

PART 4  
ANNUAL FINANCIAL  
STATEMENTS



WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

MANAGEMENT REPORT  
for the year ended 31 March 2004

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Report by the Accounting Officer to the Executive Authority and Provincial Parliament.

1. *General review of the state of financial affairs*

The Department of Transport and Public Works was created on 1 April 2002. The Department has been restructured at the beginning of the financial year in order to align with its core functions and to incorporate the principles of Ikapa Elihlumayo. Two new programmes have been added namely Transport and Community Based Public Works Programme.

*Expenditure*

An amount of R1,544 million (previous year R1,262 million) was originally voted for this Department. A further adjustment occurred during the financial year adding another R50 million (previous year R118 million) to budget, thereby bringing the total allocation for this financial year to R1,594 million (previous year R1,380 million). An under spending of R22 million (previous year R53 million) occurred on all programmes. The under spending equates to 1.6 % (previous year 3.8%) of the total budget.

The budget allocation per programme is as follows:	2003/04		2002/03	
	R Million	%	R Million	%
Programme 1: Administration	28	1.8	31	2.2
Programme 2: Public Works	700	43.9	577	41.8
Programme 3: Roads	698	43.8	772	56.0
Programme 4: Transport	126	7.9		
Programme 5: Community Based Public Works Programme	42	2.6		
<b>Total</b>	<b>R 1 594</b>	<b>100</b>	<b>R 1 380</b>	<b>100</b>

The expenditure pattern for the year under review is as follows	R Million	%	R Million	%
Personnel	127	8.1	111	8.4
Administration	27	1.7	19	1.4
Inventory	18	1.1	16	1.2
Equipment	31	2.0	42	3.2
Land and buildings	142	9.0	101	7.6
Professional and special services: infrastructure related	995	63.3	867	65.3
Professional and special services: non-infrastructure related	127	8.1	109	8.2
Financial assistance for the maintenance of roads and construction of public transport facilities	102	6.5	61	4.6
Miscellaneous	3	0.2	1	0.1
<b>Total</b>	<b>R 1 572</b>	<b>100</b>	<b>R 1 327</b>	<b>100</b>

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**Revenue**

The revenue budget for the year was R667 million (previous year R538 million). Actual revenue received amounted to R691 million (previous year R561 million) representing an over collection of R24 million (previous year R23 million). The over collection was due to the motor vehicle licence collection budget being exceeded owing to increase focus of the compliance division within the Transport Administration and Licensing section.

**Inventory on hand at year-end**  
*Head Office*

	2003/04	2002/03
	R'000	R'000
Inventory on hand are for main depots and are valued at the weighted average cost		
Stationary		
Motor Vehicle Administration forms	708	697
General stationary	120	115
Total	R 828	R 812

**Government Motor Transport**

	2003/04	2002/03
	R'000	R'000
Inventory on hand are valued at the weighted average cost		
General stationary	10	14
Spares, accessories, e.t.c.	16	34
Total	R 26	R 48

**Roads Capital Account**

	2003/04	2002/03
	R'000	R'000
Inventory on hand are valued at the weighted average cost		
Roads maintenance material	2,006	1,938
Total	R 2,006	R1, 938

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**2.** *Services rendered by the department*

**2.1** *Tariff policy*

The fees charged and recovered for services rendered by the various branches within the Department have been calculated in accordance with either Provincial or National policy directives and paid into the Provincial Revenue Fund and accounted for as prescribed.

Tariffs are reviewed annually and are based on sound economic and cost recovery principles in consultation with the Provincial Treasury.

All tariffs have been included in a tariff register as prescribed and kept in an electronic format. Approved tariffs exist for the following major services:

- Motor vehicle licences and related services.
- Government motor vehicles.
- Letting of properties and related services
- Supply of tender documents.
- Supply of information.
- Rendering of professional and technical support services.

**3.** *Trading entities*

**3.1** *Government Motor Transport*

*Trading Activities*

The trading activities of the Government Motor Transport can be described as follows:

Provision of permanently allocated and temporary allocated vehicles to both national and provincial user departments for the use of transportation in order that those departments may carry out their services effectively and efficiently.

Government Motor Transport charges both a daily and kilometre tariff on vehicles. This is the fourth year that provincial departments have been charged a daily tariff. The income derived from the tariffs is used to cover the replacement, running and maintenance costs of the vehicles as well as the overhead expenses of Government Motor Transport.

Government Motor Transport operates in terms of a policy whereby vehicles are renewed at the end of its specific economical lifecycle. Due to a shortfall of capital funds in the past, the replacement programme fell behind, but good progress has since been made and indications are that the backlog will be eliminated within the next year.

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#### Budget allocation

Government Motor Transport does not make use of allocated/voted funds. As a trading activity generates its own income through the kilometre and daily tariff charges in order to finance its activities.

#### Tariff policy

A daily and kilometre tariff is charged per vehicle used by departments. The daily tariff covers the replacement costs of the vehicle fleet, depreciation as well as the overhead costs. The kilometre tariff covers the running and maintenance cost.

The tariffs charged by Government Motor Transport are based on the newly approved Charge Identification Codes (CIC) tariff charge policy as approved by Provincial Treasury. There were inflationary increases in the tariffs charged to the National Departments and the Western Cape Departments for the 2003/2004 financial year.

#### Trading Results

Government Motor Transport realised a surplus of R 4,425 million (last year R 0,001 million) on its trading activities.

#### Events Subsequent to Balance Sheet

With effect from 1 April 2004, Correctional Services had decided to withdraw their 612 vehicles from the Government Motor Transport fleet and to manage their own vehicle fleet. The reason behind this being that some of the Provinces were not able to render an effective service any more. It should be mentioned that Government Motor Transport was not approach for consultation when Correctional Services made this decision. However, Government Motor Transport, in consultation with its counter part in Gauteng, are presently investigating the possibility to render the service to Correctional Services on an agency basis.

The impact of this decision on the operating of the remainder of the fleet will have a minor effect on the ability of Government Motor Transport to replace some of its vehicles when they have reached their life expectancy, this is as a result of the cross subsidization of the fleet.

The total value of the 612 vehicles belonging to the Correctional Services fleet as at 31 March 2004 is R 24,998 million. During 1993/1994 financial year 93 vehicles were purchased / replaced in the Correctional Services fleet which amounted to R 0,552 million.

The total value of the Government Motor Transport fleet as at 31 March 2004 is R 167,336 million which comprises of 4 307 vehicles, inclusive of Correctional Services vehicles.

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3.2 *Roads Capital Account*

This account was established in 1962 in terms of the Provincial Capital Fund Ordinance, 1962 (Ordinance 3 of 1962).

The account is kept in a separate fund to the Department.

The Roads Capital Account is an in-house set of accounts, which is driven by management costing practises and for budget purposes.

4. *Other organisations to whom transfer payments have been made*

During the year under review a total amount of R102,458 million (previous year R 60,828 million) was transferred to Municipalities and the South African Rail Commuter Corporation for the maintenance of proclaimed roads, for public transport infrastructure and for community development projects. The detail of these payments is set out in Annexure 2 and part 2, Programme Performance, of the Annual Report.

5. *Corporate governance arrangements*

5.1 *Risk Management*

The objective of risk management is to identify, assess, manage and monitor the risks, which the Department is exposed to – internally and externally. The Department appreciates the risk issues and key performance indicators affecting the ability of the Department to achieve its strategic purpose and objectives and ensures that appropriate systems are in place to manage the identified risks, so that the Department's assets are suitably protected. A risk assessment questionnaire was completed for each division within the Department. The questionnaire forms the basis on which internal control assessments are done.

5.2 *Internal Control Systems*

To meet its responsibility with respect to providing reliable financial information, the Department maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately safeguarded against material loss of unauthorised acquisition, use, or disposal, and that transactions are properly authorised and recorded.

Compliance officers monitor the operation of the internal controls and report findings and recommendations to Management. Corrective actions are taken to address control deficiencies and improve the systems as identified. Due to capacity constraints as a result of Resolution 7 of 2002, only 4 inspections were completed during the financial year.



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There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

5.3 *Fraud Prevention*

A fraud prevention plan has been implemented for the Branch Public Works. Branch Public Works has approved a Fraud Prevention Committee who holds regular meetings. The branch held fraud prevention and awareness work sessions during the year under review. The Minister has signed the Departmental fraud prevention plan and a Departmental Fraud Prevention Committee will be appointed to ensure the implementation of the plan. Each staff member has been issued with an explanatory manual on the code of conduct for the public service, as printed by the Public Service Commission.

5.4 *Internal Audit*

The Department makes use of a centralised Internal Audit component as approved by the Provincial Parliament. Due to capacity constraints the internal audit component did not function very successfully during the year.

5.5 *Audit committee*

The Department makes use of a shared Audit Committee as approved by the Provincial Parliament.

5.6 *Financial Delegations*

The financial delegations were amended to agree with Treasury Regulations issued during the year under review. The draft Accounting Officer's Supply Chain Management System and related procurement delegations are currently being reviewed.

6. *Progress with financial management improvement*

The Department regards compliance with the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999) as a priority. The Department has a structured implementation plan and reports quarterly to Provincial Treasury regarding progress made with the implementation of the Public Finance Management Act.

The Chief Financial Officer (CFO) has attended CFO sector forums held by National Treasury during the year under review.

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7. *Performance information*

A strategic plan was compiled for the year under review. The strategic plan, which indicates the process adopted to achieve the requirements of the PFMA, was submitted to Provincial Cabinet together with the annual budget. The performance of the Department, per programme, is detailed in part 2 of the Annual Report.

8. *Agency Services*

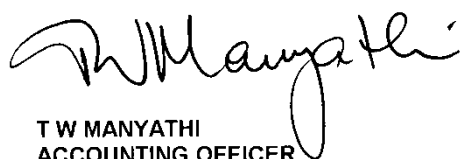
The Branch Public Transport processes bus subsidy claims each month on behalf of the National Department of Transport (NDoT). Claims are received from the sole service provider, Golden Arrow Bus Services that are submitted in accordance with the requirements of NDoT. An independent audit certificate accompanies the claims, which verifies the number of passenger tickets sold. The claims are then processed by Branch Public Transport, using the computer based SUMS programme (Subsidy Management System), which verifies the claims in terms of accuracy. The information is stored in a database, which is sent to NDoT for their records. The Branch Public Transport made payments to the amount of R347 million (previous year R 317 million) to the service provider in the 2003/2004 financial year.

9. **Public Private Partnership**

A 30-year concession agreement with Entilini Concession (Pty) Ltd to design, build, finance, operate and maintain Chapman's Peak Drive was signed on 21 May 2003. The concessionaire is investing R86 million and the Department is contributing R72.5 million. The aforementioned amounts exclude VAT. The construction has been completed and the road was opened to the public on the 21 December 2003.

**Approval**

The annual financial statements set out on pages 61 to 97, 102 to 121 and 125 to 131 are hereby approved.



T W MANYATHI  
ACCOUNTING OFFICER  
28 May 2004

**WESTERN CAPE PROVINCE**  
**DEPARTMENT OF TRANSPORT AND PUBLIC WORKS**

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE  
WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF  
TRANSPORT AND PUBLIC WORKS (VOTE 10) FOR THE YEAR ENDED 31 MARCH  
2004**

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A U D I T O R - G E N E R A L

## **REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (VOTE 10) FOR THE YEAR ENDED 31 MARCH 2004**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 61 to 97 for the year ended 31 March 2004 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### **2. NATURE AND SCOPE**

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

An audit includes:

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

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

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

### **3. AUDIT OPINION**

In my opinion, the financial statements fairly present, in all material respects, the financial position of the department at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 to 1999).

### **4. EMPHASIS OF MATTER**

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

#### **4.1 Current expenditure – Municipal services** *[Page 83, Note 7.1 to the Financial Statements]*

An amount of R7 751 421 was paid during the year under review for arrear rates and other services for 29 schools acquired by the department in the 2002-03 financial year.

The land on which the schools are situated belonged to various local authorities. The schools occupied the properties free of charge and no lease agreements were in place. It was purchased by the department in order for the schools to be registered in the name of the Provincial Government. The local authorities, at the time of sale to the department, charged rates and other services on these properties backdated to the date of occupation by the respective schools. The transfer of these properties were dependent on the obtaining of rates clearance certificates from the municipalities, resulting in the department paying the amounts on face value, accepting the accounts as is.

