments

One of the department's targets was to establish the MDDA by October 2002. The draft legislation was tabled in Parliament in February 2002, and the Act became operational on 8 July 2002. The appointment of the Board members was finalised in December 2002. The aim of the MDDA is to provide support to community and small commercial media projects so that his-

torically disadvantaged communities and people have access to the media as owners, managers and producers.

During the Adjustments Budget in September 2002, GCIS requested National Treasury to virement R3 million of the operational budget of the Policy Subprogramme to Transfer Payments in order to fund the MDDA with government's contribution for 2002. A payment of R3 million was made to the MDDA in December 2002.

5. Progress on financial management improvement

An implementation plan, in line with the requirements of the PFMA, was already introduced during July 2000 whereby all aspects of sound financial management and administration were addressed. Each year, all GCIS staff are invited to workshops during which GCIS financial guidelines and internal policies that are drafted in line with the PFMA, are reviewed. In respect of the 2002/03 financial year, financial guidelines and policies were reviewed during March 2002 and for the 2003/04 financial year it was reviewed during March 2003. After being discussed by the Secretariat it was signed by the Accounting Officer and implemented with effect from 1 April. The approved GCIS financial guidelines and policies are distributed to all sections and is also available on the GCIS Intranet website.

In addition to the financial guidelines and policies, Branch, Programme and Responsibility Managers are appointed in writing to manage their budgets. Their financial responsibilities are executed in conjunction with performance contracts. In order to further enhance good financial management and administration in line with the PFMA, the Finance Section embarks every year on a workshop whereby all aspects of financial management and administration are discussed. An action plan is thereafter drafted and implemented. The workshop for the 2002/03 financial year was held in April 2002 and for 2003/04 it was held during May 2003.

Agreat improvement has been achieved in the past year on the management of our assets. Having realised that we were unable to rely entirely on Logis for the proper accountability of our assets, a parallel manual process of accounting for our assets in an Asset Register was embarked upon. Most of our excess assets were donated to schools after approval was obtained from National Treasury. We are happy to indicate that our assets are fully accounted for at this stage, with a very limited amount that is unused. During this year, we will finalise the disposing of the remaining redundant equipment which could not be donated.

We however wish to indicate that the reconciliation of Bas/Logis still remains a problem in the asset/inventory. Logis is purely a procurement and receipt system while BAS is a financial and budget system. They account differently for inventories, thus making effective reconciliation very difficult.

The correction of this anomaly resides with National Treasury, who have assured us that a more holistic approach to a procurement and financial management system is being developed.

6. Performance information

Major performances include:

- the establishing of the MDDA of which the Act became operational on 8 July 2002 and the finalisation of the appointment of the Board members in December 2002.
- four Government Communicators Forums were held during 2002 while the first Government Communicator's Awards ceremony – to recognise outstanding performances in all spheres of government – was held in December 2002. Two Parliamentary Briefing Weeks were held at the opening of the Parliamentary sessions. Bi-weekly press briefings were held after Cabinet meetings and there was extensive press coverage of Cabinet decisions and positions.

- By the end of 2002, 34 MPCC were operational, while rural networks for distributing communication material had been established at 60 MPCCs. With the co-operation of the South African Local Government Association in 2003/04, approximately 110 satellite Government Information Centres will be launched in the involved municipalities. Through the existing MPCCs, government has been able to make more than 300 services available to rural or underdeveloped communities. By the end of 2002/03, a total of 37 MPCCs had been launched across the country, which will enable more people to access government services and to become better informed about programmes that could positively influence their lives.

- *Bua Briefs* has been introduced through which the positions adopted by Cabinet on all matters of public interest are disseminated, not only through the regular statements issued after each Cabinet meeting, but also more widely. It is distributed nationally and internationally to over 2 000 opinion-makers and decision-makers in both business and government.

- A variety of information products were produced and disseminated in 2002 including posters, leaflets and booklets on the President's State of the Nation speech, the *South Africa Yearbook* and directories of contacts. Information was also disseminated via community radio stations, Ministerial talk shows and other media, which increased the reach to citizens. The National Orders were also launched successfully. GCIS co-ordinated the hearings into the need for transformation in the advertising and marketing industry. It also participated in international events such as the African Union summit and the World Summit on Sustainable Development.

- The IMC Trust was established in November 2002. A website, used by foreign missions, among others, was created and is updated regularly. The Believe in South Africa

Campaign was launched during April 2002 after research was completed to assess and understand local and international perceptions of South Africa as an investment destination. Brand South Africa will be launched by the end of the first quarter of 2003. A Communication Resource Centre was also established in Pretoria, primarily to monitor international media. Through this Centre a rapid response unit is able to advise Ministers daily on topical issues.

During the financial year, on a monthly basis, a report is submitted to the Budget Committee on the spending activities of each section. This

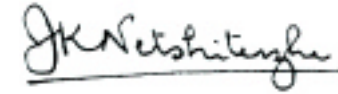
is also used to determine the overall spending trends of the Department and the actual performance. The Internal Audit Section also conducts an audit on the performance of sections whereafter a report is submitted to the Secretariat. Responsibility Managers report also on a monthly basis to the *Indibano* meeting and Programme Managers weekly to the Secretariat regarding the performance of Sections and Programmes.

7. Events after the reporting date

No material events occurred after the Balance Sheet date that has an influence on the financial statements and the financial position of GCIS.

Approval

The annual financial statements set out on pages 61 –94 have been approved by the Accounting Officer.



JK NETSHITENZHE

CHIEF EXECUTIVE OFFICER: GCIS

DATE: 30 JULY 2003

Report of the Auditor-General to Parliament on the Financial Statements of the Government Communication and Information System – Vote 7 for the year ended 31 March 2003

1. Audit assignment

The financial statements as set out on pages 61 – 94 for the year ended 31 March 2003, have been audited in terms of Section 188 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), read with Sections 3 and 5 of the Auditor-General Act, 1995 (Act 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a tests basis, evidence supporting the amount and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. Audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of Government Communications (GCIS) at 31 March 2003 and the results of its operations and cash

flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999).

