

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**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, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, 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 incurred 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 Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial 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 Provincial Revenue Fund.

3 Donor aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4 Current expenditure

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

5 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.

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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,
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

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

6 Debts written off

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

7 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 (fixed assets and movable assets) acquired are expensed i.e. written off in the income statement when the payment is made.

8 Investments

Marketable securities are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

Increases in the carrying amount of marketable securities classified as non-current assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged to the income statement. Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement. On disposal of a marketable security classified as a non-current asset, amounts in revaluation and other reserves relating to that marketable security, are transferred to retained earnings.

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9 Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

10 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.

11 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 Provincial Revenue Fund or another party.

12 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.

13 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.

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14 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.

15 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 Provincial 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.

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16 Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

17 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.

18 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.

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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 Health Administration								
Current	137,161	(11,779)	125,382	120,765	4,617	96.32%	122,249	114,215
Capital	11,915	0	11,915	8,738	3,177	73.34%	15,602	12,223
2 District Health Services								
Current	1,154,338	7,776	1,162,114	1,154,194	7,920	99.32%	1,072,995	1,073,593
Capital	27,585	0	27,585	22,319	5,266	80.91%	15,520	14,922
3 Hospital Services								
Current	910,459	4,663	915,122	917,888	(2,766)	100.30%	846,711	851,643
Capital	7,691	572	8,263	7,465	798	90.34%	4,199	2,722
4 Academic Health Services								
Current	1,485,741	(15)	1,485,726	1,508,743	(23,017)	101.55%	1,352,138	1,362,554
Capital	11,915	15	11,930	9,712	2,218	81.41%	25,472	25,472
5 Health Sciences								
Current	57,529	(574)	56,955	56,955	0	100.00%	52,931	52,931
Capital	629	0	629	530	99	84.26%	599	532
6 Health Care Support Services								
Current	66,304	(2,463)	63,841	63,841	0	100.00%	59,217	59,217
Capital	369	0	369	2,607	(2,238)	706.50%	8,189	8,048
7 Special Functions								
Current	0	1,805	1,805	1,805	0	100.00%	2,945	2,945
Total	3,871,636	0	3,871,636	3,875,562	(3,926)		3,578,767	3,581,017

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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	2,450,674	(41,599)	2,409,075	2,407,928	1,147	99.95%	2,247,063	2,246,478
Personnel	386,799	11,000	397,799	377,012	20,787	94.77%	405,530	389,400
Transfer payments	974,059	30,012	1,004,071	1,039,251	(35,180)	103.50%	856,592	881,220
Other								
Capital	2	0	2	2,392	(2,390)	-	12,744	12,757
Transfer payments	60,102	587	60,689	48,979	11,710	80.70%	56,838	51,162
Acquisition of capital assets								
Total	3,871,636	0	3,871,636	3,875,562	(3,926)		3,578,767	3,581,017

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	2,450,674	(41,599)	2,409,075	2,407,928	1,147	99.95%	2,247,063	2,246,478
Administrative	83,265	(3,988)	79,277	79,275	2	100.00%	61,349	67,012
Inventories	675,425	7,739	683,164	711,344	(28,180)	104.12%	582,353	601,823
Equipment	70,960	2,403	73,363	61,277	12,086	83.53%	66,999	61,319
Professional and special services	200,861	22,597	223,458	230,836	(7,378)	103.30%	197,603	198,342
Transfer payments	386,801	11,000	397,801	379,404	18,397	95.38%	418,274	402,157
Miscellaneous	3,650	43	3,693	3,693	0	100.00%	2,181	941
Special functions	0	1,805	1,805	1,805	0	100.00%	2,945	2,945
Total	3,871,636	0	3,871,636	3,875,562	(3,926)		3,578,767	3,581,017

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DETAIL PER PROGRAMME 1
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 Subprogramme 1	2,282	0	2,282	2,240	42	98.16%	2,293	2,205
Capital	20	0	20	15	5	75.00%	332	311
1.2 Subprogramme 2	91,951	(10,948)	81,003	78,226	2,777	96.57%	78,930	71,608
Capital	9,120	0	9,120	6,923	2,197	75.91%	4,107	3,741
1.3 Subprogramme 3	41,488	(831)	40,657	38,859	1,798	95.58%	38,659	38,035
Capital	2,775	0	2,775	1,800	975	64.86%	11,163	8,171
1.4 Subprogramme 4	1,440	0	1,440	1,440	0	100.00%	2,367	2,367
Total	149,076	(11,779)	137,297	129,503	7,794		137,851	126,438

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	89,234	(8,198)	81,036	79,889	1,147	98.58%	75,146	74,561
Personnel	8,758	0	8,758	7,896	862	90.16%	5,703	5,371
Transfer payments	39,169	(3,581)	35,588	32,980	2,608	92.67%	41,400	34,283
Capital	11,915	0	11,915	8,738	3,177	73.34%	15,602	12,223
Acquisition of capital assets	149,076	(11,779)	137,297	129,503	7,794		137,851	126,438
Total	149,076	(11,779)	137,297	129,503	7,794		137,851	126,438

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	89,234	(8,198)	81,036	79,889	1,147	98.58%	75,146	74,561
Administration	15,140	(3,899)	11,241	11,239	2	99.98%	13,018	12,155
Inventories	4,148	0	4,148	3,295	853	79.44%	9,219	6,756
Equipment	13,032	0	13,032	9,479	3,553	72.74%	16,436	13,053
Professional and special services	15,114	275	15,389	14,012	1,377	91.05%	16,148	13,601
Transfer payments	8,758	0	8,758	7,896	862	90.16%	5,703	5,371
Miscellaneous	3,650	43	3,693	3,693	0	100.00%	2,181	941
Total	149,076	(11,779)	137,297	129,503	7,794		137,851	126,438

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DETAIL PER PROGRAMME 2
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
2.1 Subprogramme 1	21,038	(572)	20,466	21,447	(981)	104.79%	14,408	17,781
Current Capital	2,092	0	2,092	1,111	981	53.11%	184	184
2.2 Subprogramme 2	714,680	(2,236)	712,444	699,643	12,801	98.20%	671,448	661,089
Current Capital	6,117	0	6,117	3,281	2,836	53.64%	4,044	4,044
2.3 Subprogramme 3	135,559	3,441	139,000	139,000	0	100.00%	123,680	124,483
Current Capital	15,035	0	15,035	13,845	1,190	92.09%	7,146	7,160
2.4 Subprogramme 4	283,061	7,143	290,204	294,104	(3,900)	101.34%	263,459	270,240
Current Capital	4,341	0	4,341	4,082	259	94.03%	4,146	3,534
Total	1,181,923	7,776	1,189,699	1,176,513	13,186		1,088,515	1,088,515