A legal opinion regarding the validity of the arrear rates was requested by the department but at the time of writing this report the opinion had not yet been received.

#### **4.2 Motor vehicle licenses and permits – Service Level Agreement** *[Page 81, Note 2 to the Financial Statements]*

Income collected by the municipalities for the department is paid to the department on a monthly basis. Various circulars determine the manner in which revenue should be paid over to the department and the actual agency fees that the registering authorities are permitted to retain for the execution of the agency service. Whilst provision is made for interest to be charged on any late deposits, interest on daily collections has, over an extended period since the appointment of the registering authorities, been generally accepted as a municipal income. As no formal service level agreement exists between the

department and the municipal registering authorities formulating the process in respect of interest earned on daily collections, the quantum of the potential interest not received by the department in this regard could not be determined.

Although a number of draft service level agreements had been compiled as far back as 1992, the process has, to date, not yet been finalised. Due to the extend of the period as well as the amounts involved, audit is of the opinion that the finalisation of the service level agreements must be dealt with as a matter of priority.

#### **4.3 Transfer payments**

*[Page 93, Annexure 2 to the Financial Statements]*

Evidence that audited financial statements had been submitted timeously by beneficiaries and reviewed by the department in terms of prescripts prior to further funding could not be provided for audit purposes. The following summary reflects the status of non-submission of financial statements:

- Financial year 2001-02:  
13 unaudited statements submitted  
3 statements not submitted
- Financial year 2002-03:  
4 unaudited statements submitted  
20 statements not submitted

#### **4.4 Tenders – control system**

Various control weaknesses and deficiencies were brought to the attention of the department by way of informal queries and management letters, which included, *inter alia*, the following:

- Handing-over certificates were not always filed on the relevant file;
- *Ex post facto* approval of documents;
- Letter of acceptance were only finalised after the validity date;
- Awarding of tenders in cases where the Preferential Procurement Policy section of the tender documents had not been properly completed;
- Incomplete tender evaluation forms.

#### **4.5 Hospital Revitalisation Program**

*[Page 92, Annexure 1 to the Financial Statements]*

The projects as budgeted for per the Division of Revenue Act, 2003 (Act no 7 of 2003) for 2003-04 were not completed during the period under review. The allocated amount was underspent by R18 830 000.

#### **4.6 Registration of properties**

*[Page 77, Income statement and page 83, note 6.1 to the Financial Statements]*

An analysis of the information in respect of the acquisition of land and buildings revealed that only 38 of the 133 properties purchased during the 2002-03 (R31 680 367) and 2003-04 (R47 353 168) financial years respectively, were registered in the name of the Provincial Government by 31 March 2004.

#### **4.7 Fruitless and wasteful expenditure**

*[Page 83, Note 7.2 to the Financial Statements: Professional and Special Services - Capital expenditure]*

Included in the abovementioned expenditure is an amount for R500 000 that was paid to a construction firm as a settlement amount in a claim for damages. This payment emanated from a tender that was recommended to a construction firm by the Departmental Tender Committee (DTC) and approved by the delegated official, where after the tender was re-evaluated by the DTC and recommended to a second tenderer. Although the delegated official approved the revised recommendation, it was subsequently determined that this approval was invalid, as the official did not have the authority to approve the revised recommendation. As a result an amount of R500 000 was paid to the second tenderer for damages claimed. The matter was also referred to the state law advisors who recommended that an investigation be held into the circumstances regarding the award of the tender to the second firm in contravention of the procurement prescripts, and that a disciplinary hearing be instituted to ascertain whether there was an intention to wilfully exceed powers. At the time of writing this report, the hearing had not yet been held.

#### **4.8 Maintenance of state-owned property**

A study known as the Building Audit Plan (BAP) was prepared with the assistance of consultants at a cost of approximately R4,9 million during 1999 in order to map a process to bring state-owned buildings to a functional state. In this study it was indicated that 77 per cent of properties were found to be in a less than good condition as a result of poor maintenance over a prolonged period.

The study indicated that approximately R1,2 billion was required to eliminate the backlog on maintenance and only thereafter would it be possible to implement a routine maintenance program.

It was concluded that if properties were not maintained regularly, restoration and maintenance costs would escalate dramatically over a relatively short period.

An evaluation focussing on the maintenance of state-owned property brought the following to light:

**(i) Health Directorate**

The BAP determined that R542 million was required to clear the restoration backlog. Only R195,6 million of the required R542 million (36 per cent) has been allocated over a five-year period in which the BAP was to be implemented.

Although the allocated budget was insufficient to implement the formalised plan an amount spent was R134,9 million compared to the budget of R149,6 million for the four years ending 31 March 2004.

Although an amount of R71.7 million was allocated for scheduled maintenance tasks for the 2003/04 financial year expenditure amounted to R69,7 million, only R18,7 million of this amount was spent on maintenance tasks as originally planned owing to re-prioritization during the year. Maintenance tasks amounting to approximately R53 million [75 per cent] scheduled for the 2003/04 financial year was therefore carried forward to the following financial year.

**Education Directorate**

The BAP determined that R565 million was required to clear the restoration backlog. Only R225 million of the total R565 million (40 per cent) has been allocated over a five-year period in which the BAP was to be implemented.

**(ii) General Directorate**

An amount of R37.6 million was allocated for scheduled maintenance tasks for the 2003/04 financial year. Although the total allocation had been spent, only R25 million of this amount was spent on maintenance tasks as originally planned owing to re-prioritisation during the year. Maintenance tasks amounting to approximately R12.6 million [34 per cent] scheduled for the 2003/04 financial year was therefore carried forward to the following financial year.



### **(iii) Contractors**

An analysis of contracts cancelled during the financial year under review in respect of the health and education directorates revealed that 23 contracts had been cancelled while a further 100 contractors had received warning letters owing to non-performance. This contributed to the under-utilisation of budgeted funds for maintenance as well as the carry over of tasks to the next financial period.

#### **4.9 Western Cape Nursing College and Valkenburg Hospital construction tenders**

On 15 August 2003 a special meeting was held by the Western Cape Standing Committee on Public Accounts (SCOPA) on the construction work being done at the Western Cape Nursing College and Valkenburg Hospital. A site visit was also made on 18 August 2003 and a further SCOPA meeting was held on 24 October 2003. During this meeting the department was requested to determine the following:

- The extent of the defective and incomplete work at the college due to the cancellation of the contract which, as a result of non-performance could lead to possible fruitless and wasteful expenditure and/or loss to the department.
- The extent of the possible defective work at the hospital.

Documents since submitted to audit indicated the following progress made in this regard:

- *Nursing College:* A second contractor was appointed on 13 January 2004 to complete the project (including additional work) at a tender price of R13 952 000. Although it is likely that the department will incur losses as a result of the failure to complete the original contract, the department on 28 July 2004 indicated that it was not yet possible to determine the extent of the loss.
- *Valkenburg hospital:* According to the department this project fell behind programme and defective work was identified. The department then intervened and provided additional support where after the standard of the work was improved and all identified remedial and defective work was rectified. However, the contractor was unable to complete the work by 28 February 2004 and a revised completion date of 15 December 2004 was determined. The contract is currently dealt with in terms of the contract conditions and at the time of compiling their report, no loss to the department was envisaged.

#### **4.10 Previous audit report**

- (i) *Property register:* With reference to page 56, paragraph 4.2.7(a) of the 2002-03 audit report, the department indicated on 30 July 2004 that 1 584 properties were unregistered at the beginning of the year whilst an additional 340 properties to be registered were identified during the course of the year. At 31 March 2004 only 396 properties were not yet transferred.
- (ii) *Special Investigating Unit:* With reference to page 57, paragraph 4.2.7(b) of the 2002-03 audit report, the department indicated on 16 July 2004 that no further correspondence or reports had been received from the Special Investigation Unit.

#### **5. APPRECIATION**

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

**W.J. Brits**  
*for* **Auditor-General**

**Cape Town**  
**30 July 2004**

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 March 2004

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 7 of 2003.

**1. Basis of preparation**

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosures. 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 annually 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 annually 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.

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. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

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STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 March 2004

**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 2004 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.

**8. Investments**

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the Accounting Officer, 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.

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

**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 as part of the disclosure 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 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 as part of the disclosure notes to enhance the usefulness of the financial statements.

**13. Lease commitments**

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure 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.

**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 as part of the disclosure notes.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 March 2004

**15. Employee benefits**

*Short-term employee benefits*

The cost of short-term employee benefits is expensed in the income statement in the reporting period when 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 disclosure 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 all its employees through defined benefit plans. These benefits are funded by employer and/or 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.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

**16. Capitalisation reserve**

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised 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 due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received

**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.

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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APPROPRIATION STATEMENT  
for the year ended 31 March 2004

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		Programme							
		2003/04					2002/03		
		Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings / Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1.	Administration	28,593	-	28,593	27,311	1,282	96	23,516	21,742
	Current	27,266	(114)	27,152	26,919	233	99	23,416	21,615
	Capital	1,327	114	1,441	392	1,049	27	100	127
2.	Public Works	699,717	5,758	705,475	705,462	13	100	546,162	514,587
	Current	343,982	5,758	349,740	349,740	-	100	260,272	257,480
	Capital	355,735	-	355,735	355,722	13	100	285,890	257,107
3.	Roads	698,181	(5,758)	692,423	684,792	7,631	99	735,456	734,130
	Current	381,498	(21,792)	359,706	358,413	1,293	100	360,589	360,088
	Capital	316,683	16,034	332,717	326,379	6,338	98	374,867	374,042
4.	Transport	125,707	-	125,707	115,328	10,379	92	59,150	45,999
	Current	38,004	(858)	37,146	31,808	5,338	86	18,240	18,212
	Capital	87,703	858	88,561	83,520	5,041	94	40,910	27,787
5.	Community Based Public Works Programme	42,015	-	42,015	38,918	3,097	93	15,502	10,868
	Current	12,273	-	12,273	9,667	2,606	79	4,528	2,670
	Capital	29,742	-	29,742	29,251	491	98	10,974	8,198
Total		1,594,213	-	1,594,213	1,571,811	22,402	99	1,379,786	1,327,326
Reconciliation with Income Statement									
Actual amounts per Income Statement				1,594,213	1,571,811			1,379,786	1,327,326

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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APPROPRIATION STATEMENT  
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	803,023	(17,006)	786,017	776,547	9,470	99	667,045	660,065
Personnel	141,709	(12,900)	128,809	127,053	1,756	99	114,811	111,611
Transfer payments	2,000	-	2,000	2,000	-	100	1	-
Other	659,314	(4,106)	655,208	647,494	7,714	99	552,233	548,454
Capital	791,190	17,006	808,196	795,264	12,932	98	712,741	667,261
Transfer payments	107,516	1,345	108,861	100,458	8,403	92	60,953	60,828
Acquisition of capital assets	683,674	15,661	699,335	694,806	4,529	99	651,788	606,433
Total	1,594,213	-	1,594,213	1,571,811	22,402	99	1,379,786	1,327,326

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	141,709	(12,900)	128,809	127,053	1,756	99	114,811	111,611
Administrative	28,371	994	29,365	27,033	2,332	92	20,240	19,174
Inventories	13,881	3,737	17,618	17,328	290	98	16,272	15,825
Equipment	27,962	6,153	34,115	31,033	3,082	91	43,094	42,466
Land and buildings	140,827	1,332	142,159	141,656	503	100	100,969	100,672
Professional and special services	1,131,809	(3,263)	1,128,546	1,122,515	6,031	99	1,022,671	975,978
Transfer payments	109,516	1,345	110,861	102,458	8,403	92	60,954	60,828
Miscellaneous	138	2,602	2,740	2,735	5	100	775	772
Total	1,594,213	-	1,594,213	1,571,811	22,402	99	1,379,786	1,327,326

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 1 - ADMINISTRATION  
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings / Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1.1 Office of the Provincial Minister - Transport, Public Works and Property Management	3,163	(127)	3,036	2,996	40	99	2,412	2,250
Current	3,163	(146)	3,017	2,978	39	99	2,404	2,243
Capital	-	19	19	18	1	95	8	7
1.2 Head of Department	1,687	115	1,802	1,632	170	91	-	-
Current	1,687	26	1,713	1,544	169	90	-	-
Capital	-	89	89	88	1	99	-	-
1.3 Programme Support	1,547	1,610	3,157	2,422	735	77	-	-
Current	800	1,610	2,410	2,401	9	100	-	-
Capital	747	-	747	21	726	3	-	-
1.4 Corporate Affairs	22,196	(1,714)	20,482	20,145	337	98	20,956	19,344
Current	21,616	(1,720)	19,896	19,880	16	100	20,864	19,224
Capital	580	6	586	265	321	45	92	120
Special Functions	-	116	116	116	-	100	148	148
Current	-	116	116	116	-	100	148	148
<b>Total</b>	<b>28,593</b>	<b>-</b>	<b>28,593</b>	<b>27,311</b>	<b>1,282</b>	<b>96</b>	<b>23,516</b>	<b>21,742</b>



WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 1 - ADMINISTRATION  
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	27,266	(114)	27,152	26,919	233	99	23,416	21,615
Personnel	19,817	(2,923)	16,894	16,760	134	99	15,476	14,103
Transfer payments	-	-	-	-	-	-	1	-
Other	7,449	2,809	10,258	10,159	99	99	7,939	7,512
Capital	1,327	114	1,441	392	1,049	27	100	127
Acquisition of capital assets	1,327	114	1,441	392	1,049	27	100	127
Total	28,593	-	28,593	27,311	1,282	96	23,516	21,742

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	19,817	(2,923)	16,894	16,760	134	99	15,476	14,103
Administration	2,399	600	2,999	2,972	27	99	2,548	2,267
Inventories	460	97	557	541	16	97	416	345
Equipment	1,727	1,476	3,203	2,102	1,101	66	327	272
Professional and special services	4,190	625	4,815	4,812	3	100	4,596	4,606
Transfer payments	-	-	-	-	-	-	1	-
Miscellaneous	-	8	8	8	-	100	4	1
Special functions	-	117	117	116	1	99	148	148
Total	28,593	-	28,593	27,311	1,282	96	23,516	21,742

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 2 - PUBLIC WORKS  
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Programme Support	24,541	(3,974)	20,567	20,556	11	100	-	-
Current	21,264	(5,354)	15,910	15,911	(1)	100	-	-
Capital	3,277	1,380	4,657	4,645	12	100	-	-
1.2 Health	215,237	(9,565)	205,672	205,671	1	100	-	-
Current	79,624	(508)	79,116	79,116	-	100	-	-
Capital	135,613	(9,057)	126,556	126,555	1	100	-	-
1.3 Education	147,564	21,185	168,749	168,749	-	100	-	-
Current	77,278	11,409	88,687	88,687	-	100	-	-
Capital	70,286	9,776	80,062	80,062	-	100	-	-
1.4 Agriculture	21,119	(4,734)	16,385	16,385	-	100	-	-
Current	2,000	1,067	3,067	3,067	-	100	-	-
Capital	19,119	(5,801)	13,318	13,318	-	100	-	-
1.5 Social Development	17,133	(396)	16,737	16,737	-	100	-	-
Current	3,000	(821)	2,179	2,179	-	100	-	-
Capital	14,133	425	14,558	14,558	-	100	-	-
1.6 Other Infrastructure	106,510	4,336	110,846	110,845	1	100	-	-
Current	54,661	1,496	56,157	56,156	1	100	-	-
Capital	51,849	2,840	54,689	54,689	-	100	-	-
1.7 Property Management	167,613	(1,155)	166,458	166,458	-	100	128,887	127,395
Current	106,155	(1,592)	104,563	104,563	-	100	97,046	95,694
Capital	61,458	437	61,895	61,895	-	100	31,841	31,701
Special Functions	-	61	61	61	-	100	-	-
Current	-	61	61	61	-	100	-	-
Public Works	-	-	-	-	-	-	417,275	387,192
Current	-	-	-	-	-	-	163,226	161,786
Capital	-	-	-	-	-	-	254,049	225,406
Total	699,717	5,758	705,475	705,462	13	100	546,162	514,587

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 2 - PUBLIC WORKS  
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	343,982	5,758	349,740	349,740	-	100	260,272	257,480
Personnel	42,274	(2,992)	39,282	39,283	(1)	100	35,785	35,197
Other	301,708	8,750	310,458	310,457	1	100	224,487	222,283
Capital	355,735	-	355,735	355,722	13	100	285,890	257,107
Transfer payments	-	-	-	-	-	-	2,850	2,850
Acquisition of capital assets	355,735	-	355,735	355,722	13	100	283,040	254,257
Total	699,717	5,758	705,475	705,462	13	100	546,162	514,587

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Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	42,274	(2,992)	39,282	39,283	(1)	100	35,785	35,197
Administration	8,342	974	9,316	9,315	1	100	6,043	5,382
Inventories	1,500	(284)	1,216	1,217	(1)	100	1,516	1,153
Equipment	4,777	751	5,528	5,529	(1)	100	3,322	2,932
Land and buildings	138,513	1,380	139,893	139,892	1	100	98,934	98,784
Professional and special services	504,311	5,865	510,176	510,163	13	100	397,712	368,288
Transfer payments	-	-	-	-	-	-	2,850	2,850
Miscellaneous	-	3	3	2	1	67	-	1
Special functions	-	61	61	61	-	100	-	-
Total	699,717	5,758	705,475	705,462	13	100	546,162	514,587

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 3 - ROADS  
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Programme Support	4,849	(750)	4,099	3,824	275	93	3,595	2,740
Current	3,200	(750)	2,450	2,206	244	90	3,565	2,713
Capital	1,649	-	1,649	1,618	31	98	30	27
1.2 Planning	24,681	-	24,681	23,702	979	96	30,055	34,282
Current	2,719	(58)	2,661	2,562	99	96	1,671	1,265
Capital	21,962	58	22,020	21,140	880	96	28,384	33,017
1.3 Design	35,023	(2,017)	33,006	32,285	721	98	29,510	27,886
Current	13,149	(903)	12,246	12,014	232	98	10,978	11,192
Capital	21,874	(1,114)	20,760	20,271	489	98	18,532	16,694
1.4 Construction	160,108	9,284	169,302	167,082	2,220	99	162,333	145,757
Capital	160,108	9,284	169,302	167,082	2,220	99	162,333	145,757
1.5 Maintenance	317,137	(22,688)	294,449	291,583	2,866	99	362,601	378,917
Current	206,958	(29,279)	177,679	177,331	348	100	214,031	217,169
Capital	110,179	6,591	116,770	114,252	2,518	98	148,570	161,748
1.6 Overload Control	23,000	(1,500)	21,500	21,450	50	100	12,754	7,660
Current	23,000	(1,601)	21,399	21,349	50	100	12,754	7,660
Capital	-	101	101	101	-	100	-	-
1.7 Technical Support	7,925	477	8,402	8,262	140	98	8,058	8,308
Current	7,923	(637)	7,286	7,147	139	98	5,874	6,119
Capital	2	1,114	1,116	1,115	1	100	2,184	2,189
1.8 Transport Administration	125,458	8,899	134,447	134,067	380	100	125,936	127,966
Current	124,459	8,899	133,448	133,267	181	100	111,102	113,356
Capital	999	-	999	800	199	80	14,834	14,610
Special Functions	-	2,537	2,537	2,537	-	100	614	614
Current	-	2,537	2,537	2,537	-	100	614	614
Total	698,181	(5,758)	692,423	684,792	7,631	99	735,456	734,130

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 3 - ROADS  
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	381,498	(21,792)	359,706	358,413	1,293	100	360,589	360,088
Personnel	65,178	(5,534)	59,644	59,179	465	99	54,989	54,413
Transfer payments	2,000	-	2,000	2,000	-	100	-	-
Other	314,320	(16,258)	298,062	297,234	828	100	305,600	305,675
Capital	316,683	16,034	332,717	326,379	6,338	98	374,867	374,042
Transfer payments	14,200	480	14,680	9,944	4,736	68	27,432	27,432
Acquisition of capital assets	302,483	15,554	318,037	316,435	1,602	99	347,435	346,610
Total	698,181	(5,758)	692,423	684,792	7,631	99	735,456	734,130

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	65,178	(5,534)	59,644	59,179	465	99	54,989	54,413
Administration	12,010	(743)	11,267	10,974	293	97	9,054	9,178
Inventories	10,692	3,626	14,318	14,265	53	100	13,074	13,102
Equipment	19,002	1,812	20,814	20,272	542	97	38,252	38,056
Land and buildings	2,314	(55)	2,259	1,757	502	78	2,032	1,886
Professional and special services	572,647	(7,756)	564,891	563,854	1,037	100	590,000	589,441
Transfer payments	16,200	480	16,680	11,944	4,736	72	27,432	27,432
Miscellaneous	138	(125)	13	10	3	77	9	8
Special functions	-	2,537	2,537	2,537	-	100	614	614
Total	698,181	(5,758)	692,423	684,792	7,631	99	735,456	734,130

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DETAIL PER PROGRAMME 4 - TRANSPORT  
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Programme Support	5,840	5,806	11,646	10,794	852	93	25,565	13,035
Current	5,299	3,288	8,587	7,869	718	92	12,575	12,650
Capital	541	2,518	3,059	2,925	134	96	12,990	385
1.2 Planning	40,970	(25,306)	15,664	11,603	4,061	74	-	-
Current	12,974	(2,160)	10,814	9,817	997	91	-	-
Capital	27,996	(23,146)	4,850	1,786	3,064	37	-	-
1.3 Infrastructure	57,324	21,493	78,817	77,667	1,150	99	27,096	26,971
Current	339	-	339	77	262	23	-	-
Capital	56,985	21,493	78,478	77,590	888	99	27,096	26,971
1.4 Empower & Institutional Management	5,756	1,295	7,051	5,419	1,632	77	6,489	5,993
Current	3,763	2,160	5,923	5,245	678	89	5,665	5,562
Capital	1,993	(865)	1,128	174	954	15	824	431
1.5 Safety & Compliance	1,131	-	1,131	55	1,076	5	-	-
Current	1,131	(7)	1,124	48	1,076	4	-	-
Capital	-	7	7	7	-	100	-	-
1.6 Regulation & Control	14,686	(3,288)	11,398	9,790	1,608	86	-	-
Current	14,498	(4,139)	10,359	8,752	1,607	84	-	-
Capital	188	851	1,039	1,038	1	100	-	-
Total	125,707	-	125,707	115,328	10,379	92	59,150	45,999

WESTERN CAPE PROVINCE  
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DETAIL PER PROGRAMME 4 - TRANSPORT  
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	38,004	(858)	37,146	31,808	5,338	174	18,240	18,212
Personnel	11,544	(1,451)	10,093	9,128	965	90	6,830	6,829
Other	26,460	593	27,053	22,680	4,373	84	11,410	11,383
Capital	87,703	858	88,561	83,520	5,041	94	40,910	27,787
Transfer payments	80,391	865	81,256	77,589	3,667	95	27,096	26,971
Acquisition of capital assets	7,312	(7)	7,305	5,931	1,374	81	13,814	816
Total	125,707	-	125,707	115,328	10,379	92	59,150	45,999

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	11,544	(1,451)	10,093	9,128	965	90	6,830	6,829
Administration	4,659	165	4,824	2,904	1,920	60	1,927	1,926
Inventories	1,164	221	1,385	1,165	220	84	1,166	1,166
Equipment	1,532	985	2,517	1,733	784	69	1,043	954
Land and buildings	-	7	7	7	-	100	3	2
Professional and special services	26,417	(792)	25,625	22,802	2,823	89	21,085	8,151
Transfer payments	80,391	865	81,256	77,589	3,667	95	27,096	26,971
Total	125,707	-	125,707	115,328	10,379	92	59,150	45,999

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DETAIL PER PROGRAMME 5 - COMMUNITY BASED PUBLIC WORKS PROGRAMME  
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Programme Support	1,164	42	1,206	800	406	66	268	16
Current	614	42	656	654	2	100	268	16
Capital	550	-	550	146	404	27	-	-
1.2 Training Programmes	689	(131)	558	506	52	91	-	-
Current	689	(131)	558	506	52	91	-	-
1.3 Empowerment Impact Assessment	949	198	1,147	1,016	131	89	-	-
Current	949	198	1,147	1,016	131	89	-	-
1.4 Community Development	35,383	(1,370)	34,013	32,952	1,061	97	12,878	8,171
Current	6,208	(165)	6,043	5,068	975	84	1,919	137
Capital	29,175	(1,205)	27,970	27,884	86	100	10,959	8,034
1.5 Emerging Contractor Development	433	(37)	396	208	188	53	-	-
Current	433	(37)	396	208	188	53	-	-
1.6 Technical Support	3,397	1,298	4,695	3,436	1,259	73	2,356	2,681
Current	3,380	93	3,473	2,215	1,258	64	2,341	2,517
Capital	17	1,205	1,222	1,221	1	100	15	164
Total	42,015	-	42,015	38,918	3,097	93	15,502	10,868