4. Emphasis of matter

Without qualifying the opinion expressed above, attention is drawn to the following matters:

4.1 Irregular expenditure: International Marketing Council (IMC)

As disclosed in Note 26 of the financial statements, irregular expenditure to the amount of R12,7 million was identified during the year under review. This expenditure relates to a payment made during the 2001/02 financial year to a consortium for advertising costs. Subsequent to that year-end, the R12,7 million was paid back by the consortium to the IMC as one of the members of the consortium failed to deliver on an advertising campaign. This refund was deposited into a commercial bank account opened on 12 April 2002 by the IMC without GCIS and National Treasury approval.

During the year under review, management brought to my attention that certain advertising and administrative costs were paid from this bank account. My audit of these payments confirmed approximately R10 million spent outside of the Vote Account. With the consent of the Accountant-General, the full amount of R12,7 million is now reflected as irregular expenditure in that year whilst the unspent portion of R3,2 million has been reflected under accounts receivable and recoverable revenue.

It should be noted that at least R0,7 million of the R12,7 million was identified as potentially fraudulent.

For the year under review, a payment of R7,9 million, which was later established by GCIS to be a prepayment, was made to the same consortium (but for a different member) and classified as irreg-

ular in terms of Treasury Regulation 9.1.5. Subsequent to year-end this amount with interest was recovered by GCIS.

4.2 Control over assets (equipment and inventories)

Shortcomings with regard to the control of assets had been reported in my previous report. Audit findings for the year under review again revealed similar problems with respect to the reconciliation of assets between the Logistical Information System (Logis) and Basic Accounting System (BAS). Furthermore, the accuracy and completeness of the information technology equipment register could not be verified as it is not properly maintained.

4.3 Computer audit of the logical access controls and security parameter settings within GCIS

An information systems audit is of limited scope on the general control environment was completed on 8 November 2002.

The most significant weaknesses identified included an inadequate security policy, an inadequate and untested disaster recovery plan, incomplete user account management procedures and a lack of backup and restore procedures. No evidence existed that the activity and access violation logs were reviewed and various logical access control weaknesses existed in the systems security settings.

5. Appreciation

The assistance rendered by the staff of GCIS during the audit is sincerely appreciated.

Shaiket

Fakie

AUDITOR-GENERAL
Pretoria 31 JULY 2003



Statement of Accounting policies and related matters for the year ended 31 March 2003

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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, 1999 (Act 1 of 1999), (as amended by Act 29 of 1999), and the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act, and the Division of Revenue Act, 2002 (Act 5 of 2002).

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting, transactions and other events are recognised when occurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjustment Estimates of National/ Provincial Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund. Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National Revenue Fund.

3. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

4. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

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

- Public Finance Management Act
- State Tender Board Act, or any regulations made in terms of this Act.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or the vote if responsibility cannot be determined.

5. Debts write-off policy

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

5.1 The Finance Directorate will strive to recover all moneys owed

to the department. Attempts will, however, be made to balance the costs of recovering the debts against the money owed to the department.

- 5.2 A Theft and Losses Committee was established to determine responsibility, without reference to the State Attorney, in cases where an official was personally responsible for creating a debt, irrespective of the amount.
- 5.3 Debts from ex-employees: after establishing the real physical address of the person, three reminder letters are sent to the person/s. This should be within a period of six months. Should we fail to recover the debt, the case will be referred to the State Attorney for recovery.
- 5.4 Debts of less than R200 are uneconomical to recover in the case of ex-employees.
- 5.5 Debts will be considered for write-off after all attempts to recover the money have been exhausted. Proposals to write off these debts will be submitted to the delegated persons after the following steps have been taken into consideration:
 - a. recovery of the debt would be uneconomical
 - b. it would be to the advantage of the State to effect a settlement of its claim or to waive the claim
 - c. all attempts to recover the debt have failed
 - d. recovery of the debt would cause undue hardship to the debtor or his or her dependants.
- 5.6 In terms of GCIS delegations, the following officials may approve a write-off:
 - a. the Chief Financial Officer has been delegated to approve write-offs of up to R15 000 per transaction
 - b. the Deputy Chief Executive Officer: Centralised Services can approve write-offs of up to R50 000 per transaction
 - c. the Accounting Officer can approve write-offs exceeding R50 000 per transaction.
- 5.7 All write-offs must be disclosed in the Annual Financial Statements.

6. Capital expenditure

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets acquired are expensed i.e. written off in the income statement when the payment is made.

7. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

8. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to either the National Revenue Fund or another party.

9. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

10. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or

as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

11. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, OR an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed.

12. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

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

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the 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.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post-retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

13. Recoverable revenue

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

14. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

Appropriation Statement for the year ended 31 March 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
1 Administration	33,787	988	34,775	34,773	2	100.0%	20,742	20,901
Current	30,049	(1,180)	28,869	28,867	2	100.0%	19,721	19,880
Capital	3,738	2,168	5,906	5,906	-	100.0%	1,021	1,021
2 Policy and Research	11,296	(903)	10,393	10,106	287	97.2%	12,041	11,038
Current	10,258	(102)	10,156	9,869	287	97.2%	11,035	10,032
Capital	1,038	(801)	237	237	-	100.0%	1,006	1,006
3 Government and Media Liaison	12,575	(1,004)	11,571	11,104	467	96.0%	7,958	7,694
Current	12,101	(1,149)	10,952	10,486	466	95.7%	7,733	7,469
Capital	474	145	619	618	1	99.8%	225	225
4 Provincial and Local Liaison	23,218	(835)	22,383	22,376	7	100.0%	17,290	17,286
Current	22,550	(1,561)	20,989	20,982	7	100.0%	16,912	16,908
Capital	668	726	1,394	1,394	-	100.0%	378	378
5 Communication Service Agency	22,852	1,754	24,606	23,689	917	96.3%	16,182	15,902
Current	20,951	1,817	22,768	21,851	917	96.0%	12,206	11,926
Capital	1,901	(63)	1,838	1,838	-	100.0%	3,976	3,976
6 International Marketing and Mobilisation	50,000	-	50,000	49,998	2	100.0%	50,000	49,896
Current	50,000	(7)	49,993	49,991	2	100.0%	49,922	49,818
Capital	-	7	7	7	-	100.0%	78	78
Total	153,728	-	153,728	152,046	1,682	98.9%	124,213	122,717