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	569,158	(12,481)	556,677	556,677	0	100.00%	502,849	502,849
Personnel	280,058	11,000	291,058	270,657	20,401	92.99%	306,136	290,864
Transfer payments	305,122	9,257	314,379	326,860	(12,481)	103.97%	264,010	279,880
Other	0	0	0	0	0	0.00%	5,000	5,014
Capital	27,585	0	27,585	22,319	5,266	80.91%	10,520	9,908
Transfer payments	0	0	0	0	0	0.00%	0	0
Acquisition of capital assets	0	0	0	0	0	0.00%	0	0
Total	1,181,923	7,776	1,189,699	1,176,513	13,186		1,088,515	1,088,515

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	569,158	(12,481)	556,677	556,677	0	100.00%	502,849	502,849
Administrative Inventories	39,682	(1,518)	38,164	38,164	0	100.00%	21,765	27,441
Equipment	205,273	1,021	206,294	218,775	(12,481)	106.05%	184,681	192,450
Professional and special services	31,671	1,155	32,826	27,560	5,266	83.96%	13,657	13,045
Transfer payments	56,081	8,599	64,680	64,680	0	100.00%	54,427	56,852
Transfer payments	280,058	11,000	291,058	270,657	20,401	92.99%	311,136	295,878
Total	1,181,923	7,776	1,189,699	1,176,513	13,186		1,088,515	1,088,515

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DETAIL PER PROGRAMME 3
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
3.1 Subprogramme 1	575,744	259	576,003	578,293	(2,290)	100.40%	535,405	540,864
Current	5,970	572	6,542	6,542	0	100.00%	3,044	2,007
Capital	334,715	4,404	339,119	339,595	(476)	100.14%	311,305	310,779
3.2 Subprogramme 2	1,720	0	1,720	923	797	53.66%	1,155	715
Current	0	0	0	0	0	0.00%	1	0
Capital	1	0	1	0	1	0.00%	0	0
Total	918,150	5,235	923,385	925,353	(1,968)		850,910	854,365
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	619,791	(7,798)	611,993	611,993	0	100.00%	576,267	576,267
Personnel	97,983	0	97,983	98,459	(476)	100.49%	93,691	93,165
Transfer payments	192,685	12,461	205,146	207,436	(2,290)	101.12%	176,752	182,211
Other	1	0	1	0	1	0.00%	1	0
Capital	7,690	572	8,262	7,465	797	90.35%	4,199	2,722
Transfer payments	1	0	1	0	1	0.00%	1	0
Acquisition of capital assets	0	0	0	0	0	0.00%	0	0
Total	918,150	5,235	923,385	925,353	(1,968)		850,910	854,365
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	619,791	(7,798)	611,993	611,993	0	100.00%	576,267	576,267
Administrative	11,326	1,089	12,415	12,415	0	100.00%	10,573	11,423
Inventories	115,989	5,103	121,092	123,382	(2,290)	101.89%	103,238	106,986
Equipment	10,501	1,197	11,698	10,901	797	93.19%	7,950	6,473
Professional and special services	62,559	5,644	68,203	68,203	0	100.00%	59,190	60,051
Transfer payments	97,984	0	97,984	98,459	(475)	100.48%	93,692	93,165
Total	918,150	5,235	923,385	925,353	(1,968)		850,910	854,365

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DETAIL PER PROGRAMME 4
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
4.1 Subprogramme 1	1,443,631	11	1,443,642	1,466,659	(23,017)	101.59%	1,313,355	1,323,771
Current Capital	11,489	0	11,489	9,271	2,218	80.69%	23,621	23,621
4.2 Subprogramme 2	42,110	(26)	42,084	42,084	0	100.00%	38,783	38,783
Current Capital	426	15	441	441	0	100.00%	1,851	1,851
Total	1,497,656	0	1,497,656	1,518,455	(20,799)		1,377,610	1,388,026
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	1,086,599	(11,412)	1,075,187	1,075,187	0	100.00%	1,012,123	1,012,123
Personnel	399,142	11,397	410,539	433,556	(23,017)	105.61%	340,015	350,431
Other Capital	11,915	15	11,930	9,712	2,218	81.41%	25,472	25,472
Acquisition of capital assets	11,915	15	11,930	9,712	2,218	81.41%	25,472	25,472
Total	1,497,656	0	1,497,656	1,518,455	(20,799)		1,377,610	1,388,026
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	1,086,599	(11,412)	1,075,187	1,075,187	0	100.00%	1,012,123	1,012,123
Administrative Inventories	12,478	452	12,930	12,930	0	100.00%	12,420	12,420
Equipment	331,682	1,473	333,155	347,417	(14,262)	104.28%	268,799	279,215
Professional and special services	14,373	61	14,434	12,216	2,218	84.63%	27,711	27,711
Total	1,497,656	0	1,497,656	1,518,455	(20,799)		1,377,610	1,388,026

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DETAIL PER PROGRAMME 5
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
5.1 Subprogramme 1	55,439	(40)	55,399	55,399	0	100.00%	52,140	52,140
Current Capital	379	0	379	284	95	74.93%	599	532
5.2 Subprogramme 2	2,090	(534)	1,556	1,556	0	100.00%	791	791
Current Capital	250	0	250	246	4	98.40%	0	0
Total	58,158	(574)	57,584	57,485	99		53,530	53,463
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 Personnel	51,042	(680)	50,362	50,362	0	100.00%	49,081	49,081
Other Capital	6,487	106	6,593	6,593	0	100.00%	3,850	3,850
Acquisition of capital assets	629	0	629	530	99	84.26%	599	532
Total	58,158	(574)	57,584	57,485	99		53,530	53,463
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	51,042	(680)	50,362	50,362	0	100.00%	49,081	49,081
Administrative Inventories	2,006	(140)	1,866	1,866	0	100.00%	816	816
Equipment	2,049	296	2,345	2,345	0	100.00%	1,578	1,578
Professional and special services	772	(23)	749	650	99	86.78%	718	651
	2,289	(27)	2,262	2,262	0	100.00%	1,337	1,337
Total	58,158	(574)	57,584	57,485	99		53,530	53,463