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DETAIL PER PROGRAMME 5 - COMMUNITY BASED PUBLIC WORKS PROGRAMME  
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	12,273	-	12,273	9,667	2,606	79	4,528	2,670
Personnel	2,896	-	2,896	2,703	193	93	1,731	1,069
Other	9,377	-	9,377	6,964	2,413	74	2,797	1,601
Capital	29,742	-	29,742	29,251	491	98	10,974	8,198
Transfer payments	12,925	-	12,925	12,925	-	100	3,575	3,575
Acquisition of capital assets	16,817	-	16,817	16,326	491	97	7,399	4,623
Total	42,015	-	42,015	38,918	3,097	93	15,502	10,868

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings / Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	2,896	-	2,896	2,703	193	93	1,731	1,069
Administration	961	(2)	959	868	91	91	668	421
Inventories	65	77	142	140	2	99	100	59
Equipment	924	1,129	2,053	1,397	656	68	150	252
Professional and special services	24,244	(1,205)	23,039	20,884	2,155	91	9,278	5,492
Transfer payments	12,925	-	12,925	12,925	-	100	3,575	3,575
Miscellaneous	-	1	1	1	-	100	-	-
Total	42,015	-	42,015	38,918	3,097	93	15,502	10,868

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2004

1. Detail of current and capital transfers as per Appropriation Act (after Virement):  
Detail of these transactions can be viewed in part 2 of the Annual Report.
2. Detail of special functions (theft and losses)  
Detail of these transactions per programme can be viewed in note 10 (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

Underspending of R1,282m on salaries and related costs due to posts not being filled as from 1 April 2003.

Programme 4: Transport

Funding to the amount of R3,467m for consultants working on the Lentegeur / Mandalay project was not transferred to the South African Rail Commuter Corporation, as the decision was made to use consultants already appointed by the department.

Funding to the amount of R0.200m for the Kannaland Municipality was held back due to financial difficulties at the Municipality.

Furthermore, due to the late approval of contracts an under expenditure of R2,823m was realised.

Personnel and staff related expenditure owing to posts not being filled as planned, due to Resolution 7 of 2002 resulted in an under expenditure of R 2,339m.

Programme 5: Community Based Public Works Programme

Underspending of R0,286m on salaries and related costs due to posts not being filled as from 1 April 2003.

Due to the late approval of contracts an under expenditure of R2,811m was realised.

Special functions

Detail of these transactions per programme can be viewed in note 10 (Details of special functions) to the annual financial statements.

- 3.2 Per standard item:

Personnel

Underspending of R1,756m due to posts not being filled as planned due to the implementation of Resolution 7 of 2002 and delays in the restructuring process.

Administrative

Underspending of R2,332m on personnel related costs due to posts not being filled.

Equipment

Underspending of R3,082m on personnel related costs due to posts not being filled.

Transfer payments

The subsidy claims by some of the municipalities will be submitted in the new financial year which resulted in an under expenditure of R4,736m.

Funding to the amount of R3,467m for consultants working on the Lentegeur / Mandalay project was not transferred to the South African Rail Commuter Corporation, as the decision was made to use consultants already appointed by the department.

Funding to the amount of R0.200m for the Kannaland Municipality was held back due to financial difficulties at the Municipality.

Note: Any variance less than 2% on the revised allocation is not considered as material.

4.	Reconciliation of appropriation statement to income statement:	2003/04 R'000	2002/03 R'000
	Total expenditure per Appropriation Statement	<u>1,571,811</u>	<u>1,327,326</u>
	Actual Expenditure per Income Statement	<u>1,571,811</u>	<u>1,327,326</u>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)  
for the year ended 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
<b>REVENUE</b>			
Voted funds		1,594,213	1,379,786
Annual appropriation	1	1,594,213	1,379,786
Other revenue to be surrendered to the revenue fund	2	24,580	22,734
<b>TOTAL REVENUE</b>		1,618,793	1,402,520
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	3	127,053	111,611
Administrative		27,033	19,174
Inventories	4	17,328	15,825
Machinery and Equipment	5	16,669	21,624
Land and buildings	6	78,231	67,137
Professional and special services	7	505,498	423,922
Transfer Payments	8	2,000	-
Miscellaneous	9	21	10
Special functions: authorised losses	10	2,714	762
<b>TOTAL CURRENT EXPENDITURE</b>	A	776,547	660,065
<b>Capital</b>			
Machinery and Equipment	5.1	14,364	20,842
Land and buildings	6.1	63,425	33,535
Professional and special services	7.2	617,017	552,056
Transfer payments	8	100,458	60,828
<b>TOTAL CAPITAL EXPENDITURE</b>	B	795,264	667,261
<b>TOTAL EXPENDITURE</b>	A + B	1,571,811	1,327,326
<b>NET SURPLUS /(DEFICIT)</b>		46,982	75,194
<b>NET SURPLUS /(DEFICIT) FOR THE YEAR</b>	11	46,982	75,194
<b>Reconciliation of Net Surplus / (Deficit) for the year</b>			
Voted Funds to be surrendered to the Revenue Fund	15	22,402	52,460
Other Revenue to be surrendered to the Revenue Fund	2	24,580	22,734
<b>NET SURPLUS /(DEFICIT) FOR THE YEAR</b>		46,982	75,194

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
at 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
<b>ASSETS</b>			
Current assets		76,494	150,167
Unauthorised and fruitless and wasteful expenditure	12	961	961
Cash and cash equivalents	13	68,374	134,804
Receivables	14	7,159	14,402
<b>TOTAL ASSETS</b>	<b>A</b>	76,494	150,167
<b>LIABILITIES</b>			
Current liabilities		76,473	150,167
Voted funds to be surrendered	15	22,402	52,460
Revenue funds to be surrendered	16	11,701	68,186
Payables	17	42,370	29,521
<b>TOTAL LIABILITIES</b>	<b>B</b>	76,473	150,167
<b>NET ASSETS/LIABILITES</b>	<b>A - B</b>	21	-
Represented by:			
*Recoverable revenue		21	
<b>TOTAL</b>		21	

\* No comparative figures as statement of net assets / liabilities was not completed in previous financial years.

WESTERN CAPE PROVINCE  
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STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2004

	2003/04 R'000
Recoverable revenue	
Opening balance	31
Transfer to Revenue Fund	10
Closing balance	<u>21</u>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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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	1,501,337	1,276,599
Cash generated (utilised) to (increase)/decrease working capital	19	20,113	14,158
Voted funds and Revenue funds surrendered	20	(800,120)	(492,456)
Net cash flow available from operating activities		<u>721,330</u>	<u>798,301</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		(787,760)	(663,497)
Capital expenditure		(795,264)	(667,261)
Proceeds from sale of equipment	2	-	41
Proceeds from sale of land and buildings	2	7,504	3,723
Net cash flows from operating and investing activities		<u>(66,430)</u>	<u>134,804</u>
Net increase in cash and cash equivalents		(66,430)	134,804
Cash and cash equivalents at beginning of period		134,804	-
Cash and cash equivalents at end of period	13	<u><u>68,374</u></u>	<u><u>134,804</u></u>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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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 Provincial Departments (Equitable Share):

Programmes	Total Appropriation 2003/04 R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2002/03 R'000
Programme 1 - Administration	28,593	28,593	-	23,516
Programme 2 - Public Works	705,462	705,462	-	546,162
Programme 3 - Roads	692,436	692,436	-	735,456
Programme 4 - Transport	125,707	125,707	-	59,150
Programme 5 - Community Based Public Works Programme	42,015	42,015	-	15,502
<b>Total</b>	<b>1,594,213</b>	<b>1,594,213</b>	<b>-</b>	<b>1,379,786</b>

Included in the totals for "Total Appropriation" is the own revenue budget amounting to R 666,595 m (2002/03 Financial Year: R 537,908 m)

1.2	Conditional grants	Note	2003/04 R'000	2002/03 R'000
	Total grants received is included in the above total.	Annexure 1	221,665	129,448

1.3 As this was the second year that the Province received the Provincial infrastructure grant the department had been in a better position to put mechanisms in place to spend the funds timeously.

2.	Other revenue to be surrendered to the revenue fund	Note	2003/04 R'000	2002/03 R'000
	Description			
	Gifts donations and sponsorships received	2.1	-	51
	Motor vehicle licenses and permits		654,895	535,338
	Debt recoveries (recoverable revenue) (Contract debt)		68	36
	Registration fees		100	110
	Sport gatherings: public roads		334	449
	Provincial working capital account (Surplus GMT Trading)		70	1
	Proceeds from sale of land and buildings	18	7,504	3,723
	Proceeds from sale of equipment		-	41
	Letting of immovable property		16,918	13,886
	Recoveries of housing rent		391	472
	Parking		13	51
	Water/electricity/sanitation		77	103
	Cheques written back/stale cheques		43	413
	Sales		3	-
	Administration fees		-	764
	Commission on assurance		108	120
	Publications & forms		9	-
	Transport fees		107	102
	Tender documents: Non-refundable deposit		616	626
	Accident data report		127	65
	Operating licences		410	267
	Weigh bridges contributions		-	998
	Road maintenance charge		-	55
	Refunds and claims previous year		2,384	(3,898)
	Surplus: Vehicle acquisition fund: Government Motor Transport Trading Account		4,380	6,708
	Chapman's Peak concession award		2,500	-
	Other		118	161
	<b>Total own revenue collected</b>	<b>16</b>	<b>691,175</b>	<b>560,642</b>
	Less own revenue budget		666,595	537,908
	<b>Non voted funds</b>		<b>24,580</b>	<b>22,734</b>

WESTERN CAPE PROVINCE  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

2.1	Gifts, donations and sponsorships received by the department		2003/04 R'000	2002/03 R'000
	Nature of gift, donation and sponsorship			
	Award from Imphumelelo for Meiringspoort		-	50
	Baxter Auto Services and Speedy Exhaust Services: Donations received for Government Motor Transport - Transport Cleaning Services		-	1
			<u>-</u>	<u>51</u>
2.2	Gifts, donations and sponsorships received in kind by the department		2003/04 R'000	2002/03 R'000
	Nature of gift, donation and sponsorship			
	Transwerk sponsorship to Lwazi Public Primary School - Gugulethu (Construction of two class rooms)		150	-
			<u>150</u>	<u>-</u>
3.	Personnel		2003/04 R'000	2002/03 R'000
3.1	Current expenditure			
	Appropriation to Executive Provincial Legislature		688	697
	Basic salary costs		87,855	79,716
	Pension contributions		12,278	11,307
	Medical aid contributions		6,046	5,953
	Other salary related costs		20,186	13,938
			<u>127,053</u>	<u>111,611</u>
3.2	Average number of employees		1,221	1,301
4.	Inventories		2003/04 R'000	2002/03 R'000
4.1	Current expenditure			
	Inventories purchased during the year			
	Publications and subscriptions		216	268
	Government printer, photocopy paper and stationary		4,090	3,474
	Computer requisites		886	616
	Road signs		1,137	510
	Special registration number plates		247	233
	Maintenance material		10,703	10,539
	Other		49	185
	Total cost of inventories		<u>17,328</u>	<u>15,825</u>
5.	Machinery and Equipment	Note	2003/04 R'000	2002/03 R'000
	Current (Rentals, maintenance and sundry net of cash discounts)		16,669	21,624
	Capital	5.1	<u>14,364</u>	<u>20,842</u>
	Total current and capital expenditure		<u>31,033</u>	<u>42,466</u>
5.1	Capital machinery and equipment analysed as follows:		2003/04 R'000	2002/03 R'000
	Computer equipment		10,047	1,783
	Furniture and office equipment		1,572	1,020
	Other machinery and equipment		1,738	1,327
	Transport - Motor vehicles for Government Motor Transport		1,007	16,712
			<u>14,364</u>	<u>20,842</u>