Economic Classification	2002/03						2001/02	
	Adjusted appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised allocation R'000	Actual Expenditure R'000
Current	145,909	(2,182)	143,727	142,046	1,681	98.8%	117,529	116,033
Personnel	51,783	(3,238)	48,545	48,541	4	100.0%	42,401	42,397
Transfer payments	-	3,000	3,000	3,000	-	100.0%	-	-
Other	94,126	(1,944)	92,182	90,505	1,677	98.2%	75,128	73,636
Capital	7,819	2,182	10,001	10,000	1	100.0%	6,684	6,684
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	7,819	2,182	10,001	10,000	1	100.0%	6,684	6,684
Total	153,728	-	153,728	152,046	1,682	98.9%	124,213	122,717

Appropriation Statement for the year ended 31 March 2003

Standard Item Classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	51,783	(3,238)	48,545	48,541	4	100.0%	42,403	42,395
Administrative	12,955	265	13,220	13,144	76	99.4%	9,547	9,513
Inventories	3,580	(486)	3,094	2,814	280	91.0%	1,781	1,716
Equipment	11,092	9	11,101	11,098	3	100.0%	7,912	7,553
Land and buildings	555	(331)	224	224	-	100.0%	261	153
Professional and special services	73,763	376	74,139	72,820	1,319	98.2%	62,309	61,162
Transfer payments	-	3,000	3,000	3,000	-	100.0%	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions: Authorised losses	-	405	405	405	-	100.0%	-	225
Total	153,728	-	153,728	152,046	1,682	98.9%	124,213	122,717

Appropriation Statement

Detail per Programme 1: Administration for the year ended 31 March 2003

Programme per Subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
1.1 Management	2,671	810	3,481	3,481	-	100.0%	3,511	3,511
Current	2,477	888	3,365	3,365	-	100.0%	3,266	3,266
Capital	194	(78)	116	116	-	100.0%	245	245
1.2 Corporate Services	31,116	178	31,294	31,292	2	100.0%	17,231	17,390
Current	27,572	(2,068)	25,504	25,502	2	100.0%	16,455	16,614
Capital	3,544	2,246	5,790	5,790	-	100.0%	776	776
Total	33,787	988	34,775	34,773	2	100.0%	20,742	20,901

Economic Classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	30,049	(1,180)	28,869	28,867	2	100.0%	19,721	19,880
Personnel	17,410	81	17,491	17,491	-	100.0%	13,268	13,267
Transfer payments	-	-	-	-	-	-	-	-
Other	12,639	(1,261)	11,378	11,376	2	100.0%	6,453	6,613
Capital	3,738	2,168	5,906	5,906	-	100.0%	1,021	1,021
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	3,738	2,168	5,906	5,906	-	100.0%	1,021	1,021
Total	33,787	988	34,775	34,773	2	100.0%	20,742	20,901

Appropriation Statement

Detail per Programme 1: Administration for the year ended 31 March 2003

Standard Item Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	17,410	81	17,491	17,491	-	100.0%	13,268	13,267
Administrative	3,218	(14)	3,204	3,204	-	100.0%	2,296	2,296
Inventories	1,003	47	1,050	1,049	1	99.9%	261	198
Equipment	6,749	(10)	6,739	6,738	1	100.0%	1,643	1,642
Land and buildings	279	(117)	162	162	-	100.0%	111	111
Professional and special services	5,128	596	5,724	5,724	-	100.0%	3,163	3,162
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions: Authorised losses	-	405	405	405	-	100.0%	-	225
Total	33,787	988	34,775	34,773	2	100.0%	20,742	20,901

Appropriation Statement

Detail per Programme 2: Policy and Research for the year ended 31 March 2003

Programme per Subprogramme	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
2.1 Management	1,704	(192)	1,512	1,226	286	81.1%	1,704	703
Current	1,665	(285)	1,380	1,094	286	79.3%	1,668	667
Capital	39	93	132	132	-	100.0%	36	36
2.2 Policy	5,678	(603)	5,075	5,075	-	100.0%	1,644	1,643
Current	4,712	284	4,996	4,996	-	100.0%	1,509	1,508
Capital	966	(887)	79	79	-	100.0%	135	135
2.3 Research	3,914	(108)	3,806	3,805	1	100.0%	2,219	2,219
Current	3,881	(101)	3,780	3,779	1	100.0%	2,209	2,209
Capital	33	(7)	26	26	-	100.0%	10	10
2.4 Information Resource Management	-	-	-	-	-	-	6,474	6,473
Current	-	-	-	-	-	-	5,649	5,648
Capital	-	-	-	-	-	-	825	825
Total	11,296	(903)	10,393	10,106	287	97.2%	12,041	11,038

Economic Classification	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	10,258	(102)	10,156	9,869	287	97.2%	11,035	10,032
Personnel	3,642	(511)	3,131	3,131	-	100.0%	6,359	6,357
Transfer payments	-	3,000	3,000	3,000	-	100.0%	-	-
Other	6,616	(2,591)	4,025	3,738	287	92.9%	4,676	3,675
Capital	1,038	(801)	237	237	-	100.0%	1,006	1,006
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	1,038	(801)	237	237	-	100.0%	1,006	1,006
Total	11,296	(903)	10,393	10,106	287	97.2%	12,041	11,038

Appropriation Statement

Detail per Programme 2: Policy and Research for the year ended 31 March 2003

Standard Item Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	3,642	(511)	3,131	3,131	-	100.0%	6,359	6,357
Administrative	543	(208)	335	335	-	100.0%	641	641
Inventories	1,073	(115)	958	681	277	71.1%	615	615
Equipment	188	50	238	237	1	99.6%	1,051	1,051
Land and buildings	20	(20)	-	-	-	-	-	-
Professional and special services	5,830	(3,099)	2,731	2,722	9	99.7%	3,375	2,374
Transfer payments	-	3,000	3,000	3,000	-	100.0%	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
Total	11,296	(903)	10,393	10,106	287	97.2%	12,041	11,038

Appropriation Statement

Detail per Programme 3: Government and Media Liaison for the year ended 31 March 2003