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
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DETAIL PER PROGRAMME 6
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
6.1 Subprogramme 1	13,482	(901)	12,581	12,581	0	100.00%	11,624	11,624
Current Capital	136	0	136	44	92	32.35%	49	35
6.2 Subprogramme 2	52,822	(1,562)	51,260	51,260	0	100.00%	47,593	47,593
Current Capital	232	0	232	171	61	73.71%	397	270
6.3 Subprogramme 3	1	0	1	2,392	(2,391)	-	7,743	7,743
Total	66,673	(2,463)	64,210	66,448	(2,238)		67,406	67,265
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	34,850	(1,030)	33,820	33,820	0	100.00%	31,597	31,597
Personnel	31,454	(1,433)	30,021	30,021	0	100.00%	27,620	27,620
Capital	1	0	1	2,392	(2,391)	-	7,743	7,743
Transfer payments	368	0	368	215	153	58.42%	446	305
Acquisition of capital assets								
Total	66,673	(2,463)	64,210	66,448	(2,238)		67,406	67,265
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	34,850	(1,030)	33,820	33,820	0	100.00%	31,597	31,597
Administrative	2,633	28	2,661	2,661	0	100.00%	2,757	2,757
Inventories	16,284	(154)	16,130	16,130	0	100.00%	14,838	14,838
Equipment	611	13	624	471	153	75.48%	527	386
Professional and special services	12,294	(1,320)	10,974	10,974	0	100.00%	9,944	9,944
Transfer payments	1	0	1	2,392	(2,391)	-	7,743	7,743
Total	66,673	(2,463)	64,210	66,448	(2,238)		67,406	67,265

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

SPECIAL FUNCTIONS
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
Subprogramme 1								
Current	0	1,805	1,805	1,805	0	100.00%	2,945	2,945
Total	0	1,805	1,805	1,805	0		2,945	2,945
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	0	1,805	1,805	1,805	0	100.00%	2,945	2,945
Other	0	1,805	1,805	1,805	0		2,945	2,945
Total	0	1,805	1,805	1,805	0		2,945	2,945
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
Special functions	0	1,805	1,805	1,805	0	100.00%	2,945	2,945
Total	0	1,805	1,805	1,805	0		2,945	2,945

**WESTERN CPAE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**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 7 (Transfer payments) to the annual financial statements.

2 Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Charge to Provincial Revenue Fund) to the annual financial statements.

3 Detail of special functions (theft and losses)

Detail of these transactions can be viewed in note 9 (Special functions: Authorised losses) to the annual financial statements.

4 Explanations of material variances from Amounts Voted (after virement):

4.1 Per programme:

Programme 1: Health Administration

Savings due to:

- posts not being filled as a result of budgetary pressures on services.
- equipment ordered but not delivered before 31 March 2003.
- provision was made for consultants but the full allocation was not utilized.

Programme 6: Health Care Support Services

Over-expenditure due to:

- budgetary pressures resulted in a trade loss on the Cape Medical Depot Trading Account.

4.2 Per standard item:

Inventories:

Over expenditure due to:

- increased tariffs on blood and blood products, pharmaceuticals, surgical sundries, laboratory requisites, etc.
- devaluation of the rand further affecting the price of inventories.

Equipment:

Saving due to:

- slow tender processes.
- equipment ordered but not delivered before 31 March 2003.

WESTERN CPAE PROVINCE
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NOTES TO THE APPROPRIATION STATEMENT (continued)
for the year ended 31 March 2003

Professional and Special Services:

Over expenditure due to:

- agency staff appointed as a result of the moratorium on the filling of posts.
- increased expenditure on laboratory costs.

Transfer Payments:

Saving due to:

- transfer payments to the Local Authorities not made during the 2002/2003 financial year.

5 Reconciliation of appropriation statement to income statement:

	2002/03	2001/02
	R'000	R'000
Total expenditure per Appropriation Statement	3,875,562	3,581,017
Add: Unauthorised expenditure approved	33,960	21,959
Actual Expenditure per Income Statement	<u>3,909,522</u>	<u>3,602,976</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 March 2003**

	Note	2002/03 R'000	2001/02 R'000
REVENUE			
Voted funds		3,905,596	3,600,726
Charge to Provincial Revenue Fund	1	3,871,636	3,578,767
Appropriation for unauthorised expenditure		33,960	21,959
Non voted funds		27,837	30,062
Other revenue to be surrendered to the Provincial Revenue Fund	2	27,837	30,062
TOTAL REVENUE		<u>3,933,433</u>	<u>3,630,788</u>
EXPENDITURE			
Current		3,858,151	3,539,057
Personnel	3	2,407,928	2,246,478
Administrative		79,275	67,012
Inventories	4	711,344	601,823
Machinery and Equipment	5	12,298	10,157
Professional and special services	6	230,836	198,342
Transfer payments	7	377,012	389,400
Miscellaneous	8	3,693	941
Special functions: authorised losses	9	1,805	2,945
Unauthorised expenditure approved	10	33,960	21,959
TOTAL CURRENT EXPENDITURE		<u>3,858,151</u>	<u>3,539,057</u>
Capital		51,371	63,919
Machinery and Equipment	5	48,979	51,162
Transfer payments	7	2,392	12,757
TOTAL CAPITAL EXPENDITURE		<u>51,371</u>	<u>63,919</u>
TOTAL EXPENDITURE		<u>3,909,522</u>	<u>3,602,976</u>
NET SURPLUS		23,911	27,812
Add back unauthorised and fruitless and wasteful expenditure disallowed	10	3,926	2,250
NET SURPLUS FOR THE YEAR	11	<u><u>27,837</u></u>	<u><u>30,062</u></u>

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2003

ASSETS	Note	2002/03 R'000	2001/02 R'000
Current assets		768,921	764,285
Unauthorised and fruitless and wasteful expenditure	10	399,143	429,177
Cash and cash equivalents	12	156,179	128,885
Receivables	13	213,599	206,223
TOTAL ASSETS		768,921	764,285
LIABILITIES			
Current liabilities		746,763	752,269
Revenue funds to be surrendered	14	6,489	7,046
Payables	15	740,274	745,223
Non-current liabilities		22,158	12,016
Payables	16	22,158	12,016
TOTAL LIABILITIES		768,921	764,285
NET ASSETS/LIABILITES		0	0

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**CASH FLOW STATEMENT
for the year ended 31 March 2003**

