

# NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

## 1. Details of current and capital transfers as per Appropriation Act (after virement)

Details of these transactions can be viewed in Note 8 (transfer payments) to the annual financial statements as well as Annexure 1.

## 2. Details of special functions (theft and losses)

Details 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 1: Administration – (R115 000)

The overexpenditure is due to the write-off of theft and losses.

#### Programme 3: Government and Media Liaison – R34 000

An overexpenditure of R111 000 in the current budget is due to an overall increase in normal administrative costs, especially cellphone costs and travelling expenses as well as the cost of the current and the previous year's Government Communicators' Forums and Awards. A saving of R145 000 in capital expenditure is mainly due to the improvement of the Rand exchange rate regarding the purchase of equipment; and non-purchasing of recorders due to the investigation of a new satellite system by the radio unit.

#### Programme 4: Provincial and Local Liaison – (R316 000)

An overexpenditure of R637 000 in current expenditure is mainly due to the appointment of new communication officials but no increase to the operational budget. Transport costs in respect of communication officials in regional offices also increased due to the hiring of vehicles from fleet companies as well as the withdrawal of GG vehicles from some regions. Administrative costs increased in general at

regional offices. Furthermore, the purchase of equipment that was budgeted for, was funded by Information Technology. A saving of R321 000 was realised.

#### Programme 5: Communication Service Agency – R284 000

An overexpenditure of R722 000 in the current budget is mainly attributed to the placement of advertisements and printing work. A saving of R1 006 000 in the capital budget is mainly attributed to the purchasing of furniture and computer equipment that could not be paid for before the end of the financial year.

### 3.2 Per standard item:

#### Administrative:

The overexpenditure is mainly due to an increase in normal administrative costs, especially cellphone costs and travelling expenses, the current and previous year's Government Communicators' Forums and Awards, appointment of staff in Provincial and Local Liaison but no increase to the operational budget, high transport costs at regional offices and placement of advertisements.

#### Equipment (capital):

The saving is mainly due to the improvement of the Rand exchange rate regarding the purchasing of equipment, non-purchasing of recorders due to the investigation of a new satellite system, non-purchasing of a colour printer and computer equipment, as well as office furniture that could not be paid before the end of the financial year.

#### Professional and special services:

The overexpenditure is mainly attributed to printing work for inserts, pamphlets and brochures.

#### Special functions:

The overexpenditure is due to the write-off of theft and losses.

# INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE) FOR THE YEAR ENDED 31 MARCH 2004

REVENUE	Note	2003/04 R'000	2002/03 R'000
Voted funds			
Annual appropriation	1	178,508	153,728
Appropriation for unauthorised expenditure		-	4,090
Other revenue to be surrendered to the Revenue Fund	2	8,393	679
<b>TOTAL REVENUE</b>		<b>186,901</b>	<b>158,497</b>
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	3	55,239	48,541
Administrative		16,651	13,144
Inventories	4	2,422	2,814
Machinery and equipment	5	2,156	1,098
Land and buildings	6	174	224
Professional and special services	7	24,008	72,820
Transfer payments	8	69,686	3,000
Special functions: authorised losses	9	115	405
Unauthorised expenditure approved	10	-	4,090
<b>Total current expenditure</b>		<b>170,451</b>	<b>146,136</b>
<b>Capital</b>			
Machinery and equipment	5	8,169	10,000
<b>Total capital expenditure</b>		<b>8,169</b>	<b>10,000</b>
<b>TOTAL EXPENDITURE</b>		<b>178,620</b>	<b>156,136</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>8,281</b>	<b>2,361</b>
Add back unauthorised and fruitless and wasteful expenditure disallowed	10	1,591	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>9,872</b>	<b>2,361</b>
<b>Reconciliation of net surplus/(deficit) for the year</b>			
Voted funds to be surrendered to the Revenue Fund		1,479	1,682
Other revenue to be surrendered to the Revenue Fund		8,393	679
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>9,872</b>	<b>2,361</b>

## BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>24,992</b>	<b>13,511</b>
Unauthorised and fruitless and wasteful expenditure	10	5,745	4,154
Cash and cash equivalents	12	7,211	68
Receivables	13	11,967	9,160
Prepayments and advances	13	69	129
<b>TOTAL ASSETS</b>		<b>24,992</b>	<b>13,511</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>19,470</b>	<b>8,720</b>
Voted funds to be surrendered	14	1,479	1,682
Revenue funds to be surrendered	15	12	312
Bank overdraft	16	-	5,942
Payables	17	17,979	784
<b>TOTAL LIABILITIES</b>		<b>19,470</b>	<b>8,720</b>
<b>NET ASSETS/LIABILITIES</b>		<b>5,522</b>	<b>4,791</b>
<b>Represented by:</b>			
Recoverable revenue		5,522	4,791
<b>TOTAL</b>		<b>5,522</b>	<b>4,791</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	2003/04 R'000	2002/03 R'000
<b>Recoverable revenue</b>		
Opening balance	4,791	34
Debts raised	731	4,757
Closing balance	<b>5,522</b>	<b>4,791</b>
<b>TOTAL</b>	<b>5,522</b>	<b>4,791</b>

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	18	16,449	12,356
Cash generated(utilised) to increase/(decrease) working capital	19	15,179	(4,637)
Voted funds and revenue funds surrendered	20	(10,375)	(2,121)
Unauthorised expenditure approved	10	-	4,090
<b>Net cash flow available from operating activities</b>		<b>21,253</b>	<b>9,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(8,168)</b>	<b>(9,995)</b>
Capital expenditure	18	(8,169)	(10,000)
Proceeds from sale of equipment	2	1	5
<b>Net cash flows from operating and investing activities</b>		<b>13,085</b>	<b>(307)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,085</b>	<b>(307)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>(5,874)</b>	<b>(5,567)</b>
<b>Cash and cash equivalents at end of period</b>		<b>7,211</b>	<b>(5,874)</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

## 1. Annual appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (voted funds):

Programmes	Total appropriation 2003/04 R'000	Actual appropriation received R'000	Variance over/ (under) R'000	Total appropriation 2002/03 R'000
1 Administration	37,355	37,355	-	34,775
2 Policy and Research	16,512	16,512	-	10,393
3 Government and Media Liaison	12,900	12,900	-	11,571
4 Provincial and Local Liaison	25,623	25,623	-	22,383
5 Communication Service Agency	23,432	23,432	-	24,606
6 International Marketing and Mobilisation	62,686	62,686	-	50,000
<b>Total</b>	<b>178,508</b>	<b>178,508</b>	<b>-</b>	<b>153,728</b>

## 2. Other revenue to be surrendered to the Revenue Fund

Description	Note	2003/04 R'000	2002/03 R'000
Gifts, donations and sponsorships received	2.1	-	100
Cheques written back/stale cheques		34	41
Proceeds from sale of equipment		1	5
Proceeds on sale of publications		273	272
Interest received		47	23
Refund in respect of the International Marketing Council (previous year)		7,887	-
Other		151	238
<b>Total revenue collected</b>		<b>8,393</b>	<b>679</b>

### 2.1 Gifts, donations and sponsorships received by the department

Nature of gift, donation and sponsorship	2003/04 R'000	2002/03 R'000
Sponsorship for Government Communicators' Awards, sponsored by First National Bank	-	100
	<b>-</b>	<b>100</b>