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

6.	Land and buildings	Note	2003/04 R'000	2002/03 R'000
	Maintenance		418	505
	Rental		77,813	66,632
	Total current expenditure		<u>78,231</u>	<u>67,137</u>
	Capital expenditure	6.1	63,425	33,535
	Total current and capital expenditure		<u><u>141,656</u></u>	<u><u>100,672</u></u>
6.1	Capital land and building expenditure analysed as follows:		2003/04 R'000	2002/03 R'000
	Land		2,269	1,855
	Non-residential buildings		61,156	31,680
			<u>63,425</u>	<u>33,535</u>
7.	Professional and special services		2003/04 R'000	2002/03 R'000
7.1	Current expenditure			
	Agency fees/ motor vehicle licences		109,362	88,622
	Auditors' remuneration			
	Regulatory		3,563	4,088
	Performance		16	138
	Contractors		330,553	282,075
	Consultants and advisory services		33,313	14,101
	Computer services		9,002	12,287
	Municipal services		14,214	18,263
	Other		5,475	4,348
			<u>505,498</u>	<u>423,922</u>
7.2	Capital expenditure		2003/04 R'000	2002/03 R'000
	Contractors		508,314	466,208
	Consultants and advisory services		108,511	85,848
	Other		192	-
			<u>617,017</u>	<u>552,056</u>
	Total professional and special services		<u><u>1,122,515</u></u>	<u><u>975,978</u></u>
8.	Transfer payments		2003/04 R'000	2002/03 R'000
	Total transfer payments made *		<u>102,458</u>	<u>60,828</u>
	Analysis of transfer payments			
	Capital		100,458	60,828
	Current		2,000	-
			<u>102,458</u>	<u>60,828</u>
	*Detail of transfer payments reflected in Annexure 2 and further details are available in Part 2 of the Annual Report			
9.	Miscellaneous	Note	2003/04 R'000	2002/03 R'000
9.1	Current Expenditure			
	Remissions, refunds and payments made as an act of grace	9.2	4	8
	Gifts, donations and sponsorships made	9.3	17	2
	Total miscellaneous expenditure		<u>21</u>	<u>10</u>
9.2	Remissions, refunds and payments made as an act of grace		2003/04 R'000	2002/03 R'000
	Nature of remissions, refunds and payments			
	Ex-Gratia payments		4	8
			<u>4</u>	<u>8</u>

WESTERN CAPE PROVINCE  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

9.3	Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)		2003/04 R'000	2002/03 R'000
	Nature of gifts, donations and sponsorships			
	Gifts: Branch reward & recognition system		13	-
	Gifts: International Property Convention		2	-
	Gifts: Other		1	-
	Corporate gifts: Community Based Public Works Workshops		1	-
	Various gifts for Dignatories - overseas trip		-	2
			<u>17</u>	<u>2</u>
			<u>17</u>	<u>2</u>
10.	Special functions: Authorised losses	Note	2003/04 R'000	2002/03 R'000
	Material losses through criminal conduct	10.1	37	77
	Other material losses written off	10.2	2,641	530
	Debts written off	10.3	36	155
			<u>2,714</u>	<u>762</u>
			<u>2,714</u>	<u>762</u>
10.1	Material losses through criminal conduct		2003/04 R'000	2002/03 R'000
	Nature of losses			
	Cheque fraud (1 case)		-	72
	Theft (4 cases)		37	5
			<u>37</u>	<u>77</u>
			<u>37</u>	<u>77</u>
10.2	Other material losses written off in income statement in current period		2003/04 R'000	2002/03 R'000
	Nature of losses			
	State guarantees (4 cases)		69	26
	Salary debts (11 cases)		47	49
	Claims against the state: Individual injury (1 case)		1,500	-
	Road reconstruction - Riviersonderend (1 case)		395	-
	Buy back service loss (1 case)		324	-
	Other losses (71 cases)		225	54
	Claims against the state: other (8 cases)		20	71
	Interest payment related (4 cases)		40	-
	GG Vehicle related accidents (8 cases)		21	-
	Redundant and unserviceable stock (1 case)		-	217
	Claims against the state: Vehicle accidents (3 case)		-	113
			<u>2,641</u>	<u>530</u>
			<u>2,641</u>	<u>530</u>
10.3	Debts written off		2003/04 R'000	2002/03 R'000
	Nature of debts written off			
	Other debts (17cases)		36	66
	Outstanding rent (3 cases)		-	89
			<u>36</u>	<u>155</u>
			<u>36</u>	<u>155</u>
10.4	Details of special functions (theft and losses)		2003/04 R'000	2002/03 R'000
	Per programme			
	Programme 1 - Administration		116	148
	Programme 2 - Works		61	-
	Programme 3 - Roads		2,537	614
			<u>2,714</u>	<u>762</u>
			<u>2,714</u>	<u>762</u>

WESTERN CAPE PROVINCE  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

11.	Analysis of surplus		2003/04 R'000	2002/03 R'000
	Voted funds to be surrendered to the Provincial Revenue Fund		22,402	52,460
	Non voted funds		24,580	22,734
	Other revenue to be surrendered to the Revenue Fund		691,175	560,642
	Less: other revenue responsible as voted funds (revenue budget)		666,595	537,908
	<b>Total</b>		<b>46,982</b>	<b>75,194</b>
12.	Unauthorised and fruitless and wasteful expenditure disallowed	Note	2003/04 R'000	2002/03 R'000
	Unauthorised expenditure	12.2	961	961
			961	961
12.1	Reconciliation of unauthorised expenditure balance		2003/04 R'000	2002/03 R'000
	Take-on balance		961	990
	*Transferred to Expenditure: Department of Economic Development and Tourism		-	(29)
	Closing balance		961	961
12.2	Unauthorised expenditure in respect of previous years not allowed		2003/04 R'000	2002/03 R'000
	Year disallowed	Incident		
	1994/95	Temporary personnel appointed to capture backlogs of motor vehicle registration and licencing transactions due to the implementation of the National Traffic Information System. Workmen's Compensation Act payments. Flood disaster damage to roads. Payments in respect of 56 claims against the Administration, thefts and losses, this resulted in over expenditure.	961	961
			961	961
13.	Cash and cash equivalents		2003/04 R'000	2002/03 R'000
	Paymaster General Account		68,374	134,800
	Cheques payable		-	(12,801)
	Paymaster General Account (ABSA)		1,031	15,005
	ACB Control: EFT Payments		-	(30,240)
	EFT Write-back & re-issues		(12)	-
	Temporary Investments (Provincial Treasury)		67,355	162,836
	Cash on hand		-	4
	<b>Total</b>		<b>68,374</b>	<b>134,804</b>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

14.	Receivables - current	Note	2003/04 R'000	2002/03 R'000
	Staff debtors	14.3	433	544
	Other debtors	14.4	5,721	11,861
	Advances	14.5	71	142
	Amounts owing by other departments	14.6	934	1,855
			<u>7,159</u>	<u>14,402</u>
14.1	2003/04: Amounts of R 1,260 m included above may not be recoverable, but has not been written off in the income statement.			
	2002/03: Amounts of R 1,501 m included above may not be recoverable, but has not been written off in the income statement.			
14.2	Age analysis – receivables current		2003/04 R'000	2002/03 R'000
	Less than one year		5,242	11,084
	One to two years		229	1,820
	More than two years		1,688	1,498
			<u>7,159</u>	<u>14,402</u>
14.3	Staff debtors		2003/04 R'000	2002/03 R'000
	Salary reversal account		-	8
	Deduction disallowance		15	32
	Debt : Tax		4	6
	Debtors Provincial		388	425
	Departmental debt		26	73
			<u>433</u>	<u>544</u>
14.4	Other debtors		2003/04 R'000	2002/03 R'000
	Suspense Miscellaneous		793	3,609
	Motor vehicle licence control account		359	-
	Disallowance Control Account		101	-
	SITE/PAYE		-	12
	Medical Schemes		5	43
	Insurance		-	19
	Claims recoverable: Miscellaneous		2,196	1,774
	Dissallowances: Miscellaneous		40	-
	Dishonoured cheques		301	284
	Accidents Suspense PR6		728	379
	Disallowance: Thefts and losses		638	633
	Debtors: Miscellaneous		560	5,108
			<u>5,721</u>	<u>11,861</u>
14.5	Advances		2003/04 R'000	2002/03 R'000
	Nature of advances			
	Subsistence and Transport		71	142
			<u>71</u>	<u>142</u>
14.6	Amounts owing by other departments	Note	2003/04 R'000	2002/03 R'000
	Various Government Departments	Annexure 5	934	1,855

WESTERN CAPE PROVINCE  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

15.	Voted funds to be surrendered	Note	2003/04 R'000	2002/03 R'000
	Opening balance		52,460	-
	Transfer from income statement	11	22,402	52,460
	Paid during the year		(52,460)	-
	Closing balance		<u>22,402</u>	<u>52,460</u>
16.	Revenue funds to be surrendered	Note	2003/04 R'000	2002/03 R'000
	Opening balance		68,186	-
	Total revenue collected	2	691,175	560,642
	Paid during the year	20	(747,660)	(492,456)
	Closing balance		<u>11,701</u>	<u>68,186</u>
17.	Payables - current	Note	2003/04 R'000	2002/03 R'000
	Other payables	17.1	<u>42,391</u>	<u>29,521</u>
	Amounts owing to other departments	Annexure 6	<u>1,830</u>	-
17.1	Other payables		2003/04 R'000	2002/03 R'000
	Motor vehicle licence control account		-	266
	Disallowance Control Account		-	115
	SITE/PAYE (Persal & Cat B )		16	50
	Pension fund (Cat B & Pers)		39	56
	Guarnishee Orders		1	-
	Official Associations		1	-
	ACB Recalls		-	3
	Disallowance Miscellaneous		-	125
	Dissallowances Previous Years		10	-
	Deposits: Contract Securities		2,466	1,346
	Provincial Transport Fund		24,303	19,890
	RDP: Public Works		-	255
	Recoverable Capital control		26	36
	Recoverable revenue control		138	167
	Trading Account: Government Motor Transport		<u>15,391</u>	<u>7,212</u>
			<u>42,391</u>	<u>29,521</u>
	Included in payables is the amount of recoverable revenue for in - service staff debt, namely R 0,021 million			
18.	Net cash flow generated by operating activities	Note	2003/04 R'000	2002/03 R'000
	Net surplus as per Income Statement		46,982	75,194
	Adjusted for items separately disclosed		1,454,355	1,201,405
	Own revenue budget	2	<u>666,595</u>	<u>537,908</u>
	Proceeds from sale of equipment		-	41
	Proceeds from sale of land and buildings	2	<u>7,504</u>	<u>3,723</u>
	Capital expenditure as per Income Statement		<u>795,264</u>	<u>667,261</u>
	Net cash flow generated by operating activities		<u>1,501,337</u>	<u>1,276,599</u>

WESTERN CAPE PROVINCE  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 MARCH 2004

19.	Cash generated (utilised) to (increase)/decrease working capital		2003/04 R'000	2002/03 R'000
	(Increase) / decrease in receivables - current		7,243	(15,363)
	Increase / (decrease) in payables - current		12,870	29,521
			20,113	14,158
			20,113	14,158
20.	Voted funds and Revenue funds surrendered	Note	2003/04 R'000	2002/03 R'000
	Voted funds for previous financial year to be surrendered (*2002/2003)		52,460	-
	Revenue funds for current year surrendered	16	747,660	492,456
			800,120	492,456
			800,120	492,456

(\*2002/2003) Voted surplus funds for previous financial year relating to the Department of Economic Affairs, Agriculture and Tourism of R 3, 246 million is excluded from this calculation (no comparatives).

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DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

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 7 of 2003.