	Note	2002/03 R'000	2001/02 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	17	171,243	181,113
Cash generated (utilised) to (increase)/decrease working capital	18	(6,109)	235,377
Voted funds and Revenue funds surrendered	19	(120,429)	(189,087)
Unauthorised expenditure approved	10.1	33,960	21,959
Net cash flow available from operating activities		78,665	249,362
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(51,371)	(63,919)
Net cash flows from operating and investing activities		27,294	185,443
Net increase/(decrease) in cash and cash equivalents		27,294	185,443
Cash and cash equivalents at beginning of period		128,885	(56,558)
Cash and cash equivalents at end of period		156,179	128,885

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2003**

1 Charge to Provincial Revenue Fund

1.1 Included in the above are funds specifically and exclusively appropriated for Provincial Departments (Equitable Share):

Programmes	Total Appropriation	Actual	Variance	Total
Health Administration	137,297	137,297	-	137,851
District Health Services	1,189,699	1,189,699	-	1,088,515
Provincial Hospital Services	923,385	923,385	-	850,910
Academic Health Services	1,497,656	1,497,656	-	1,377,610
Health Sciences	57,584	57,584	-	53,530
Health Care Support Services	64,210	64,210	-	67,406
** Special functions	1,805	1,805	-	2,945
TOTAL	3,871,636	3,871,636	-	3,578,767

Included in the totals for "Total Appropriation" and "Actual" is the own revenue budget amounting to R92, 035m.

** Funding has been vired to finance Special functions expenditure.

1.2 Conditional grants	Note	2002/03	2001/02
Total grants received	Annexure 1	<u>1,423,304</u>	<u>1,369,329</u>

2 Other revenue to be surrendered to the revenue fund **Note**

Description		2002/03	2001/02
		R'000	R'000
Cheques written back/stale cheques		527	489
Interest received		2,543	1,921
Hospital fees		95,161	88,893
Contract debt		625	540
Subsidised motor transport		0	31
Provincial working capital: Other recoveries		0	592
Miscellaneous capital receipts		1,904	1,878
Board and lodging		6,245	6,734
Contributions by universities (Cape Town and Stellenbosch)		8,804	8,728
Administration fees		2,334	2,018
Other: Sales		330	327
Registration, tuition and examination fees		44	30
Other: Receipts		392	973
Refunds: Previous year		590	3,331
Other		373	709
Total own revenue collected	14	<u>119,872</u>	<u>117,194</u>
Less own revenue budget		<u>92,035</u>	<u>87,132</u>
Non voted funds		<u>27,837</u>	<u>30,062</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

2.1	Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)	2002/03 R'000	
	Nature of gift, donation and sponsorship		Donar
	• Household equipment/goods and services		
	• Maintenance of gardens and grounds		Hospital Board
	• Moving of offices	126	Hospital Board
	• Upgrading of outbuilding: Tygerbear	59	Irvin and Johnson
	• Other	125	
	Textiles and clothing	306	
	Audio visual equipment	12	
	Medical equipment/Consumables	45	
	• Medical consumables		Hospital Board
	• Sonar machine	97	Dr Alblas
	• 14x Flogard volumetric infusion pumps	50	Adcock Ingram
	• Olympus video bronchoscope	168	Holland Stellenbosch Medical Foundation
	• Olympus video processor	210	Holland Stellenbosch Medical Foundation
	• 40 Lifecare infusion pumps	98	Abbott Laboratories
	• Codman craniotome perforator motor	288	Johnson and Johnson
	• 2x Gastroscope, Sigmoidoscope, Colonoscope	50	Maria Voor Anderson
	• Intra aortic balloon pump	280	Arrow Africa
	• Other	200	
		87	
		<u>2,201</u>	
3	Personnel	2002/03 R'000	2001/02 R'000
3.1	Current expenditure		
	Appropriation to Executive and Legislature	660	758
	Basic salary costs	1,635,483	1,519,175
	Pension contributions	227,914	214,861
	Medical aid contributions	112,913	105,767
	Other salary related costs	430,958	405,917
	Total Personnel Costs	<u>2,407,928</u>	<u>2,246,478</u>
	Average number of employees	24,547	24,637
4	Inventories	2002/03 R'000	2001/02 R'000
4.1	Current expenditure		
	Inventories purchased during the year		
	Printing and stationery	14,405	13,188
	Electricity, fuel and water	53,547	48,462
	Provisions	28,879	25,106
	Medical and surgical requisites	207,459	164,000
	Paper products	15,311	13,346
	Blood	56,033	45,802
	Pharmaceuticals	289,082	247,680
	Other	46,628	44,239
	Total cost of inventories	<u>711,344</u>	<u>601,823</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

4.2 Inventories on hand at year end (for disclosure purposes only)	Costing method used	2002/03 R'000
Stationery	WAC	8,950
Provisions	WAC	5,068
Medical and surgical	WAC	20,620
Pharmaceuticals	WAC	9,117
Cleaning/Chemicals	WAC	2,356
Engineering	WAC	872
Maintenance	WAC	2,656
** Other	WAC	4,394
Stationery	FIFO	20
Medical and surgical	FIFO	1,323
Pharmaceuticals	FIFO	13,928
Cleaning/Chemicals	FIFO	41
Other	FIFO	75
Stationery	LIFO	850
Provisions	LIFO	9
Medical and surgical	LIFO	880
Pharmaceuticals	LIFO	596
Cleaning/Chemicals	LIFO	94
Other	LIFO	425
		<u><u>72,274</u></u>

** Amount of R322,000 cannot be categorised due to a system problem.

WAC=weighted average cost FIFO=first in first out LIFO=last in first out

The value of inventory on hand disclosed is for main depots

5 Machinery and Equipment	Note	2002/03 R'000	2001/02 R'000
Current (Rentals, maintenance and sundry net of cash discounts)		12,298	10,157
Capital	5.1	48,979	51,162
Total current and capital expenditure		<u><u>61,277</u></u>	<u><u>61,319</u></u>
5.1 Capital machinery and equipment analysed as follows:		2002/03 R'000	2001/02 R'000
Computer equipment		10,319	5,436
Furniture and office equipment		2,615	3,077
Other machinery and equipment		36,045	42,649
		<u><u>48,979</u></u>	<u><u>51,162</u></u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