<b>2.2 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)</b>				
<b>Nature of gift, donation and sponsorship</b>		<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
2x SAA domestic airflight tickets, sponsored by SAA			-	4
			-	<b>4</b>
<b>3. Personnel</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>3.1 Current expenditure</b>				
	Basic salary costs		39,152	33,485
	Pension contributions		5,830	4,955
	Medical aid contributions		2,643	2,180
	Other salary-related costs		7,614	7,921
			<b>55,239</b>	<b>48,541</b>
	Average number of employees		346	337
<b>4</b>	<b>Inventories</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>4.1</b>	<b>Current expenditure</b>			
	<b>Inventories purchased during the year</b>			
	Cleaning resources		97	66
	Consumable stores		432	281
	Books/magazines/publications		158	211
	Newspapers		167	106
	Government Printers		6	633
	Departmental and other printing		285	135
	Stationery		1,089	1,248
	Photocopy costs		68	56
	Other		120	78
	<b>Total cost of inventories</b>		<b>2,422</b>	<b>2,814</b>
<b>5. Machinery and equipment</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Current (rentals, maintenance and sundry net of cash discounts)		2,156	1,098
	Capital	5.1	8,169	10,000
	<b>Total current and capital expenditure</b>		<b>10,325</b>	<b>11,098</b>
<b>5.1</b>	<b>Capital machinery and equipment analysed as follows:</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Computer equipment		6,058	7,191
	Furniture and office equipment		420	1,613
	Other machinery and equipment		1,691	1,196
			<b>8,169</b>	<b>10,000</b>

<b>6</b>	<b>Land and buildings</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Current expenditure</b>			
	Maintenance		3	13
	Rental		171	211
	<b>Total current expenditure</b>		<b>174</b>	<b>224</b>
<b>7</b>	<b>Professional and special services</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>7.1</b>	<b>Current expenditure</b>			
	Auditors' remuneration		548	638
	Regularity		548	638
	Commissions and committees		7	8
	Computer services		3,176	2,518
	Other		20,277	69,656
	<b>Total professional and special services</b>		<b>24,008</b>	<b>72,820</b>
<b>8</b>	<b>Transfer payments</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Transfers to public entities and institutions	Annexure1	69,686	3,000
<b>9</b>	<b>Special functions: Authorised losses</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Material losses through criminal conduct	9.1	11	134
	Other material losses written off	9.2	55	16
	Debts written off	9.3	49	255
			<b>115</b>	<b>405</b>
<b>9.1</b>	<b>Material losses through criminal conduct</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Nature of losses</b>			
	Theft of cheque for rental of photocopying machine		11	-
	Theft of television and camera		-	10
	Theft of warrant voucher		-	11
	Theft of cellphones		-	3
	Theft of video machine		-	3
	Theft of graphic design computer		-	29
	Theft of computer screen		-	31
	Theft of laptops		-	47
			<b>11</b>	<b>134</b>

9.2	Other material losses written off in income statement in current period	Note	2003/04 R'000	2002/03 R'000
	<b>Nature of losses</b>			
	Loss of IBM computer		6	-
	Loss of State properties		13	-
	Damage to two government garage vehicles		31	-
	Damage to private car		3	3
	Loss of cellphones		2	3
	Damage of hired car		-	7
	Erroneous credits		-	3
			<b>55</b>	<b>16</b>
9.3	Debts written off		2003/04 R'000	2002/03 R'000
	<b>Nature of debts written off</b>			
	Ex-personnel debts		49	255
			<b>49</b>	<b>255</b>
9.4	Details of special functions (theft and losses) Per Programme		2003/04 R'000	2002/03 R'000
	Programme 1: Administration		115	405
			<b>115</b>	<b>405</b>
10	Unauthorised and fruitless and wasteful expenditure		2003/04 R'000	2002/03 R'000
	Unauthorised expenditure	10.2	5,745	4,154
			<b>5,745</b>	<b>4,154</b>
10.1	Reconciliation of unauthorised expenditure balance		2003/04 R'000	2002/03 R'000
	Opening balance		4,154	9,464
	Unauthorised expenditure current year		1,591	-
	Approved by Parliament		-	(4,090)
	Transfer to receivables for recovery		-	(1,220)
	Closing balance		<b>5,745</b>	<b>4,154</b>
10.2	Unauthorised expenditure Incident	Disciplinary steps taken/ criminal proceedings	2003/04 R'000	2002/03 R'000
	Overspending on budget 2000/01	None	4,154	4,154
	Overspending on current budget per Programme 2003/04	Pending	1,591	-
			<b>5,745</b>	<b>4,154</b>