21.	Contingent liabilities	Nature	Note	2003/04 R'000	2002/03 R'000
	Liable to				
	Various Financial Institutions	Housing loan guarantees	Annexure 3	1,792	1,719
	Claimants	Liability claims pending court cases		24,911	28,485
				<u>26,703</u>	<u>30,204</u>
				<u><u>26,703</u></u>	<u><u>30,204</u></u>
22.	Commitments			2003/04 R'000	2002/03 R'000
	Current expenditure				
	Approved and contracted/ordered			157,007	44,272
				<u>157,007</u>	<u>44,272</u>
	Capital expenditure				
	Approved and contracted/ordered			212,013	452,649
				<u>212,013</u>	<u>452,649</u>
	Total Commitments			<u><u>369,020</u></u>	<u><u>496,921</u></u>
23.	Accruals			2003/04 R'000	2002/03 R'000
	Personnel expenditure			7	-
	Administration			547	100
	Stores			131	242
	Equipment			1,004	2,173
	Land and buildings			84	2
	Professional and special services			26,443	8,758
	Transfer payments			927	-
	Lapse Cheques			43	775
				<u>29,186</u>	<u>12,050</u>
				<u><u>29,186</u></u>	<u><u>12,050</u></u>
				2003/04 R'000	2002/03 R'000
	Programme 1 - Administration			66	1,062
	Programme 2 - Public Works			22,371	8,604
	Programme 3 - Roads			6,056	-
	Programme 4 - Transport			626	2,384
	Programme 5 - Community Based Public Works Programme			67	-
				<u>29,186</u>	<u>12,050</u>
				<u><u>29,186</u></u>	<u><u>12,050</u></u>
24.	Employee benefits			2003/04 R'000	2002/03 R'000
	Leave entitlement			23,180	19,224
	Thirteenth cheque			4,092	3,661
	Performance bonus			159	223
				<u>27,431</u>	<u>23,108</u>
				<u><u>27,431</u></u>	<u><u>23,108</u></u>

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

25.	Leases					
25.1	Operating leases	Property R'000	Equipment R'000		2003/04 R'000	Total 2002/03 R'000
	2003/2004	-	-		-	67,915
	Not later than 1 year					
	2004/2005	68,135	351		68,486	58,113
	Later than 1 year and not later than 3 years	87,259	199		87,458	78,101
	2005/2006	47,619	127		47,746	40,699
	2006/2007	39,640	72		39,712	37,402
	Later than 3 years	127,622	41		127,663	120,891
	2007/2008	35,460	37		35,497	32,804
	2008/2009	34,455	4		34,459	32,781
	2009/2010	32,934	-		32,934	32,780
	2010/2011	8,567	-		8,567	9,697
	2011/2012	5,705	-		5,705	6,334
	2012/2013	5,325	-		5,325	6,495
	2013/2014	5,176	-		5,176	-
	Total present value of lease liabilities	283,016	591		283,607	325,020
26.	Receivables for services delivered				2003/04 R'000	2002/03 R'000
26.1	Motor vehicle Administration					
	Period 01/04/2000 to 31/03/2004 (Number of vehicles - 123,382)					
	Period 01/04/2000 to 31/03/2003 (Number of vehicles - 130,684)					
	Licence fees				45,936	51,111
	Licence arrears				63,074	56,491
	Licence penalties				78,354	71,638
	Registration fees				1,994	1,508
	Registration penalties				1,720	1,328
					191,078	182,076
26.2	Amounts of R 143,308 m included above may not be recoverable. (2002/03 Financial year: R 136,557 m)					
26.3	Property Management				2003/04 R'000	2002/03 R'000
	Outstanding property rentals				16,739	11,926
26.4	Amounts of R 8,698 m included above may not be recoverable. (2002/03 Financial Year: R 5,963 m)					



WESTERN CAPE PROVINCE  
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

27.	Key management personnel	Number	Number		
27.1	Remuneration	2003/04	2002/03	Aggregate salary	Aggregate salary
				2003/04	2002/03
				R'000	R'000
	Minister	1	1	431	380
	Superintendent - General	1	0	443	-
	Deputy Director Generals	2	2	751	650
	Chief Directors	5	4	1,551	1,070
	Chief Financial Officer	1	1	288	229
27.2	Other remuneration and compensation provided to key management				
	Other Remuneration	Number	Number	2003/04	2002/03
		2003/04	2002/03	R'000	R'000
	Minister	1	1	343	145
	Superintendent - General	1	0	300	-
	Deputy Director Generals	2	2	450	285
	Chief Directors	5	4	949	519
	Chief Financial Officer	1	1	178	119

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 1

STATEMENT OF CONDITIONAL GRANTS RECEIVED BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004

NAME OF GRANT	GRANT ALLOCATION				CAPITAL EXPENDITURE		CURRENT EXPENDITURE	
	Division of Revenue Act R'000	Adjustment Estimate R'000	Roll Overs R'000	Total Available R'000	Actual R'000	Underspent R'000	Actual R'000	Underspent R'000
Provincial infrastructure grant	139,726	-	-	139,726	139,726	-	-	-
Hospital revitalisation grant	81,939	-	-	81,939	63,109	18,830	-	-
Total	221,665	-	-	221,665	202,835	18,830	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 2

STATEMENT OF OTHER TRANSFERS BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004

NAME OF GRANT	GRANT ALLOCATION				EXPENDITURE					
	Appropriation Act R'000	Adjustment Estimate R'000	Final virement	Roll Overs R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Municipalities for the maintenance of proclaimed roads	16,200	-	-	-	16,200	11,464	(4,736)	71%	9,464	2,000
Municipalities for public transport infrastructure	56,962	5,460	865	-	63,287	63,087	(200)	100%	63,087	-
South African Rail Commuter Corporation	-	17,969	-	-	17,969	14,502	(3,467)	81%	14,502	-
Municipalities for community development projects	12,925	-	-	-	12,925	12,925	-	100%	12,925	-
SANRAL	-	-	480	-	480	480	-	100%	480	-
<b>Total</b>	<b>86,087</b>	<b>23,429</b>	<b>1,345</b>	<b>-</b>	<b>110,861</b>	<b>102,458</b>	<b>(8,403)</b>	<b>92%</b>	<b>100,458</b>	<b>2,000</b>

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DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004

GUARANTEED INSTITUTION	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2004	Closing Balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
PERMANENT BANK	HOUSING	394	394	-	-	-	394	-
BOE BANK (NBS DIVISION)	HOUSING	101	101	-	-	-	101	-
STANDARD BANK	HOUSING	82	82	13	-	-	95	-
CAPE OF GOOD HOPE BANK	HOUSING	34	34	-	-	-	34	-
FIRST RAND: FNB	HOUSING	116	116	40	-	-	156	-
ABSA	HOUSING	726	726	42	49	-	719	-
NEDBANK	HOUSING	37	37	41	-	-	78	-
OLD MUTUAL BANK	HOUSING	18	18	-	14	-	4	-
SAAMBOU BANK	HOUSING	149	149	-	-	-	149	-
BOE BANK (BOLAND DIVISION)	HOUSING	48	48	-	-	-	48	-
PEOPLES BANK	HOUSING	14	14	-	-	-	14	-
Total		1,719	1,719	136	63	-	1,792	-

WESTERN CAPE PROVINCE  
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 4

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
LAND AND BUILDINGS	581,861	680,442	7,504	-	-	1,254,799
Land	4,807	2,269	6,047	-	-	1,029
Dwellings	25,005	-	125	-	-	24,880
Non-Residential Buildings	220,647	350,556	1,332	-	-	569,871
Other structures (Infrastructure Assets)	331,402	327,617	-	-	-	659,019
MACHINERY AND EQUIPMENT	20,842	14,364	-	41,166	-	76,372
Computer equipment	1,783	10,047	-	-	-	11,830
Furniture and office equipment	1,020	1,572	-	13,068	-	15,660
Other machinery and equipment	1,327	1,738	-	28,098	-	31,163
*Transport assets	16,712	1,007	-	-	-	17,719
<b>Total</b>	<b>602,703</b>	<b>694,806</b>	<b>7,504</b>	<b>41,166</b>	<b>-</b>	<b>1,331,171</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
LAND AND BUILDINGS	-	585,584	3,723	-	-	581,861
Land	-	8,530	3,723	-	-	4,807
Dwellings	-	25,005	-	-	-	25,005
Non-Residential Buildings	-	220,647	-	-	-	220,647
Other structures (Infrastructure Assets)	-	331,402	-	-	-	331,402
MACHINERY AND EQUIPMENT	-	20,842	-	-	-	20,842
Computer equipment	-	1,783	-	-	-	1,783
Furniture and office equipment	-	1,020	-	-	-	1,020
Other machinery and equipment	-	1,327	-	-	-	1,327
*Transport assets	-	16,712	-	-	-	16,712
<b>Total</b>	<b>-</b>	<b>606,426</b>	<b>3,723</b>	<b>-</b>	<b>-</b>	<b>602,703</b>

The closing balance represents purchases of the above assets

\* Transport assets consists of Government Motor Transport vehicles.

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 5

INTER-DEPARTMENTAL RECEIVABLES - CURRENT

DEPARTMENT	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Provincial Government Western Cape				
Department of Health	85	195	127	-
Provincial Parliament	-	38	-	-
Department of Housing	85	212	-	-
Department of Finance	175	68	-	-
Department of Social Services & Poverty Alleviation	65	98	-	-
Department of Environmental Affairs & Developmental Planning	81	78	-	-
Department of Community Safety	40	97	-	-
Department Provincial Administration Western Cape	96	789	-	-
Department of Agriculture	32	10	-	-
Department of Cultural Affairs & Sport	24	54	-	-
Department of Local Government	22	67	-	-
Department of Economic Development & Tourism	57	54	-	-
Other Departments				
National Health	-	5	-	-
National Environmental Affairs	-	62	-	-
National Water Affairs & Forestry	-	8	-	-
National SA Police Services	14	20	-	-
George Nature Conservation Board	18	-	-	-
Department of Public Service & Administration RSA	11	-	-	-
TOTAL	805	1,855	127	-

WESTERN CAPE PROVINCE  
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 6

INTER-DEPARTMENTAL PAYABLES - CURRENT

DEPARTMENT	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Provincial Government Western Cape				
Department of Health	1,696	-	5	-
Department Provincial Administration Western Cape	167	-	133	-
Department of Cultural Affairs & Sport	37	-	-	-
Department of Community Safety	-	-	97	-
<b>TOTAL</b>	<b>1,900</b>	<b>-</b>	<b>235</b>	<b>-</b>

**WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS**

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE  
WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT  
MOTOR TRANSPORT TRADING ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004**

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A U D I T O R - G E N E R A L

## **REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 102 to 121, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### **2. NATURE AND SCOPE**

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

An audit includes:

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

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

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

### **3. QUALIFICATION**

**Non-compliance with the Treasury Regulations issued in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA)**

*[Page 102, paragraph 1 of the Statement of Accounting Policies]*

In terms of the prescripts of chapter 18 of the Treasury Regulations, the annual financial statements of trading entities must be prepared in terms of generally accepted accounting practice (gaap). The statements of the Government Motor Transport Trading Account (GMT), however, do not conform to this requirement. This has been reported to the Executive authority in terms of the requirements of the Public Finance Management Act, 1999 (Act no 1 of 1999).

**4. AUDIT OPINION**

In my opinion, except for the effect on the financial statements of the matter referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the government motor transport trading account at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act no 1 of 1999).

**5. EMPHASIS OF MATTER**

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

**5.1 Unreconcilable asset registers**

*[Page 114, Note 12 to the Financial Statements]*

During the audit, vehicle inventory lists of five provincial departments were requested which were compared with GMT's register. This comparison showed differences between the two listings as follows:

<b>Department</b>	<b>Department listing</b>	<b>GMT Register</b>	<b>Difference</b>
Social services and poverty alleviation	319	312	7
Education	351	414	63
Cultural Affairs and Sport	74	73	1
Health	1075	965	110
Transport and Public Works	113	115	(2)

The reason for the above is an inadequate and incomplete asset register as well as a lack of a proper process in place for reconciling departmental records to the GMT asset register.

## **5.2 Unconfirmed debtor balance**

*[Page 113, Note 10 to the Financial Statements]*

In the above note an amount of R35,3 million is reflected as amounts owing by other departments. Although the debtor balances were audited and found correct, Annexure 1 on page 117 of the financial statements reflects an amount of R29,2 million as unconfirmed by the applicable debtor on 31 March 2004.

Furthermore, as per the footnote on note 10, R19,9 million of the amount of R35,3 million is reflected as irrecoverable.

## **6. APPRECIATION**

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

**WJ Brits**  
*for* **Auditor-General**

**Cape Town**  
**30 July 2004**

WESTERN CAPE PROVINCE  
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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 March 2004

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.

1 **Basis of preparation**

The financial statements have been prepared on a combination of a modified cash basis and the historical cost basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosures. 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.

The Capital Fund is the control account for all assets purchased and capitalised, be it vehicles, equipment or consumables. It serves as balancing credit figure as per accrual system, i.e. every debit should have a credit. The net movement for the year (after depreciation, acquisitions and disposals) on these accounts will reflect the net movement in the capital fund, i.e. at the end financial year the sum of the book value (after subtracting accumulated depreciation) of these asset accounts, should equal the capital fund balance.