6	Professional and special services		2002/03	2001/02
			R'000	R'000
6.1	Current expenditure			
	Auditors' remuneration		3,613	4,304
	Contractors		10,291	9,378
	Consultants and advisory services		502	3,305
	Computer services		811	710
	Other		215,619	180,645
	Total Professional and special services		<u>230,836</u>	<u>198,342</u>
7	Transfer payments	Note	2002/03	2001/02
			R'000	R'000
	Other transfers	Annexure 1B	379,404	402,157
			<u>379,404</u>	<u>402,157</u>
	Analysis of payments		2002/03	2001/02
			R'000	R'000
	Capital		2,392	12,757
	Current		377,012	389,400
			<u>379,404</u>	<u>402,157</u>
8	Miscellaneous	Note	2002/03	2001/02
8.1	Current Expenditure		R'000	R'000
	Remissions, refunds and payments made as an act of grace	8.2	38	20
	Claims against the State: YM Matthews case		3,477	0
	Other: Claims against the State		178	921
	Total miscellaneous expenditure		<u>3,693</u>	<u>941</u>
8.2	Remissions, refunds and payments made as an act of grace		2002/03	2001/02
	Nature of remissions, refunds and payments		R'000	R'000
	Ex-Gratia payments		38	20
			<u>38</u>	<u>20</u>
9	Special functions: Authorised losses	Note	2002/03	2001/02
			R'000	R'000
	Material losses through criminal conduct	9.1	28	1,005
	Other material losses written off	9.2	670	753
	Debts written off	9.3	1,107	1,187
			<u>1,805</u>	<u>2,945</u>
9.1	Material losses through criminal conduct		2002/03	2001/02
	Nature of losses		R'000	R'000
	Cheque fraud		15	796
	Salary fraud		0	182
	Trolleys		7	0
	Polishing machine		4	0
	Other		2	27
			<u>28</u>	<u>1,005</u>

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003

9.2	Other material losses written off in income statement in current period		2002/03	2001/02
	Nature of losses		R'000	R'000
	<i>Government vehicle losses</i>		258	469
	Theft		31	103
	Damage		227	357
	Other		0	9
	Other losses		12	14
	Claims against the State		400	270
			670	753
9.3	Debts written off		2002/03	2001/02
	Nature of debts written off		R'000	R'000
	Salary overpayments		164	516
	Guarantees		185	162
	Tax		155	131
	Interest		8	55
	Breach of contract		0	70
	Bursaries		220	142
	Accommodation		145	0
	Nutrition programme		170	0
	Other		60	111
			1,107	1,187
10	Unauthorised and fruitless and wasteful expenditure disallowed	Note	2002/03	2001/02
			R'000	R'000
	Unauthorised expenditure	10.2	3,926	2,250
			3,926	2,250
10.1	Reconciliation of unauthorised expenditure balance		2002/03	2001/02
			R'000	R'000
	Opening balance		429,177	504,547
	Unauthorised expenditure current year		3,926	2,250
	Approved by Parliament		(33,960)	(21,959)
	Adjustments		0	(55,661)
	Closing balance		399,143	429,177
10.2	Unauthorised expenditure		2002/03	2001/02
	Incident	Disciplinary steps taken/ criminal proceedings	R'000	R'000
	Over expenditure	N/A	3,926	2,250
			3,926	2,250
11	Analysis of surplus		2002/03	2001/02
			R'000	R'000
	Non voted funds		27,837	30,062
	Other revenue to be surrendered to the Provincial Revenue Fund		27,837	30,062
	Total		27,837	30,062

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003

12	Cash and cash equivalents		2002/03	2001/02
			R'000	R'000
	Paymaster general account		2,529	13,062
	Orders Payable		(1,724)	(11,152)
	Deposits		141	247
	PMG adjustment account		(1,779)	0
	Electronic amounts payable		6	(14,258)
	Cheques cancelled and re-issued		(26)	(143)
	EFT rejected and re-issued		(36)	(227)
	Receipt suspense account		73	1
	Suspense miscellaneous receipts		(1,151)	(883)
	Erroneous bankdeposits		8	0
	ACB Control account EFT payments		(36,196)	(24,684)
	Cash on hand		46	40
	Short term investments		194,288	166,882
			<u>156,179</u>	<u>128,885</u>
13	Receivables - current	Note	2002/03	2001/02
			R'000	R'000
	Amounts owing by other departments		189,332	189,122
	Staff debtors	13.1	12,503	5,727
	Other debtors	13.2	9,921	7,798
	Advances	13.3	1,843	3,576
			<u>213,599</u>	<u>206,223</u>
13.1	Staff debtors		2002/03	2001/02
			R'000	R'000
	Departmental debt		62	416
	Miscellaneous		0	23
	Old debtor system		9	196
	**New debtor system		12,277	5,092
	Salary reversal control		66	0
	SITE/PAYE		89	0
			<u>12,503</u>	<u>5,727</u>

** The national debtor system used by the Department cannot provide a breakdown of categories of debt or an age analysis of outstanding debt.

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003

13.2	Other debtors		2002/03 R'000	2001/02 R'000
	Rent (private tenants)		161	324
	Trade debts		2,237	1,704
	Suspense miscellaneous		921	650
	Disallowance GG accidents		370	345
	Disallowance GG miscellaneous		48	6
	Disallowance store issues		4,419	3,144
	Disallowance suppliers		321	366
	Disallowance overpayments		95	104
	Disallowance miscellaneous		114	94
	Cheque fraud internal and external		92	143
	Suspense payment awaiting authority		0	6
	Suspense awaiting treasury authority		0	912
	Trading account: Karl Bremer Hospital		978	0
	SITE/PAYE		165	0
			9,921	7,798
			9,921	7,798
13.3	Advances		2002/03 R'000	2001/02 R'000
	Nature of advances			
	Advances subsistence and transport		80	83
	Advances sexual transmitted diseases		215	817
	Advances feeding schemes		1,473	2,601
	Advances granted		75	75
			1,843	3,576
			1,843	3,576
14	Revenue funds to be surrendered	Note	2002/03 R'000	2001/02 R'000
	Opening balance		7,046	5,731
	Total revenue collected	2	119,872	117,194
	Paid during the year	19	(120,429)	(115,879)
	Closing balance		6,489	7,046
			6,489	7,046
15	Payables - current	Note	2002/03 R'000	2001/02 R'000
	Description			
	Amounts owing to other departments		739,389	743,361
	Advances received	15.1	378	690
	Other payables	15.2	507	1,172
			740,274	745,223
			740,274	745,223
15.1	Advances received		2002/03 R'000	2001/02 R'000
	Advances received		378	690
			378	690
			378	690