Programme per Subprogramme	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
3.1 Management	3,292	(190)	3,102	2,905	197	93.6%	695	695
Current	3,174	(436)	2,738	2,541	197	92.8%	679	679
Capital	118	246	364	364	-	100.0%	16	16
3.2 National Liaison	2,327	102	2,429	2,324	105	95.7%	2,616	2,615
Current	2,295	129	2,424	2,319	105	95.7%	2,578	2,577
Capital	32	(27)	5	5	-	100.0%	38	38
3.3 International and Media Liaison	3,923	(640)	3,283	3,283	-	100.0%	2,524	2,349
Current	3,673	(393)	3,280	3,280	-	100.0%	2,517	2,342
Capital	250	(247)	3	3	-	100.0%	7	7
3.4 News Services	2,352	(193)	2,159	1,995	164	92.4%	2,123	2,035
Current	2,305	(340)	1,965	1,801	164	91.7%	1,959	1,871
Capital	47	147	194	194	-	100.0%	164	164
3.5 Client Training Services	681	(83)	598	597	1	99.8%	-	-
Current	654	(109)	545	545	-	100.0%	-	-
Capital	27	26	53	52	1	98.1%	-	-
Total	12,575	(1,004)	11,571	11,104	467	96.0%	7,958	7,694

Economic Classification	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised allocation R'000	Actual Expenditure R'000
Current	12,101	(1,149)	10,952	10,486	466	95.7%	7,733	7,469
Personnel	8,519	(776)	7,743	7,743	-	100.0%	5,435	5,437
Transfer payments	-	-	-	-	-	-	-	-
Other	3,582	(373)	3,209	2,743	466	85.5%	2,298	2,032
Capital	474	145	619	618	1	99.8%	225	225
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	474	145	619	618	1	99.8%	225	225
Total	12,575	(1,004)	11,571	11,104	467	96.0%	7,958	7,694

Appropriation Statement

Detail per Programme 3: Government and Media Liaison for the year ended 31 March 2003

Standard Item Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	8,519	(776)	7,743	7,743	-	100.0%	5,437	5,435
Administrative	1,457	229	1,686	1,612	74	95.6%	1,110	1,110
Inventories	512	(171)	341	340	1	99.7%	241	241
Equipment	802	(106)	696	696	-	100.0%	254	253
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	1,285	(180)	1,105	713	392	64.5%	916	655
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
Total	12,575	(1,004)	11,571	11,104	467	96.0%	7,958	7,694

Appropriation Statement

Detail per Programme 4: Provincial and Local Liaison for the year ended 31 March 2003

Programme per Subprogramme	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
4.1 Management	4,153	(413)	3,740	3,740	-	100.0%	1,089	1,088
Current	4,148	(549)	3,599	3,599	-	100.0%	1,085	1,084
Capital	5	136	141	141	-	100.0%	4	4
4.2 Liaison	19,065	(422)	18,643	18,636	7	100.0%	16,201	16,198
Current	18,402	(1,012)	17,390	17,383	7	100.0%	15,827	15,824
Capital	663	590	1,253	1,253	-	100.0%	374	374
Total	23,218	(835)	22,383	22,376	7	100.0%	17,290	17,286

Economic Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	22,550	(1,561)	20,989	20,982	7	100.0%	16,912	16,908
Personnel	16,105	(1,724)	14,381	14,377	4	100.0%	12,030	12,028
Transfer payments	-	-	-	-	-	-	-	-
Other	6,445	163	6,608	6,605	3	100.0%	4,882	4,880
Capital	668	726	1,394	1,394	-	100.0%	378	378
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	668	726	1,394	1,394	-	100.0%	378	378
Total	23,218	(835)	22,383	22,376	7	100.0%	17,290	17,286

Appropriation Statement

Detail per Programme 4: Provincial and Local Liaison for the year ended 31 March 2003

Standard Item Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	16,105	(1,724)	14,381	14,377	4	100.0%	12,030	12,028
Administrative	5,715	154	5,869	5,868	1	100.0%	4,353	4,352
Inventories	354	41	395	395	-	100.0%	259	258
Equipment	830	735	1,565	1,564	1	99.9%	478	478
Land and buildings	112	(65)	47	47	-	100.0%	40	40
Professional and special services	102	24	126	125	1	99.2%	130	130
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
Total	23,218	(835)	22,383	22,376	7	100.0%	17,290	17,286

**Appropriation Statement,
Detail per Programme 5: Communication Service Agency for the year ended 31 March 2003**

Programme per Subprogramme	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
5.1 Management	1,297	(34)	1,263	1,262	1	99.9%	970	969
Current	1,292	(32)	1,260	1,259	1	99.9%	965	964
Capital	5	(2)	3	3	-	100.0%	5	5
5.2 Marketing	9,737	2,624	12,361	12,360	1	100.0%	7,164	6,886
Current	8,846	2,648	11,494	11,493	1	100.0%	4,410	4,132
Capital	891	(24)	867	867	-	100.0%	2,754	2,754
5.3 Product Development	9,498	(675)	8,823	7,908	915	89.6%	2,327	2,327
Current	8,528	(619)	7,909	6,994	915	88.4%	2,032	2,032
Capital	970	(56)	914	914	-	100.0%	295	295
5.4 Content Development	2,320	(161)	2,159	2,159	-	100.0%	5,721	5,720
Current	2,285	(180)	2,105	2,105	-	100.0%	4,799	4,798
Capital	35	19	54	54	-	100.0%	922	922
Total	22,852	1,754	24,606	23,689	917	96.3%	16,182	15,902

Economic Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	20,951	1,817	22,768	21,851	917	96.0%	12,206	11,926
Personnel	6,107	(308)	5,799	5,799	-	100.0%	5,309	5,308
Transfer payments	-	-	-	-	-	-	-	-
Other	14,844	2,125	16,969	16,052	917	94.6%	6,897	6,618
Capital	1,901	(63)	1,838	1,838	-	100.0%	3,976	3,976
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	1,901	(63)	1,838	1,838	-	100.0%	3,976	3,976
Total	22,852	1,754	24,606	23,689	917	96.3%	16,182	15,902