<b>11</b>	<b>Analysis of surplus</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Voted funds to be surrendered to the National Revenue Fund		1,479	1,682
	Non-voted funds		8,393	679
	Other revenue to be surrendered to the Revenue Fund		8,393	679
	Total		<b>9,872</b>	<b>2,361</b>
<b>12</b>	<b>Cash and cash equivalents</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Paymaster General Account		7,129	-
	Cash on hand		82	68
			<b>7,211</b>	<b>68</b>
<b>13</b>	<b>Receivables – current</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Amounts owing by other departments	Annexure 5	3,068	1,047
	Staff debtors	13.3	54	56
	Other debtors	13.4	8,845	8,057
	Advances	13.5	69	129
			<b>12,036</b>	<b>9,289</b>
<b>13.1</b>	<b>Amounts of R4 818 000 included above may not be recoverable, but has not been written off in the income statement (2003: R4 476 000)</b>			
<b>13.2</b>	<b>Age analysis – receivables current</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Less than one year		7,059	4,554
	One to two years		113	198
	More than two years		4,864	4,537
			<b>12,036</b>	<b>9,289</b>
<b>13.3</b>	<b>Staff debtors</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Employees		38	43
	Tax debt		-	4
	Private telephone		16	9
			<b>54</b>	<b>56</b>
<b>13.4</b>	<b>Other debtors</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Ex-employees		5,085	4,742
	Other debts		3,760	3,315
			<b>8,845</b>	<b>8,057</b>

13.5	Advances	Note	2003/04 R'000	2002/03 R'000
	<b>Nature of advances</b>			
	Travel and subsistence (normal)		39	50
	Travel and subsistence (standing advances)		30	79
			<b>69</b>	<b>129</b>
14	Voted funds to be surrendered to the Revenue Fund		2003/04 R'000	2002/03 R'000
	Opening balance		1,682	1,759
	Transfer from income statement		1,479	1,682
	Paid during the year	20	(1,682)	(1,759)
	Closing balance		<b>1,479</b>	<b>1,682</b>
15	Other revenue funds to be surrendered to the Revenue Fund		2003/04 R'000	2002/03 R'000
	Opening balance		312	(5)
	Transfer from income statement for revenue to be surrendered		8,393	679
	Paid during the year	20	(8,693)	(362)
	Closing balance		<b>12</b>	<b>312</b>
16	Bank overdraft		2003/04 R'000	2002/03 R'000
	Paymaster General Account (Exchequer Account)		-	5,942
17	Payables – current		2003/04 R'000	2002/03 R'000
	<b>Description</b>			
	Amounts owing to other departments		17,969	694
	Other payables	17.1	10	90
			<b>17,979</b>	<b>784</b>
17.1	Other payables		2003/04 R'000	2002/03 R'000
	Debt in suspense		-	4
	ACB recalls		-	3
	Regional Service Council levy		-	1
	Pension		-	1
	PAYE		7	81
	Salary Reversal Control		3	-
			<b>10</b>	<b>90</b>

<b>18</b>	<b>Net cash flow generated by operating activities</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Net surplus as per income statement		8,281	2,361
	Adjusted for items separately disclosed		<b>8,168</b>	<b>9,995</b>
	Proceeds from sale of equipment		(1)	(5)
	Capital expenditure	5.1	8,169	10,000
	Net cash flow generated by operating activities		<b>16,449</b>	<b>12,356</b>
<b>19</b>	<b>Cash utilised to increase working capital</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	(Increase) in receivables – current		(2,807)	(6,599)
	Decrease in advances		60	46
	Decrease in other current assets		-	1,220
	Increase in payables		17,926	696
			<b>15,179</b>	<b>(4,637)</b>
<b>20</b>	<b>Voted funds and revenue funds surrendered</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Voted funds surrendered	14	(1,682)	(1,759)
	Revenue funds surrendered	15	(8,693)	(362)
			<b>(10,375)</b>	<b>(2,121)</b>

# DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

<b>21</b>	<b>Contingent liabilities</b>				
	<b>Liable to</b>	<b>Nature</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Housing loan guarantees	Employees	Annexure 2	898	1,027
	Pending court cases	Possible claims		200	240
				<b>1,098</b>	<b>1,267</b>
<b>22</b>	<b>Commitments</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Current expenditure</b>				
	Approved and contracted/ordered			6,129	2,476
	<b>Capital expenditure</b>				
	Approved and contracted/ordered			544	359
	Total commitments			<b>6,673</b>	<b>2,835</b>
<b>23</b>	<b>Accruals</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Listed by standard Item</b>				
	Administrative			229	256
	Inventories			48	59
	Equipment			33	34
	Professional and special services			2,944	12
				<b>3,254</b>	<b>361</b>
	<b>Listed by programme level</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Programme 1: Administration			46	163
	Programme 2: Policy and Research			2,840	9
	Programme 3: Government and Media Liaison			190	16
	Programme 4: Provincial and Local Liaison			10	86
	Programme 5: Communication Service Agency			168	87
				<b>3,254</b>	<b>361</b>
<b>24</b>	<b>Employee benefits</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Leave entitlement			5,151	4,789
	Performance bonus			1,323	32
	Thirteenth cheque			1,810	1,583
				<b>8,284</b>	<b>6,404</b>

<b>25</b>	<b>Leases</b>			<b>Total</b>	<b>Total</b>
<b>25.1</b>	<b>Operating leases</b>	<b>Property</b>	<b>Equipment</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Not later than 1 year	-	616	616	754
	Later than 1 year and not later than 3 years	-	427	427	902
	Later than 3 years	-	3	3	9
	Present value of lease liabilities	-	<b>1,046</b>	<b>1,046</b>	<b>1,665</b>
<b>26</b>	<b>Irregular expenditure</b>				
<b>26.1</b>	<b>Movement schedule of irregular expenditure</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Opening balance			20,548	12,661
	Prepayments made without National Treasury approval			-	7,887
	Overtime			28	-
	Closing balance			<b>20,576</b>	<b>20,548</b>
	<b>Analysis</b>				
	Current			28	-
	Prior years			20,548	-
				<b>20,576</b>	<b>-</b>
<b>26.2</b>	<b>Not condoned expenditure</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Incident</b>	<b>Disciplinary steps taken / criminal proceedings</b>			
	Prepayments made without approval	Pending		11,108	-
				<b>11,108</b>	<b>-</b>
Amounts of R7 887 000 and R3 221 000 (plus interest of R534 000) have already been recovered					
<b>27</b>	<b>Key management personnel</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Remuneration</b>				
	Senior Management Structure contracts are effective from 1 January of each year.				
	The costs from 1 April 2003 to 31 March 2004 are as follows:				
	1 x Chief Executive Officer			774	702
	2 x Deputy Chief Executive Officers			1,166	1,084
	7 x Chief Directors			3,363	3,036
	19 x Directors			6,602	5,412
	<b>Total</b>			<b>11,905</b>	<b>10,234</b>
<b>28</b>	<b>Gifts, donations and sponsorships</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Nature of donations</b>				
	Redundant assets were donated in the current financial year at nominal value to schools and the Department of Arts and Culture.				

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

### Annexure 1

Statement of transfers to public entities and institutions by national departments as at 31 March 2004

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
International Marketing Council (IMC)	62,686	-	-	62,686	62,686	-	100%	-	62,686
Media Development and Diversity Agency (MDDA)	7,000	-	-	7,000	7,000	-	100%	-	7,000
	69,686	-	-	69,686	69,686	-		-	69,686

### Annexure 2

Statement of financial guarantees issued as at 31 March 2004

Domestic

Guaranteed institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
ABSA	Housing	256	287	-	(98)	-	189	-
Cash Bank	Housing	20	20	-	-	-	20	-
Community Bank	Housing	9	9	-	-	-	9	-
FBC Fidelity	Housing	36	36	-	-	-	36	-
First National Bank	Housing	91	130	24	(79)	-	75	-
Nedcor	Housing	369	254	110	(78)	-	286	-
Old Mutual Bank	Housing	23	23	-	(23)	-	-	-
Peoples Bank	Housing	-	-	18	-	-	18	-
Saambou	Housing	139	125	-	(47)	-	78	-
Standard Bank	Housing	158	143	91	(47)	-	187	-
<b>Total</b>		<b>1,101</b>	<b>1,027</b>	<b>243</b>	<b>(372)</b>	<b>-</b>	<b>898</b>	<b>-</b>