WESTERN CAPE PROVINCE
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003

15.2 Other payables		2002/03	2001/02
		R'000	R'000
PERSAL adjustments		222	763
Suspense: Patient private money		8	8
Board/Lodging and rent		0	12
Preferred provider medical aid		277	0
ACB/BDB netto salaries		0	389
		<u>507</u>	<u>1,172</u>
16 Payables – non-current		2002/03	2001/02
		R'000	R'000
Trading account: Cape Medical Depot		12,486	9,551
Trading account: Karl Bremer Hospital		0	2,444
Recoverable revenue: Capital account		8,514	21
Recoverable revenue: Interest		1,158	0
		<u>22,158</u>	<u>12,016</u>
17 Net cash flow generated by operating activities	Note	2002/03	2001/02
		R'000	R'000
Net surplus as per Income Statement	11	27,837	30,062
Adjusted for items separately disclosed		143,406	151,051
Own revenue budget		92,035	87,132
Capital expenditure		51,371	63,919
Net cash flow generated by operating activities		<u>171,243</u>	<u>181,113</u>
18 Cash generated (utilised) to (increase)/decrease working capital		2002/03	2001/02
		R'000	R'000
Increase in receivables – current		(9,110)	(179,312)
Decrease in receivables – non-current		0	(784,712)
Decrease in prepayments and advances		1,733	122,243
Increase / (decrease) in other current assets		(3,926)	316,826
Increase / (decrease) in payables		(4,949)	748,316
Increase in other non-current liabilities		10,143	12,016
		<u>(6,109)</u>	<u>235,377</u>
19 Voted funds and Revenue funds surrendered	Note	2002/03	2001/02
		R'000	R'000
<i>Health</i>			
Voted funds surrendered		0	(23,805)
Revenue funds surrendered	14	(120,429)	(115,879)
<i>Social Services</i>			
Voted funds surrendered		0	(72,342)
Revenue funds surrendered		0	22,939
		<u>(120,429)</u>	<u>(189,087)</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2003**

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

20	Contingent liabilities				
	Liable to	Nature	Note	2002/03	2001/02
				R'000	R'000
	Various financial institutions	Housing guarantees	Annexure 2	50,085	64,781
	Stannic	Motor vehicle guarantee	Annexure 2	62	115
	FirstRand	Bulk mail	Annexure 2	75	0
	Claimants	Medico legal		23,496	22,122
				<u>73,718</u>	<u>87,018</u>
21	Commitments			2002/03	
				R'000	
	Current expenditure				
	Approved and contracted/ordered			28,485	
	Approved but not yet contracted			<u>3,002</u>	
				31,487	
	Capital expenditure				
	Approved and contracted/ordered			2,098	
	Approved but not yet contracted			<u>675</u>	
				2,773	
	Total Commitments			<u><u>34,260</u></u>	
22	Accruals			2002/03	
22.1	Listed by standard item			R'000	
	Personnel			3,612	
	Administrative			2,185	
	Inventories			36,284	
	Equipment			1,439	
	Professional and special services			14,414	
	Transfer payments			31,743	
	Miscellaneous			1	
				<u>89,678</u>	
22.2	Listed by programme level			2002/03	
				R'000	
	1 Health Administration			1,596	
	2 District Health Services			33,418	
	3 Provincial Hospital Services			12,574	
	4 Academic Health Services			41,448	
	5 Health Sciences			341	
	6 Health Care Support Services			<u>301</u>	
				<u><u>89,678</u></u>	

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

23	Provisions		Note	2002/03
	Purpose of provision			R'000
	Medical aid contributions: Emergency Medical Services retired staff	23.1		<u>122</u>
				<u><u>122</u></u>

**WESTERN CAPE PROVINCE
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23.1	For each class of provision listed above:	2002/03	
		R'000	
	Increase in provision made during the period	122	
	Closing balance	<u>122</u>	
24	Employee benefits	2002/03	2001/02
		R'000	R'000
	# Leave entitlement	225,998	240,175
	Thirteenth cheque	68,104	39,413
	** Performance bonus	333	2,000
		<u>294,435</u>	<u>281,588</u>
	# This figure is in respect of capped leave only.		
	** This figure is in respect of senior management personnel only.		

25	Leases			
25.1	Operating leases	Property	Equipment	Total
	Not later than 1 year	13	476	489
	Later than 1 year and not later than 3 years			
	2004/2005	0	5,702	5,702
	2005/2006	164	1,039	1,203
	Later than 3 years			
	2006/2007	149	131	280
	2007/2008	0	388	388
		<u>326</u>	<u>7,736</u>	<u>8,062</u>
	Future finance charges	125	2,165	2,290
	Total present value of lease liabilities	<u>201</u>	<u>5,571</u>	<u>5,772</u>

26	Receivables for services delivered	2002/03
	Nature of services	R'000
	*** Healthcare provided	95,526
		<u>95,526</u>

26.1 Amounts of R 16,239m included above may not be recoverable.

*** Total exclude amounts in respect of the Billing Module of the Health Information System (HIS).

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

27	Key management personnel		
27.1	Remuneration	Number of individuals	Aggregate salary R'000
	Minister	1	392
	Superintendent General	1	374
	Deputy Director General	2	646
	Chief Director	8	2,097
			<u>3,509</u>

**WESTERN CAPE PROVINCE
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27.2	Other remuneration and compensation provided to key management.		Other remuneration R'000
		Number of individuals	
	Minister	1	148
	Superintendent General	1	207
	Deputy Director General	2	349
	Chief Director	8	1,036
			<u>1,740</u>
28	Gifts, donations and sponsorships		2002/03 R'000
	Nature of gift, donation or sponsorship		
	Cash donations to Recreation Funds		40
	Cash donations to Patients Amenities Fund		5
	Sponsorship for official opening of Tygerbear		8
	Sponsorship for functions		21
			<u>74</u>

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS RECEIVED BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2003

NAME OF DEPARTMENT (List each Grant per department)	GRANT ALLOCATION				EXPENDITURE			ANALYSIS	
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual R'000	Unspent R'000	% of Available Spent R'000	Capital R'000	Current R'000
National Tertiary Services	1,030,510	16,928	-	1,047,438	1,047,438	-	100	-	1,047,438
Professional Training and Development	308,164	8,200	-	316,364	316,364	-	100	-	316,364
HIV/AIDS	8,760	2,953	-	11,713	11,672	41	99,65	19	11,653
Integrated Nutrition Programme	28,789	-	-	28,789	28,789	-	100	302	28,487
Hospital Management Improvement	19,000	-	-	19,000	19,000	-	100	9,095	9,905
Total	1,395,223	28,081	-	1,423,304	1,423,263	41		9,416	1,413,847