**Appropriation Statement,
Detail per Programme 5: Communication Service Agency for the year ended 31 March 2003**

Standard Item Classification	Adjustment Appropriation R'000	2002/03					2001/02	
		Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	6,107	(308)	5,799	5,799	-	100.0%	5,309	5,308
Administrative	1,237	(170)	1,067	1,066	1	99.9%	824	824
Inventories	460	(112)	348	347	1	99.7%	367	366
Equipment	1,905	(49)	1,856	1,856	-	100.0%	4,251	3,976
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	13,143	2,393	15,536	14,621	915	94.1%	5,431	5,428
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
Total	22,852	1,754	24,606	23,689	917	96.3%	16,182	15,902

**Appropriation Statement,
Detail per Programme 6: International Marketing for the year ended 31 March 2003**

Programme per Subprogramme	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
6.1 International Marketing	50,000	-	50,000	49,998	2	100.0%	50,000	49,896
Current	50,000	(7)	49,993	49,991	2	100.0%	49,922	49,818
Capital	-	7	7	7	-	100.0%	78	78
Total	50,000	-	50,000	49,998	2	100.0%	50,000	49,896

Economic Classification	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	50,000	(7)	49,993	49,991	2	100.0%	49,922	49,818
Personnel	-	-	-	-	-	-	-	-
Transfer payments	-	-	-	-	-	-	-	-
Other	50,000	(7)	49,993	49,991	2	100.0%	49,922	49,818
Capital	-	7	7	7	-	100.0%	78	78
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	-	7	7	7	-	100.0%	78	78
Total	50,000	-	50,000	49,998	2	100.0%	50,000	49,896

Standard Item Classification	2002/03						2001/02	
	Adjustment Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of Revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	-	-	-	-	-	-	-	-
Administrative	785	274	1,059	1,059	-	100.0%	323	290
Inventories	178	(176)	2	2	-	100.0%	38	38
Equipment	618	(611)	7	7	-	100.0%	235	153
Land and buildings	144	(129)	15	15	-	100.0%	110	2
Professional and special services	48,275	642	48,917	48,915	2	100.0%	49,294	49,413
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
Total	50,000	-	50,000	49,998	2	100.0%	50,000	49,896

Notes to the Appropriation Statement for the year ended 31 March 2003

1. Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 8 (Transfer payments) to the annual financial statements.

2. Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in Note 9 (Details of special functions) to the annual financial statements.

3. Explanations of material variances from Amount Voted (after virement):

3.1 Per programme:

Programme 2: Policy and Research

The saving is mainly due to an order that was placed at the Government Printer during 2001/02 for the printing of two million *Mid-term Report* publications with an initial cost of R1 million. National Treasury was requested to rollover the aforementioned amount from 2001/02 to 2002/03. On receipt of the invoice from the Government Printer during 2002/03 it was lower than originally expected. National Treasury will be requested to rollover the saving from 2002/03 to 2003/04.

Programme 3: Government and Media Liaison

The saving is mainly due to the conversion to an electronic media service which resulted in savings of general administration costs, e.g. telephone costs and postage. Furthermore, savings also realised as a result of various forums and meetings

that did not realise as anticipated and fewer production of occasional publications. Savings also realised in news dissemination due to the Director's post that was vacant for a long period. National Treasury will be requested to roll over the saving from the 2002/03 to the 2003/04 financial year.

Programme 5: Communication Service Agency

The saving is mainly due to the outsourcing of the *SA Yearbook* to a private company for the marketing and selling thereof. Furthermore, costs were also budgeted for in respect of the Opening of Parliament, *Imbizo* Focus Week, AIDS Communication campaign and Classification Review Committee. As most of the costs are committed but payment to be realised in the 2003/04 financial year, National Treasury will be requested to roll over the saving from the 2002/03 to the 2003/04 financial year.

3.2 Per standard item:

Administrative

The saving is mainly due to the conversion to an electronic media service that realised a saving in general administrative cost e.g. telephone costs, postage. A saving occurred also in subsistence and travel costs due to traveling that did not realise as anticipated. National Treasury will be requested to roll over the saving from the 2002/03 to the 2003/04 financial year.

Inventories

The saving realised due to the invoice that was received from the Government Printer was lesser than expected, as already indicated under Programme 2. National Treasury will be requested to roll over the saving from the 2002/03 to the 2003/04 financial year.

Professional and special services

The saving is mainly due to the outsourcing of the *SA Yearbook* to a private company for the marketing and selling thereof. Furthermore, costs were also budgeted for in respect of the Opening of Parliament, *Imbizo* Focus Week, AIDS Communication Campaign and Classification Review Committee. Savings also realised as a result of various forums and meetings that did not realise as anticipated and fewer production of occasional publications. National Treasury will be requested to roll over the saving from the 2002/03 to the 2003/04 financial year.

4. Reconciliation of appropriation statement to income statement:

	2002/03	2001/02
	R'000	R'000
Total expenditure per appropriation statement	152,046	122,717
Add: unauthorised expenditure approved	4,090	-
Actual expenditure per income statement	156,136	122,717

Income Statement (Statement of Financial Performance) financial year ended 31 March 2003

REVENUE	Note	2002/03 R'000	2001/02 R'000
Voted funds		157,818	124,213
Charge to National Revenue Fund	1	153,728	124,213
Appropriation for unauthorised expenditure		4,090	-
Non-voted funds		679	1,052
Other revenue to be surrendered to the Revenue Fund	2	679	1,052
TOTAL REVENUE		158,497	125,265
EXPENDITURE			
Current		146,136	116,034
Personnel	3	48,541	42,395
Administrative		13,144	9,513
Inventories	4	2,814	1,716
Machinery and equipment	5	1,098	870
Land and buildings	6	224	153
Professional and special services	7	72,820	61,162
Transfer payments	8	3,000	-
Special functions: authorised losses	9	405	225
Unauthorised expenditure approved	10	4,090	-
TOTAL CURRENT EXPENDITURE		146,136	116,034
Capital		10,000	6,683
Machinery and equipment	5	10,000	6,683
TOTAL CAPITAL EXPENDITURE		10,000	6,683
TOTAL EXPENDITURE		156,136	122,717
NET SURPLUS FOR THE YEAR	11	2,361	2,548