### Annexure 3

#### Physical asset movement schedule (not including inventories)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
<b>LAND AND BUILDINGS</b>	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-residential buildings	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other structures (infrastructure assets)	-	-	-	-	-	-
Mineral & similar non-regenerative resources	-	-	-	-	-	-
Capital work in progress	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	<b>10,000</b>	<b>8,169</b>	-	-	-	<b>18,169</b>
Computer equipment	7,191	6,058	-	-	-	13,249
Furniture and office equipment	1,613	420	-	-	-	2,033
Other machinery and equipment	1,196	1,691	-	-	-	2,887
Specialised military assets	-	-	-	-	-	-
Transport assets	-	-	-	-	-	-
	<b>10,000</b>	<b>8,169</b>	-	-	-	<b>18,169</b>
PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
<b>LAND AND BUILDINGS</b>	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-residential buildings	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other structures (infrastructure assets)	-	-	-	-	-	-
Mineral & similar non-regenerative resources	-	-	-	-	-	-
Capital work in progress	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	<b>10,000</b>	-	-	-	<b>10,000</b>
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	-	-	-	-	-	-
	-	<b>10,000</b>	-	-	-	<b>10,000</b>

# Annexure 4

## Intangible asset movement schedule (not including inventories)

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance 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 2002/03	Opening balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance 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



**Annexure 5**  
**Interdepartmental receivables – current**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004 R'000	31/03/2003 R'000	31/03/2004 R'000	31/03/2003 R'000
Arts and Culture	-	-	1,870	-
Foreign Affairs	-	-	1,198	573
Health	-	-	-	1
Labour	-	-	-	393
Provincial and Local Government	-	-	-	19
<b>TOTAL</b>	-	-	<b>3,068</b>	<b>986</b>

**Annexure 6**  
**Interdepartmental payables – current**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004 R'000	31/03/2003 R'000	31/03/2004 R'000	31/03/2003 R'000
Communications	-	-	1,680	-
Correctional Services	53	-	-	-
Housing	-	-	150	-
Health	6,960	-	-	-
Public Works	3,000	-	-	-
Social Development	-	-	6,126	-
Water Affairs	-	-	-	18
Transport	-	-	-	676
<b>TOTAL</b>	<b>10,013</b>	-	<b>7,956</b>	<b>694</b>

# REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2004

We are pleased to present our report for the financial year ended 31 March 2004.

## **Audit Committee members and attendance:**

The GCIS Audit Committee consists of the members listed hereunder and meets at least two times per annum. The Committee met five times during the year under review.

<b>Name of member</b>	<b>Meetings attended</b>
Ms ZP Manase (Chairperson)	5
Mr G Mampone	2
Ms M Vuso	5
Ms T Zungu	2
Ms I Mackay Langa	5
Mr K Semakane	3

## **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## **The effectiveness of internal control**

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

Based on the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, as well as the Internal Audit reports which were submitted to the Audit Committee quarterly, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported.

The Committee further noted significant progress made by management to address the issue of asset management which has consistently been reported by the Auditor-General in his reports from the previous financial years.

To this extent, the Committee would like to commend

management in turning the situation around. The Committee is of the view that management should continue with its prudent approach of ensuring effective control over assets.

The Committee has further taken note of issues raised by the Auditor-General in the audit report under matters of emphasis and management's resolve to address the issues.

## **The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act**

Monthly and quarterly reports were prepared and issued by the Accounting Officer and the Department during the year under review to the Auditor-General and the Internal Audit as part of the audit review process. The Committee is satisfied that the Auditor-General and Internal Audit did not raise any matters in connection with the quality of the in-year management and monthly/quarterly reports in their audit reports.

## **Evaluation of financial statements**

The Audit Committee has

- reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the Annual Report
- reviewed the Auditor-General's management letter and management's response.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



.....  
**Chairperson of the Audit Committee**  
**31 July 2004**