WESTERN CAPE PROVINCE
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003

ANNEXURE 1B

STATEMENT OF OTHER TRANSFERS BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2003

(List each Transfer by Entity / Institution)	ALLOCATION				EXPENDITURE				
	Appropriations Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Seta	1,440	0	0	1,440	1,440	0	100	0	1,440
Universities	9,549	0	0	9,549	8,687	862	91	0	8,687
Cape Medical Depot Trading Account	1	0	0	1	2,392	(2,391)	-	2,392	0
Provincial Aided Hospitals	34,111	0	0	34,111	33,983	128	100	0	33,983
Non-Government Organisations	105,473	0	0	105,473	99,900	5,573	95	0	99,900
Municipalities	177,727	0	0	177,727	174,603	3,124	98	0	174,603
Karl Bremer Hospital	58,400	0	0	58,400	58,399	1	100	0	58,399
	386,701	0	0	386,701	379,404	7,297		2,392	377,012

WESTERN CAPE PROVINCE
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2003

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	R'000	
Various financial institutions	Housing	***	64,781	***	***	***	**	**	**	50,085	185	
Stannic	Motor vehicle	163	115	0	0	53	**	**		62	0	
FirstRand	Bulk mail	75	0	0	0	0		N/A		75	0	
Total		238	64,896	0	0	53	0	0	0	50,222	185	

** The National payroll computerised system used by the Department cannot provide this information

**WESTERN CAPE PROVINCE
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**NOTES 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 R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	0	48,979	0	0	0	48,979
Computer equipment	0	10,319	-	-	-	10,319
Furniture and office equipment	0	2,615	-	-	-	2,615
Other machinery and equipment	0	36,045	-	-	-	36,045
	0	48,979	0	0	0	48,979

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	0	51,162	0	0	0	51,162
Computer equipment	0	5,436	-	-	-	5,436
Furniture and office equipment	0	3,077	-	-	-	3,077
Other machinery and equipment	0	42,649	-	-	-	42,649
	0	51,162	0	0	0	51,162

Figure represents purchases only.

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
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CAPE MEDICAL DEPOT TRADING ACCOUNT
INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
Income			
Gross income	8.1	15,239	13,027
Expenditure			
Gross expenditure	8.3	(17,631)	(12,435)
Net profit transferred to the Provincial Revenue Account/ (Net Loss recovered from Vote)		(2,392)	592

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

CAPE MEDICAL DEPOT TRADING ACCOUNT
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
ASSETS			
Current assets			
Stock	4	41,989	33,191
Receivables	5	26,260	21,855
Cash and cash equivalents	6	3,668	2,007
		12,061	9,329
Total Assets		<u>41,989</u>	<u>33,191</u>
FUNDS AND LIABILITIES			
Current liabilities			
Payables	7	11,989	3,191
		11,989	3,191
Funds			
Trading account fund	3	30,000	30,000
		30,000	30,000
Total Funds and Liabilities		<u>41,989</u>	<u>33,191</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**CAPE MEDICAL DEPOT TRADING ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2003**

	Capitalisation Reserve R'000	Accumulated Profit R'000	Total R'000
2002/03			
Opening balance at beginning of the year	30,000	0	30,000
Deficit for the current year	0	(2,392)	(2,392)
Recovered from Vote	0	2,392	2,392
Closing balance at end of the year	<u>30,000</u>	<u>0</u>	<u>30,000</u>
2001/02	R'000	R'000	R'000
Opening balance at beginning of the year	22,257	0	22,257
Increase in Trading Account Fund	7,743	0	7,743
Surplus for the current year	0	592	592
Transfer to Revenue Fund	0	(592)	(592)
Closing balance at end of the year	<u>30,000</u>	<u>0</u>	<u>30,000</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**CAPE MEDICAL DEPOT TRADING ACCOUNT
CASH FLOW STATEMENT
for the year ended 31 March 2003**

	Note	2002/03 R'000	2001/02 R'000
CASH FLOWS FROM OPERATING ACIVITIES			
Cash utilised by operations	9	2,732	(7,324)
Net cash outflow from operating activities		<u>2,732</u>	<u>(7,324)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Trading Fund		0	7,743
Net cash inflow from financing activities		<u>0</u>	<u>7,743</u>
Net increase in cash and cash equivalents		2,732	419
Cash and cash equivalents at beginning of year		<u>9,329</u>	<u>8,910</u>
Cash and cash equivalents at end of year		<u>12,061</u>	<u>9,329</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**CAPE MEDICAL DEPOT TRADING ACCOUNT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2003**

1. Accounting policies

The annual financial statements are, unless otherwise indicated, compiled on the historical cost basis in accordance with generally accepted accounting practice. The following principle was not applied in accordance with generally accepted accounting practice due to the financial management system used by the department:

Revenue and expenditure are recognised on the cash basis.

1.1 Revenue recognition

Income is recognised when cash is received.

1.2 Stock

Stock is valued at weighted average cost.

1.3 Dispensation of profit or loss

At the end of the financial year any profit shall be paid into the revenue fund and any loss recovered from the vote.

1.4 Cash and cash equivalents

Cash and cash equivalents comprises the closing balance of the trading account fund.

2. Turnover

Turnover (inclusive of VAT) represents amounts invoiced for the provision of stock to the Department of Health. Purchase of requisites during the current financial year not passing through the store amounted to R4,980.

3. Trading account fund

	2002/03	2001/02
	R'000	R'000
Balance at the beginning of the year	30,000	22,257
Increase in trading account fund	0	7,743
	30,000	30,000

4. Stock

Closing stock	26,260	21,855
	26,260	21,855

5. Receivables

Claims Recoverable: Medsas	2,576	1,167
Suspense: Pre-Packing	1,092	840
	3,668	2,007

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**CAPE MEDICAL DEPOT TRADING ACCOUNT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

6. Cash and cash equivalents	Note	2002/03 R'000	2001/02 R'000
Trading account fund		41,989	33,191
Working capital		30,000	30,000
Plus: Payables		11,989	3,191
Less:		(29,928)	(23,862)
Value of closing stock		26,260	21,855
Receivables		3,668	2,007
Cash and cash equivalents		12,061	9,329
7. Payables			
Receipt vouchers not yet paid		12,346	3,191
Less: Returns to supplier not recovered		(35)	0
Issues from CMD to Oudtshoorn not yet posted		(322)	0
		11,989	3,191
8. Net of income over expenditure: Loss/(Profit)			
8.1 Income			
Trading income		12,543	10,740
Turnover		224,439	195,000
Less: Cost of sales	8.2	(211,896)	(184,260)
Plus:		2,696	2,287
Store surplus		1,459	0
Purchase price variances		0	1,836
Price variances		1,236	450
Trading account receipts		1	1
Gross Income		15,239	13,027