Balance Sheet (Statement of Financial Position) at 31 March 2003

ASSETS	Note	2002/03 R'000	2001/02 R'000
Current assets		13,511	12,260
Unauthorised and fruitless and wasteful expenditure	10	4,154	9,464
Cash and cash equivalents	12	68	55
Receivables	13	9,160	2,561
Prepayments and advances	13	129	175
Revenue funds to be recovered	15	-	5
TOTALASSETS		13,511	12,260
LIABILITIES			
Current liabilities		8,720	12,226
Voted funds to be surrendered	14	1,682	1,759
Revenue funds to be surrendered	15	312	-
Bank overdraft	16	5,942	5,622
Payables	17	784	4,845
TOTALLIABILITIES		8,720	12,226
NET ASSETS/LIABILITES		4,791	34
EQUITY		4,791	34
Recoverable revenue		4,791	34
TOTALEQUITY		4,791	34

Statement of Changes in Assets/Equity for the year ended 31 March 2003

Recoverable revenue	2002/03	2001/02
	R'000	R'000
Opening balance	34	28
Transfer to revenue fund	-	(16)
Debts raised	4,757	22
Closing balance	<u>4,791</u>	<u>34</u>
TOTAL EQUITY	<u>4,791</u>	<u>34</u>

Cashflow Statement for the year ended 31 March 2003

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2002/03 R'000	2001/02 R'000
Net cash flow generated by operating activities	18	12,356	9,231
Cash utilised to increase working capital	19	(9,394)	(3,490)
Voted funds and revenue funds surrendered	20	(2,121)	(1,030)
Unauthorised expenditure approved	10	4,090	-
Net cash flow available from operating activities		4,931	4,711
CASH FLOWS FROM INVESTING ACTIVITIES		(9,995)	(6,683)
Capital expenditure	18	(10,000)	(6,683)
Proceeds from sale of equipment	2	5	-
Net cash flows from operating and investing activities		(5,064)	(1,972)
CASH FLOWS FROM FINANCING ACTIVITIES		4,757	368
Increase in recoverable revenue		4,757	6
Proceeds from non-current receivables		-	410
Repayments of non-current payables		-	(48)
Net decrease in cash and cash equivalents		(307)	(1,604)
Cash and cash equivalents at beginning of period		(5,567)	(3,963)
Cash and cash equivalents at end of period		(5,874)	(5,567)

Notes to the Annual Financial Statements for the year ended 31 March 2003

1 Charge to National Revenue Fund

1.1	Total appropriation 2002/03 R'000	Actual R'000	Variance over/(under) R'000	Total Appropriation 2001/02 R'000
	153,728	153,728	-	124,213

2 Other revenue to be surrendered to the Revenue Fund

Description	Note	2002/03 R'000	2001/02 R'000
Gifts, donations and sponsorships received	2.1	100	-
Cheques written back/stale cheques		41	-
Proceeds from sale of equipment		5	-
Proceeds on sale of publications		272	447
Interest received		23	12
Other		238	593
		679	1,052

2.1 Gifts, donations and sponsorships received by the department

Nature of gift, donation and sponsorship

Sponsorship for Government Communicator's Award event, sponsored by First National Bank

2002/03 R'000"	2001/02 R'000"
100	-
100	-

2.2 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)

Nature of gift, donation and sponsorship

2 x domestic airflight tickets, sponsored by SAA

2002/03 R'000"	2001/02 R'000"
4	-
4	-

3 Personnel

3.1 Current expenditure

	2002/03 R'000"	2001/02 R'000"
Basic salary costs	33,485	29,172
Pension contributions	4,955	4,271

Notes to the Annual Financial Statements for the year ended 31 March 2003

Medical aid contributions	2,180	2,039
Other salary-related costs	7,921	6,913
	48,541	42,395

Average number of employees	337	302
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4 Inventories	Note	2002/03	2001/02
		R'000	R'000
4.1 Current expenditure			
Inventories purchased during the year			
Cleaning resources		66	50
Consumable stores		281	276
Books/magazines/publications		211	162
Newspapers		106	93
Government Printer		633	69
Departmental and other printing		135	40
Stationery		1,248	912
Photocopy costs		56	78
Other		78	36
Total cost of inventories		2,814	1,716
5 Machinery and equipment		2002/03	2001/02
		R'000	R'000
Current (rentals, maintenance and sundry net of cash discounts)		1,098	870
Capital	5.1	10,000	6,683
Total current and capital expenditure		11,098	7,553
5.1 Capital machinery and equipment analysed as follows:		2002/03	2001/02
		R'000	R'000
Computer equipment		7,191	2,967
Furniture and office equipment		1,613	2,856
Other machinery and equipment		1,196	860
		10,000	6,683

Notes to the Annual Financial Statements for the year ended 31 March 2003

6 Land and buildings	Note	2002/03 R'000	2001/02 R'000
Current expenditure			
Maintenance		13	-
Rental		211	153
Total current expenditure		<u>224</u>	<u>153</u>
Total current and capital expenditure		<u><u>224</u></u>	<u><u>153</u></u>
7 Professional and special services		2002/03 R'000	2001/02 R'000
7.1 Current expenditure			
Auditors' remuneration		694	366
Commissions and committees		8	2
Computer services		2,518	1,351
Other		69,600	59,443
Total professional and special services		<u><u>72,820</u></u>	<u><u>61,162</u></u>
8 Transfer payments		2002/03 R'000	2001/02 R'000
Total transfer payments made to Public Entity	Annexure 1	<u><u>3,000</u></u>	<u><u>-</u></u>
9 Special functions: authorised losses		2002/03 R'000	2001/02 R'000
Material losses through criminal conduct	9.1	134	162
Other material losses written off	9.2	16	20
Debts written off	9.3	255	43
		<u><u>405</u></u>	<u><u>225</u></u>
9.1 Material losses through criminal conduct		2002/03 R'000	2001/02 R'000
Nature of losses			
Theft of television and camera		10	8
Theft of warrant voucher		11	120
Theft of cellphones		3	12
Theft of video machine		3	-