National Treasury Regulation 18.2 requires that the Annual Financial Statements of the Government Motor Transport trading entity conform to GAAP (Generally Accepted Accounting Practise). Government Motor Transport, as part of the Department of Transport and Public Works, is however, bound to operate within the Financial Management Accounting System as utilised by the Department. This transversal system, the only one approved by the Provincial Treasury for the reporting period, is cash based, whilst an accrual-based system is required to comply with GAAP. The result of the non-compliance has the following effect:

- All surpluses are forfeited to the Provincial Treasury
- Utilisation of all funds for capital maintenance results in no profits being generated
- The income control account utilised does not serve adequately as a provision
- No provision is made for doubtful debts and only debts taken on are reflected in the balances at year-end
- Assets are expensed at purchase and are not capitalised
- Income Statement and Balance Sheet items are cash based, the entity accounts for depreciation and profit/loss are on an accrual basis
- The entity makes use of the Department's bank account and facilities

The reasons for the deviations are as follows:

- The uncertainties surrounding the activities regarding a trading entity as per the prescripts versus the activities of a trading account in the manner in which this account is being managed.
- generally accepted accounting practice (gaap) requires an accrual basis of accounting while the Management System (FMS) is a cash accounting system approved by Provincial Treasury, which is a transversal system, used by all the Departments in the Province.
- Government Motor Transport (GMT) is an entity operating within the Department of Transport and Public Works, providing the service of hiring vehicles to other departments. The Department operates on a cash basis of Accounting and therefore GMT has to operate on the same basis to ensure consistent practice within the Department.

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- The Constitution Act 108 of 1996, paragraph 216.(1), stipulates that National Legislation must establish a national treasury to ensure both transparency and expenditure control in each sphere of government, by introducing generally recognised accounting practice principles.

In addition, the Accounting Officer must prepare financial statements for each financial year in accordance with generally recognised accounting practice (grap) as per Public Finance Management Act 1 of 1999 (as amended by Act 29/1999), Section 40(1)(b), while the National Treasury Regulation 18.2 requires that the annual financial statements of the trading entity must be prepared in accordance with generally accepted accounting practice (gaap).

2 **Revenue**

User departments pay for each kilometer covered by them with a government vehicle, and for each day a government vehicle is in their possession, in accordance with a tariff per classification code of vehicle, which is determined by the Department of Transport and Public Works and approved by Provincial Treasury to cover the running costs and replacements of vehicles.

Revenue is recognised when cash is received.

3 **Current expenditure**

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

4 **Unauthorised, irregular, and fruitless and wasteful expenditure**

Unauthorised expenditure means:

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

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

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

- the Public Finance Management Act,
- 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. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

5 **Debts written off**

Debts are written off when identified as irrecoverable and the accounting authorities approvals are obtained. No provision is made for irrecoverable amounts.

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**6 Surplus\Deficit on Income Statement**

The surplus on the income statement is paid over to Department of Transport and Public Works. If a deficit occurs the Department of Transport and Public Works is responsible for the deficit.

**7 Capital expenditure**

**7.1 Vehicle and equipment**

Items of vehicle and equipment are stated at historical cost less accumulated depreciation.

Vehicles are depreciated on straight-line basis over the prescribed vehicle life per classification code. Depreciation is calculated monthly according to the number of months the vehicle life covers during the financial year until the vehicle has a one rand value.

Prescribed vehicle lives:

Motorcycles & ambulances	3 years
Light motor vehicles	4 years
Heavy duty trucks & buses	7 years

Surpluses and losses on disposal of vehicles are charged to the income statement and recorded as capital profit/loss.

Equipment is depreciated at 15% per year on the reducing balance method. All other equipment including office equipment and computers is written off on acquisition.

**7.2 Consumables**

Consumable consists of stationery, photocopy paper, printer cartridges and vehicle stickers.

**8 Receivables**

Receivables include debts owing to Government Motor Transport in respect of services rendered and billed to the different government departments, which are not normally recognised under the cash basis of accounting. These debts are created with a corresponding credit to the Debtor's Control Account and are accounted for in the Balance Sheet only.

**9 Payables**

Payables are not recognised under the cash basis of accounting. However, payables including commitments and advances recognised in the balance sheet arise from cash receipts that are for future services rendered to or by another party.

**10 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 as part of the disclosure notes to enhance the usefulness of the financial statements.

**11 Loss\Profit on Sale of vehicles**

Loss : This is the total value of government vehicles, which was written-off due to accidents or been stolen or recovered.

Profit : This is the total value of government vehicles, which was sold, where the proceeds exceeds the book value.

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for the year ended 31 March 2004

12 **Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits is expensed in the income statement in the reporting period when 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 disclosure 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 of Transport and Public Works 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 all its employees through defined benefit plans. These benefits are funded by employer and/or 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.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

13 **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 Trading Account may reasonably have available for reporting.

14 **Lease commitments**

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure 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.

15 **Capital fund**

The Capital fund represents the value of non current assets and consumable stock on hand at year end.

16 **Department of Transport and Public Works**

The Amount represents the cash and cash equivalents at the end of the financial year.

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
INCOME STATEMENT ( STATEMENT OF FINANCIAL PERFORMANCE )  
for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
<b>REVENUE</b>			
Revenue	1	172,184	143,896
<b>TOTAL REVENUE</b>		<b>172,184</b>	<b>143,896</b>
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	2	9,174	9,003
Administrative	3	8,294	7,771
Inventories	4	49,872	48,013
Machinery and Equipment	5	532	159
Land and buildings	6	14	745
Professional and special services	7	26,403	19,316
Miscellaneous	8	73,445	58,888
<b>TOTAL EXPENDITURE</b>		<b>167,734</b>	<b>143,895</b>
<b>NET SURPLUS /(DEFICIT) FOR THE YEAR</b>		<b>4,450</b>	<b>1</b>
Transferred to Department of Transport and Public Works Revenue Fund		(4,450)	(1)
Movement in consumable stock		(25)	(1)
Funds transferred to Revenue fund	18	(4,425)	-
<b>AMOUNT RETAINED</b>		<b>-</b>	<b>-</b>



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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
BALANCE SHEET ( STATEMENT OF FINANCIAL POSITION )  
as at 31 March 2004

ASSETS	Note	2003/04 R'000	2002/03 R'000
Current assets		52,049	65,870
Consumables on Hand	9	26	48
Receivables	10	36,632	58,610
Department of Transport and Public Works	11	15,391	7,212
Non-current assets		167,360	156,208
GMT Vehicles	12	167,336	156,180
GMT Workshop Equipment	12	24	28
<b>TOTAL ASSETS</b>	<b>A</b>	<b>219,409</b>	<b>222,078</b>
<b>LIABILITIES</b>			
Current liabilities		52,023	65,822
Debtor Control Account	13	33,490	51,254
Payables	14	18,533	14,568
Non-current liabilities		167,386	156,256
Capital Fund	15	167,386	156,256
<b>TOTAL LIABILITIES</b>	<b>B</b>	<b>219,409</b>	<b>222,078</b>
<b>NET ASSETS/LIABILITIES</b>	<b>A - B</b>	<b>-</b>	<b>-</b>

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
Capital Fund		
Opening balance	156,256	125,968
Additions	11,130	30,288
Closing balance	<u>167,386</u>	<u>156,256</u>
TOTAL	<u>167,386</u>	<u>156,256</u>

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
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 utilised by investing activities	16	(11,152)	(30,273)
Net cash flow generated by working capital	17	23,756	45,628
Net cash flow utilised by operating activities	18	(4,425)	-
		<hr/>	<hr/>
Net cash flow available from operating activities		8,179	15,355
		<hr/>	<hr/>
Net increase in cash and cash equivalents		8,179	15,355
Cash and cash equivalents at beginning of year		7,212	(8,143)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	11	15,391	7,212
		<hr/> <hr/>	<hr/> <hr/>

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
NOTES TO THE ANNUAL FINANCIAL STATEMENT  
for the year ended 31 March 2004

1	Revenue	Note	2003/04 R'000	2002/03 R'000
	Losses recovered	1.1	1,846	2,602
	Profit on Sale of Vehicles	1.2	13,424	19,429
	GMT Kilometre Receipts		84,138	72,006
	GMT Daily Tariff		67,137	45,431
	GMT Sundry Debtors : Taxi Claims		4,698	3,874
	GMT Receipts Vehicle Sales		441	227
	GMT Receipts Other Sales		104	106
	GMT Recov : First Auto Card Fraud		19	87
	GMT Recov : Toll Fees Claims.		235	-
	GMT Recov : Miscellaneous		117	53
	GMT Increase in movement of Capital Stock		25	81
			<u>172,184</u>	<u>143,896</u>
1.1	Losses recovered		2003/04 R'000	2002/03 R'000
	Nature of loss recovered			
	GMT Recov : Accidents Costs		623	1,112
	GMT Recov : Losses Claims		458	720
	GMT Recov : Accidents Stationary Objects		146	652
	GMT Recov : Third Party Income		88	-
	GMT Recov : Accidents Private Party		531	118
			<u>1,846</u>	<u>2,602</u>
1.2	Explanatory note on actual proceeds on sale of vehicles		2003/04 R'000	2002/03 R'000
	Proceeds from auction less auction costs		14,244	20,642
	Net book value		(820)	(1,213)
	Profit on sale of Vehicles		<u>13,424</u>	<u>19,429</u>
2	Personnel		2003/04 R'000	2002/03 R'000
	Salaries		6,271	6,072
	Housing Subsidy		400	341
	Motor Allow. Senior Officials		99	87
	Remun Allow. Other Recurring		63	119
	Remun Allow. Other Non-Rec		-	30
	Over time		167	182
	Service Bonus		496	467
	Merit Bonus		5	58
	Bonuses: Other Non-Recurring		12	23
	Leave Gratuities: Normal		4	10
	Leave Gratuities: Negotiation		-	15
	Recognition of Long Term Service		-	4
	Medical Aid		736	724
	Pension Fund		919	870
	Employ. Contr. Bargining Council		2	1
	Total Personnel Costs		<u>9,174</u>	<u>9,003</u>
	Average number of employees		93	97

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
NOTES TO THE ANNUAL FINANCIAL STATEMENT ( Continued )  
for the year ended 31 March 2004

3	Administration	2003/04 R'000	2002/03 R'000
	Subsistence Allowance Domestic	-	14
	S & T Incidental Allowance	12	5
	S & T Allowance: Domestic	6	11
	S & T Actual Expenditure ( Accom & Meals )	34	21
	Kilometer Tariff	222	255
	Daily Tariff	253	387
	Travel Allowance: Motor Transport	10	8
	Transport: Contract / Private Agency	4,952	4,310
	Aeroplane Tickets: Domestic	48	71
	Toll Fees	6	-
	Telephone Accounts	270	361
	Telephone Installations	23	18
	Postage	27	40
	Rental of Post Boxes	1	1
	Cellular Accounts	114	106
	Class & Course Fees	-	10
	Reg. Service council Levies	21	21
	Departmental Entertainment	1	1
	Snr Official Entertinment Allowance	1	1
	Licence Fees	2,270	2,117
	Advertising costs	6	-
	Rent Parking / Garage	-	1
	Workshops / Teambuilding	17	12
		<u>8,294</u>	<u>7,771</u>
		<u>8,294</u>	<u>7,771</u>
4	Inventories	2003/04 R'000	2002/03 R'000
	Publications / Subscriptions	6	4
	Gov. Print / Trad. Account / Stationary	73	55
	Station / Printing / Bind / Repairs	74	89
	Photo Copy Paper	74	64
	Protective Clothing	7	9
	Uniforms	-	3
	Computer Requisites	118	93
	Cellular Requisites	1	1
	Electrical Appliance	1	6
	Bank Card Costs ( Other )	2,564	1,988
	Fuel, Oil and Grease	43,326	42,538
	Tyres and Tubes	3,198	2,744
	Spares, Accessories, etc	388	382
	Maintenance Material	10	18
	Packing Material	-	1
	Cleaning / Laundry / Toiletries	8	7
	Chemicals	1	-
	Consumable Stores	23	11
		<u>49,872</u>	<u>48,013</u>
		<u>49,872</u>	<u>48,013</u>

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
NOTES TO THE ANNUAL FINANCIAL STATEMENT ( Continued )  
for the year ended 31 March 2004