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**CAPE MEDICAL DEPOT TRADING ACCOUNT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

8.2 Cost of sales	2002/03	2001/02
	R'000	R'000
Stock	239,679	207,481
Opening balance	21,855	18,811
Purchases	190,121	163,472
Returns	19,160	20,086
Packing material	564	434
Carriage and freight	3,044	2,832
Stock appreciation	1,237	450
Stock surplus	3,698	1,396
Less: Closing stock	(27,783)	(23,221)
Closing balance	26,260	21,855
Returns to suppliers	70	258
Stock shortages	1,453	1,108
 Cost of sales	 <u><u>211,896</u></u>	 <u><u>184,260</u></u>
 8.3 Expenditure:		
Personnel expenditure	8,287	7,531
Administrative expenditure	333	337
Stores and livestock	172	187
Equipment	381	563
Professional and special services	2,977	1,350
Interest on capital fund	2,543	1,921
Miscellaneous price variances	678	546
Purchase Price Variances	935	0
Breakages and losses	1,325	0
	<u><u>17,631</u></u>	<u><u>12,435</u></u>
 8.4 Surplus/(deficit) of income over expenditure for the year	 (2,392)	 592
(Paid over to Revenue fund) Recovered from vote	2,392	(592)
Surplus at end of year	<u><u>0</u></u>	<u><u>0</u></u>

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

CAPE MEDICAL DEPOT TRADING ACCOUNT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003

9 Cash utilised by operations	2002/03	2001/02
	R'000	R'000
9.1 Movements in working capital		
Increase in stock	(4,405)	(3,044)
(Decrease)/Increase in payables	8,798	(4,800)
(Increase)/Decrease in receivables	(1,661)	520
Net funds utilised by movements in working capital	<u>2,732</u>	<u>(7,324)</u>

WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6

KARL BREMER HOSPITAL TRADING ACCOUNT
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
ASSETS			
Current assets			
Cash and cash equivalents	4	(979)	2,443
		<u>(979)</u>	<u>2,443</u>
Total Assets		<u>(979)</u>	<u>2,443</u>
FUNDS AND LIABILITIES			
Funds			
Trading account fund	3	(979)	2,443
		<u>(979)</u>	<u>2,443</u>
Total Funds and Liabilities		<u>(979)</u>	<u>2,443</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**KARL BREMER HOSPITAL TRADING ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
at 31 March 2003**

	Note	Capitalisation Reserve R'000	Accumulated Profit R'000	Total R'000
2002/03				
Opening balance at beginning of the year		0	2,443	2,443
Deficit for the current year		0	(3,422)	(3,422)
Closing balance at end of the year		<u>0</u>	<u>(979)</u>	<u>(979)</u>
2001/02				
		R'000	R'000	R'000
Opening balance at beginning of the year		0	4,817	4,817
Deficit for the current year	4.3	0	(2,358)	(2,358)
Restatement of opening balance		0	(16)	(16)
Closing balance at end of the year		<u>0</u>	<u>2,443</u>	<u>2,443</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**KARL BREMER HOSPITAL TRADING ACCOUNT
CASH FLOW STATEMENT
at 31 March 2003**

	2002/03 R'000	2001/02 R'000
CASH FLOWS FROM OPERATING ACIVITIES		
Cash generated by operations	(3,422)	(2,358)
Net cash outflow from operating activities	<u>(3,422)</u>	<u>(2,358)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restatement of opening balace due to accumulation error in system	0	16
	<u>0</u>	<u>16</u>
Net increase in cash and cash equivalents	(3,422)	(2,374)
Cash and cash equivalents at beginning of year	2,443	4,817
Cash and cash equivalents at end of year	<u>(979)</u>	<u>2,443</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**KARL BREMER HOSPITAL TRADING ACCOUNT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2003**

1 Accounting policies

To create an incentive for hospitals to generate and retain more revenue the Health/Technical Committee decided to launch a hospital trading account as a pilot project in some of the Provinces. Karl Bremer Hospital was selected in the Western Cape and this was implemented as from 1 April 1999.

The annual financial statements are, unless otherwise indicated, compiled on the historical cost basis in accordance with generally accepted accounting practice. The following principle was not applied in accordance with generally accepted accounting practice due to the financial management system used by the department:

Revenue and expenditure are recognised on the cash basis.

1.1 Revenue recognition

Income is recognised when cash is received.

1.2 Stock

Stock is issued "free of charge" and therefore no stock valuation is performed. Stock is valued at nil value.

1.3 Dispensation of profit or loss

At the end of the financial year any profit/[defecit] shall be carried over to the next financial year.

1.4 Cash and cash equivalents

Cash and cash equivalents comprises the closing balance of the trading account fund.

2 Turnover

Turnover (inclusive of VAT) represents transfer payments from Metro Regional Office as well as own revenue generated by Karl Bremer Hospital.

3 Capital fund

	2002/03	2001/02
	R'000	R'000
Trading account fund	(979)	2,443
	<u>(979)</u>	<u>2,443</u>

**WESTERN CAPE PROVINCE
DEPARTMENT OF HEALTH
VOTE 6**

**KARL BREMER HOSPITAL TRADING ACCOUNT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2003**

	2002/03	2001/02
	R'000	R'000
4 Net of income over expenditure		
4.1 Income		
Trading income	8,654	5,805
Transfer payments	58,399	55,717
	<u>67,053</u>	<u>61,522</u>
4.2 Expenditure:		
Personnel expenditure	49,372	45,555
Administrative expenditure	931	948
Stores and livestock	11,533	8,835
Equipment	1,620	2,677
Professional and special services	7,019	5,865
	<u>70,475</u>	<u>63,880</u>
4.3 Defecit of income over expenditure for the year	(3,422)	(2,358)
Opening balance	2,443	4,817
** Defecit of income over expenditure for the year 1999/2000	0	(16)
Trading profit/[defecit] to be carried forward to the next financial year	<u>(979)</u>	<u>2,443</u>

*** Restatement of opening balance due to accumulation error in system corrected in the 2001/02 financial year.*