Notes to the Annual Financial Statements for the year ended 31 March 2003

Theft of graphic design computer	29	-
Theft of computer screen	31	-
Theft of laptops	47	22
	134	162
9.2 Other material losses written off in income statement in current period	2002/03	2001/02
	R'000	R'000
Nature of losses		
Damage to vehicles	-	15
Petty cash	-	1
Air ticket	-	4
Damage of hired car	7	-
Erroneous credits	3	-
Damage to private car	3	-
Loss of cellphones	3	-
	16	20
9.3 Debts written off	2002/03	2001/02
	R'000	R'000
Nature of debts written off		
Ex personnel debts	255	43
	255	43
9.4 Details of special functions (theft and losses)	2002/03	2001/02
	R'000	R'000
Per programme		
Programme 1: Administration	405	225
	405	225
10 Unauthorised and fruitless and wasteful expenditure	2002/03	2001/02
	R'000	R'000
10.1 Reconciliation of unauthorised expenditure balance		
Opening balance	9,464	11,162
Approved by Parliament	(4,090)	-
Transfer to receivables for recovery	(1,220)	(1,698)
Closing balance	4,154	9,464

Annual report

Notes to the Annual Financial Statements for the year ended 31 March 2003

10.2 Unauthorised expenditure in respect of previous years not yet approved		Note	2002/03 R'000	2001/02 R'000
Year disallowed	Incident			
96/97	Unauthorised expenditure by former Director-General for Government's <i>Mid-term Report</i>		-	2,918
97/98	No State Tender Board approval		-	93
99/2000	Overspending on budget		-	3,738
99/2000	Non-compliance State Tender Board procedures		-	200
99/2000	Saving on personnel used for other expenditure		-	59
2000/01	Overspending on budget		4,154	4,154
			4,154	11,162
Minus debt take-on	Unauthorised expenditure by former Director-General for Government's <i>Mid-term Report</i>		-	(1,698)
			4,154	9,464
11 Analysis of surplus			2002/03 R'000	2001/02 R'000
	Voted funds to be surrendered to the National Revenue Fund		1,682	1,496
	Non-voted funds		679	1,052
	Other revenue to be surrendered to the Revenue Fund		679	1,052
	Total		2,361	2,548
12 Cash and cash equivalents			2002/03 R'000	2001/02 R'000
	Cash on hand		68	55
			68	55
13 Receivables – current			2002/03 R'000	2001/02 R'000
	Amounts owing by other departments		1,047	159
	Staff debtors	13.3	56	85
	Other debtors	13.4	8,057	2,317
	Advances	13.5	129	175
			9,289	2,736

Annual report

Notes to the Annual Financial Statements for the year ended 31 March 2003

13.1 Amounts of R4 476 000 included above may not be recoverable, but has not been written off in the income statement
(2002: R1 748 000)

13.2 Age analysis – receivables current

	2002/03 R'000	2001/02 R'000
Less than one year	4,554	590
One to two years	198	128
More than two years	4,537	2,018
	<u>9,289</u>	<u>2,736</u>

The debtors balance outstanding for more than two years reflected in the age analysis is due to an increase in the debt take-on balance and interest accrued in respect of unauthorised expenditure to be recovered which originated in 1996/97

13.3 Staff debtors

	2002/03 R'000	2001/02 R'000
Employees	43	62
Tax debt	4	2
Private telephone	9	21
	<u>56</u>	<u>85</u>

13.4 Other debtors

	2002/03 R'000	2001/02 R'000
Ex employees	4,742	2,287
Other debts	3,315	30
	<u>8,057</u>	<u>2,317</u>

13.5 Advances

	2002/03 R'000	2001/02 R'000
Nature of advances		
Travel and subsistence (normal)	50	45
Travel and subsistence (standing advances)	79	-
Opening of three MPCCs	-	130
	<u>129</u>	<u>175</u>

Notes to the Annual Financial Statements for the year ended 31 March 2003

14 Voted funds to be surrendered	Note	2002/03	2001/02
		R'000	R'000
Opening balance		1,759	263
Transfer from income statement		1,682	1,496
Paid during the year	20	(1,759)	-
Closing balance		<u>1,682</u>	<u>1,759</u>
15 Revenue funds to be surrendered		2002/03	2001/02
		R'000	R'000
Opening balance		(5)	(27)
Transfer from income statement for revenue to be surrendered		679	1,052
Paid during the year	20	(362)	(1,030)
Closing balance		<u>312</u>	<u>(5)</u>
16 Bank overdraft		2002/03	2001/02
		R'000	R'000
Paymaster General Account (Exchequer account)		<u>5,942</u>	<u>5,622</u>
17 Payables – current		2002/03	2001/02
Description		R'000	R'000
Amounts owing to other departments		694	-
Funds in transit		-	4,799
Other payables	17.1	90	46
		<u>784</u>	<u>4,845</u>
17.1 Other payables		2002/03	2001/02
		R'000	R'000
Debt in suspense		4	-
ACB recalls		3	-
Regional Service Council levy		1	-
Pension		1	-
PAYE		81	27
GG transport		-	19
		<u>90</u>	<u>46</u>

Notes to the Annual Financial Statements for the year ended 31 March 2003

18 Net cash flow generated by operating activities	Note	2002/03	2001/02
		R'000	R'000
Net surplus as per Income Statement		2,361	2,548
Adjusted for items separately disclosed		9,995	6,683
Proceeds from sale of equipment		(5)	-
Capital expenditure	5.1	10,000	6,683
Net cash flow generated by operating activities		<u>12,356</u>	<u>9,231</u>
19 Cash utilised to increase working capital		2002/03	2001/02
		R'000	R'000
Increase in receivables – current		(6,599)	(1,610)
Decrease/(increase) in advances		46	(100)
Decrease in other current assets		1,220	1,698
Decrease in payables		(4,061)	(3,478)
		<u>(9,394)</u>	<u>(3,490)</u>
20 Voted funds and revenue funds surrendered		2002/03	2001/02
		R'000	R'000
Voted funds surrendered	14	(1,759)	-
Revenue funds surrendered	15	(362)	(1,030)
		<u>(2,121)</u>	<u>(1,030)</u>

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2003

21 Contingent liabilities

Liable to	Nature	Note	2002/03 R'000	2001/02 R'000
Motor vehicle guarantees	Employees	Annexure 2	-	190
Housing loan guarantees	Employees	Annexure 2	1,027	1,101
Pending court cases	Legal costs		240	19
			1,267	1,310

22 Commitments

Current expenditure

	2002/03 R'000	2001/02 R'000
Approved and contracted/ordered	2,476	882

Capital expenditure

	2002/03 R'000	2001/02 R'000
Approved and contracted/ordered	359	-
Total commitments	2,835	882

23 Accruals

Listed by standard item

	2002/03 R'000	2001/02 R'000
Administrative	256	126
Inventories	59	31
Equipment	34	289
Professional and special services	12	1,292
	361	1,738

Listed by Programme level

	2002/03 R'000	2001/02 R'000
Programme 1: Administration	163	123
Programme 2: Policy and Research	9	23
Programme 3: Government and Media Liaison	16	81
Programme 4: Provincial and Local Liaison	86	71
Programme 5: Communication Service Agency	87	1,440
	361	1,738

Disclosures to the Annual Financial Statements for the year ended 31 March 2003

24 Employee benefits			2002/03	2001/02
			R'000	R'000
Leave entitlement			5,505	4,401
Performance bonus			32	718
Thirteenth cheque			1,583	1,261
			7,120	6,380
25 Leases			Total	Total
			2002/03	2001/02
25.1 Operating leases	Property	Equipment	R'000	R'000
Not later than one year	-	754	754	141
Later than one year and not later than three years	-	902	902	116
Later than three years	-	9	9	4
	-	1,665	1,665	261
Future finance charges	-	-	-	-
Present value of lease liabilities	-	1,665	1,665	261
26 Irregular expenditure			2002/03	2001/02
26.1 Movement schedule of irregular expenditure			R'000	R'000
Opening balance			12,661	-
Prepayments made without National Treasury approval			7,887	*12,661
Closing Balance			20,548	12,661
* Only discovered in 2003/04				
27 Key management personnel			2002/03	2001/02
			R'000	R'000
Remuneration				
Senior Management Structure contracts are effective from 1 January of each year.				
The costs from 1 April 2002 to 31 March 2003 are as follows:				
1 x Chief Executive Officer			702	653
2 x Deputy Chief Executive Officers			1,084	517
5 x Chief Directors			3,036	2,144
16 x Directors			5,412	5,205
Total			10,234	8,519

Annexures to the Annual Financial Statements for the year ended 31 March 2003

Annexure 1

STATEMENT OF TRANSFERS TO PUBLIC ENTITIES as at 31 March 2003

Name of Public Entity	Transfer Allocation				Expenditure				
	Appropriation Act R'000	Adjustments Estimate R'000	Roll overs R'000	Total Available R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Capital R'000	Current R'000
Media Development and Diversity Agency (MDDA)	-	3,000	-	3,000	3,000	-	100%	-	3,000

Annexure 2

STATEMENT OF FINANCIAL GUARANTEES ISSUED as at 31 March 2003

Domestic

Guaranteed Institution	Guarantee in Respect of	Original Guaranteed Capital amount	Opening Balance as at 01/04/2002	Guarantees Issued During the Year	Guarantees Released During the Year	Guaranteed Interest Outstanding as at 31/03/2003	Closing Balance 31/03/2003	Realised Losses i.r.o. Claims Paid Out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing	256	256	31	-	-	287	-
Saambou	Housing	139	139	-	(14)	-	125	-
Standard Bank	Housing	158	158	-	(15)	-	143	-
First National Bank	Housing	91	91	39	-	-	130	-
Nedcor	Housing	369	369	55	(170)	-	254	-
FBC Fidelity	Housing	36	36	-	-	-	36	-
Old Mutual Bank	Housing	23	23	-	-	-	23	-
Cash Bank	Housing	20	20	-	-	-	20	-
Community Bank	Housing	9	9	-	-	-	9	-
Stannic	Motor Finance	190	190	-	(190)	-	-	-
Total		1,291	1,291	125	(389)	-	1,027	-

Annexures to the Annual Financial Statements for the year ended 31 March 2003

Annexure 3

PHYSICAL ASSET MOVEMENT SCHEDULE (NOT INCLUDING INVENTORIES)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Land and Buildings	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-residential buildings	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other structures (infrastructure assets)	-	-	-	-	-	-
Mineral & similar non-regenerative resources	-	-	-	-	-	-
Capital work in progress	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
Machinery and Equipment	-	10,000	-	-	-	10,000
Computer equipment	-	7,191	-	-	-	7,191
Furniture and office equipment	-	1,613	-	-	-	1,613
Other machinery and equipment	-	1,196	-	-	-	1,196
Specialised military assets	-	-	-	-	-	-
Transport assets	-	-	-	-	-	-
	-	10,000	-	-	-	10,000

Annexures to the Annual Financial Statements for the year ended 31 March 2003

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Land and Buildings	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-residential buildings	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other structures (infrastructure assets)	-	-	-	-	-	-
Mineral & similar non-regenerative resources	-	-	-	-	-	-
Capital work in progress	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
Machinery and Equipment	-	6,683	-	-	-	6,683
Computer equipment	-	2,967	-	-	-	2,967
Furniture and office equipment	-	2,856	-	-	-	2,856
Other machinery and equipment	-	860	-	-	-	860
Specialised military assets	-	-	-	-	-	-
Transport assets	-	-	-	-	-	-
	-	6,683	-	-	-	6,683

Annexures to the Annual Financial Statements for the year ended 31 March 2003

Annexure 4

INTANGIBLE ASSET MOVEMENT SCHEDULE (NOT INCLUDING INVENTORIES)

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Patents, Copyrights, brand names & trademarks	-	-	-	-	-	-
Computer software	-	50	-	-	-	50
Airport landing rights	-	-	-	-	-	-
Import/export licences	-	-	-	-	-	-
Fishing Quotas	-	-	-	-	-	-
Utility rights	-	-	-	-	-	-
Mineral extraction rights	-	-	-	-	-	-
Capitalised development costs	-	-	-	-	-	-
	-	50	-	-	-	50
INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Patents, Copyrights, brand names & trademarks	-	-	-	-	-	-
Computer software	-	19	-	-	-	19
Airport landing rights	-	-	-	-	-	-
Import/export licences	-	-	-	-	-	-
Fishing Quotas	-	-	-	-	-	-
Utility rights	-	-	-	-	-	-
Mineral extraction rights	-	-	-	-	-	-
Capitalised development costs	-	-	-	-	-	-
	-	19	-	-	-	19