5	Machinery and equipment	2003/04 R'000	2002/03 R'000
	Office Equipment	202	79
	IT Equipment	194	-
	Tools	2	8
	Domestic Equipment	39	7
	Photographic Equipment	13	6
	Computer Software	2	-
	Photocopiers	63	31
	Fax Machines	16	23
	Plant / Equipment	1	5
		<u>532</u>	<u>159</u>
6	Land and buildings	2003/04 R'000	2002/03 R'000
	Land & Buildings	-	730
	Maintenance	14	15
		<u>14</u>	<u>745</u>
7	Professional and special services	2003/04 R'000	2002/03 R'000
	State Attorney	37	343
	Computer services	-	9
	Computer Time	3	38
	Consultants	2,411	20
	Contractors	-	10
	Auctioneers Services	173	205
	Injury on Duty	11	33
	Doctors Examinations	3	-
	Courier Services	73	53
	Catering	6	12
	Refuse Removal	7	6
	Water	5	6
	Furniture	8	2
	Motor Vehicles Repairs	23,631	18,543
	Towing Costs	35	31
	Security Infrastructure	-	5
		<u>26,403</u>	<u>19,316</u>
8	Miscellaneous	2003/04 R'000	2002/03 R'000
	Claims Against the State	766	240
	Losses	-	92
	GMT Depreciation Equipment	4	4
	Bank Card Costs	6,442	3,834
	Public Drivers Permits	1	1
	Road Worthy Tests	3	8
	Loss on Sale of Vehicles	1,108	1,131
	GMT Depreciation Vehicles	65,121	53,578
		<u>73,445</u>	<u>58,888</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENT ( Continued )  
for the year ended 31 March 2004

9	Consumables on hand at year end		2003/04 R'000	2002/03 R'000
	Stationary / Printing / Bind / Repairs		6	8
	Spares, Accessories, etc ( Stickers )		16	34
	Computer Requisites ( Printer Cartridges )		-	3
	Photo Copy Paper		4	3
			26	48
			26	48
10	Receivables - current	Note	2003/04 R'000	2002/03 R'000
	Amounts owing by other departments	Annexure 1A & B	35,317	56,502
	Other debtors	10.3	1,315	2,108
			36,632	58,610
			36,632	58,610
10.1	Amounts of R 19,872 million (2002/03 : R 19,264 million ) included above may not be recoverable, but has not been written off in the income statement.			
10.2	Age analysis – receivables current		2003/04 R'000	2002/03 R'000
	Less than one year		6,577	19,600
	One to two years		5,941	16,904
	More than two years		24,114	22,106
			36,632	58,610
			36,632	58,610
10.3	Other debtors			
	Government Motor Transport Disallowances : Miscellaneous		1,160	1,202
	Government Motor Transport Advances : Fleet Account		155	906
			1,315	2,108
			1,315	2,108
11	Department of Transport and Public Works		2003/04 R'000	2002/03 R'000
	Cash and cash equivalents			
	( Held by the Department of Transport and Public Works )		(15,391)	(7,212)
			(15,391)	(7,212)
			(15,391)	(7,212)

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GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
NOTES TO THE ANNUAL FINANCIAL STATEMENT ( Continued )  
for the year ended 31 March 2004

12	Non Current Assets	2003/04	2003/04	2003/04
		VEHICLES	EQUIPMENT	TOTAL
	Vehicles & Equipment	R'000	R'000	R'000
	Beginning of year :			
	- Cost	320,947	112	351,247
	- Accumulated depreciation	(164,767)	(84)	(195,039)
	- Net book value	<u>156,180</u>	<u>28</u>	<u>156,208</u>
	Current year movement :			
	- Additions	78,724	-	78,724
	- Disposals	(2,447)	-	(2,447)
	- Depreciation	(65,121)	(4)	(65,125)
	Balance at end of year	<u>167,336</u>	<u>24</u>	<u>167,360</u>
	Made up as follows :			
	- Cost	376,185	112	376,297
	- Accumulated depreciation	(208,849)	(88)	(208,937)
	- Net book value	<u>167,336</u>	<u>24</u>	<u>167,360</u>
		2002/03	2002/03	2002/03
		VEHICLES	EQUIPMENT	TOTAL
	Vehicles & Equipment	R'000	R'000	R'000
	Beginning of year :			
	- Cost	267,189	203	267,392
	- Accumulated depreciation	(141,378)	(79)	(141,457)
	- Net book value	<u>125,811</u>	<u>124</u>	<u>125,935</u>
	Current year movement :			
	- Additions	86,277	-	86,277
	- Capital fund adjustment	402	-	402
	- Disposals	(2,732)	(92)	(2,824)
	- Depreciation	(53,578)	(4)	(53,582)
	Balance at end of year	<u>156,180</u>	<u>28</u>	<u>156,208</u>
	Made up as follows :			
	- Cost	320,947	112	351,247
	- Accumulated depreciation	(164,767)	(84)	(195,039)
	- Net book value	<u>156,180</u>	<u>28</u>	<u>156,208</u>



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NOTES TO THE ANNUAL FINANCIAL STATEMENT ( Continued )  
for the year ended 31 March 2004

13	Debtors Control Account	Note	2003/04 R'000	2002/03 R'000
	GMT Miscellaneous Debtors Income Control	Annexure 1A	33,490	51,254
<hr/>				
14	Payables - current	Note	2003/04 R'000	2002/03 R'000
	Description			
	Amounts owing to other departments	Annexure 2A	12,809	13,793
	Commitments to vehicles suppliers	Annexure 2B	4,901	-
	Other payables		823	775
			<u>18,533</u>	<u>14,568</u>
<hr/>				
15	Capital fund		2003/04 R'000	2002/03 R'000
	Opening Balance		156,256	125,968
	Add : Increase		11,130	30,288
			<u>167,386</u>	<u>156,256</u>
<hr/>				
16	Net cash flow utilised by investing activities		2003/04 R'000	2002/03 R'000
	Adjusted for items separately disclosed		(11,152)	(30,273)
	Increase in non-current assets		<u>(11,152)</u>	<u>(30,273)</u>
	Net cash flow generated by investing activities		<u>(11,152)</u>	<u>(30,273)</u>
<hr/>				
17	Cash generated / (utilised) to (increase)/decrease working capital		2003/04 R'000	2002/03 R'000
	Decrease in Consumables		22	(15)
	Decrease in Receivables		21,978	9,262
	Decrease in current liabilities		(9,374)	6,093
	Increase in Capital Fund		11,130	30,288
	Net cash flow generated by working capital		<u>23,756</u>	<u>45,628</u>
<hr/>				
18	Net cash flow generated by operating activities		2003/04 R'000	2002/03 R'000
	Funds surrendered to Department of Transport and Public Works		(4,425)	-
	Net cash flow generated by operating activities		<u>(4,425)</u>	<u>-</u>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE10

GOVERNMENT MOTOR TRANSPORT TRADING ACCOUNT  
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENT  
for the year ended 31 March 2004

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements.

19	Leases			
19.1	Operating leases		Equipment R'000	2003/04 R'000
	Not later than 1 year			
	2004/2005		227	227
	Later than 1 year and not later than 3 years			
	2005/2006		379	379
	2006/2007		227	227
			152	152
	Total present value of lease liabilities		<u>606</u>	<u>606</u>

**WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS**

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE  
WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE ROADS CAPITAL  
ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004**

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A U D I T O R - G E N E R A L

## **REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE ROADS CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 125 to 131 of the year ended 31 March 2004 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### **2. NATURE AND SCOPE**

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

An audit includes:

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

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

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

### **3. AUDIT OPINION**

In my opinion the financial statements fairly present, in all material respects, the financial position of the roads capital account at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act no 1 of 1999).

### **4. EMPHASIS OF MATTER**

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

#### **4.1 Assets**

*[Page 131, annexure 1 to the Financial Statements]*

Although the assets as disclosed in the annexure could be verified, the planned revaluation of the assets as reported on page 102 of the 2002-03 audit report was not performed at the time of writing this report.

#### **4.2 Contribution from Department of Transport and Public Works**

*[Page 130, notes 1 and 5 to the Financial Statements]*

During the year under review the Department of Transport and Public Works (Branch 3) contributed R19,7 million (2002-03 R10,3 million) towards the operating expenses and fixed asset purchases of this Account.

### **5. APPRECIATION**

The assistance rendered by the staff of the roads capital account during the audit is sincerely appreciated.

**W.J. Brits**

*for Auditor-General*

**Cape Town  
30 July 2004**

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

ROADS CAPITAL ACCOUNT

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 MARCH 2004

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements.

1. **Basis of preparation**

The financial statements have been prepared on a combination of a modified cash basis and the historical cost basis of accounting, except where otherwise stated. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosures. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

Revenue and expenditure is recognised on the cash basis.

2. **Revenue recognition**

Income is recognised when cash is received. Revenue collected equals total expenditure (Note 5 refers).

3. **Inventory**

Consumable stock consists of maintenance materials. Stock is shown at year end in accordance with the weighted average method and issued at this method during the year.

4. **Dispensation of profit or loss**

At the end of the financial year any profit/[deficit] is transferred to the Department of Transport and Public Works, for their account.

5. **Assets**

No depreciation is calculated as, only the plant and equipment purchased during the last 2 financial years under review, have been taken into account.  
See note 2.

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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ROADS CAPITAL ACCOUNT

OPERATIONAL INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)  
for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
Income			
Gross income	1	16,875	20,172
Expenditure		16,875	20,172
Personnel expenditure		4,917	3,370
Administrative expenditure		313	1,751
Equipment		47	0
Stores and livestock		9,519	10,904
Professional and special services		2,079	4,147
Profit (Loss)		-	-

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
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ROADS CAPITAL ACCOUNT

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
at 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
<b>ASSETS</b>			
Non Current assets		45,365	23,298
Plant & Equipment	2	45,365	23,298
Current Assets		4,047	3,996
Inventory	3	2,006	1,938
Receivables	4	2,041	2,058
Other Financial Assets		-	-
<b>Total Assets</b>		<b>49,412</b>	<b>27,294</b>
<b>FUNDS AND LIABILITIES</b>			
Capital Funding	5	49,412	27,294
<b>Total Funds</b>		<b>49,412</b>	<b>27,294</b>



WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

ROADS CAPITAL ACCOUNT

STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
Capital Funding		
Opening balance	27,294	17,658
Contribution	22,118	9,636
Closing balance	<u>49,412</u>	<u>27,294</u>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

ROADS CAPITAL ACCOUNT

CASH FLOW STATEMENT  
for the year ended 31 March 2004

	2003/04	2002/03
	R'000	R'000
CASH FLOWS FROM OPERATING ACIVITIES		
Cash utilised to increase working capital	22,118	9,636
Net cash outflow from operating activities	<u>22,118</u>	<u>9,636</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Funding	<u>22,118</u>	<u>9,636</u>
Net increase in cash and cash equivalents	<u>-</u>	<u>-</u>

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE 10

ROADS CAPITAL ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2004

		2003/04	2002/03
		R'000	R'000
1.	Revenue		
	Hiring of plant and equipment	14,128	14,734
	Contribution from Department of Transport and Public Works - Road Units	1,720	3,592
	Contribution from Department of Transport and Public Works - Vehicle licence fees	1,027	1,846
		<u>16,875</u>	<u>20,172</u>

2. Assets Non-current  
Assets reflected as per the new acquisitions for the current financial year - Annexure 1

		2003/04	2002/03
		R'000	R'000
3.	Inventory		
	Opening Balance	1,938	2,322
	Increase in Inventory/Excess of issues over receipts	68	(384)
	Closing Balance	<u>2,006</u>	<u>1,938</u>

		2003/04	2002/03
		R'000	R'000
4.	Receivables - Current		
	Bellville Workshop	1,710	1,745
	Ceres Roads Unit	33	22
	Paarl Roads Unit	222	191
	Oudtshoorn Roads Unit	76	100
	Total	<u>2,041</u>	<u>2,058</u>

Amounts of R 255 (thousand) included in the above may not be recoverable, but has not been written off in the income statement.

		2003/04	2002/03
		R'000	R'000
5.	Capital funding contribution		
	Opening balance	27,294	17,658
	Less: Non current assets previously capitalised	-	13,896
		<u>27,294</u>	<u>3,762</u>
	Add: Revenue	-	15,277
	Contribution from Department of Transport and Public Works - Road Units	17,019	4,877
	Auction Sales	5,048	3,144
	Increase in working capital	51	234
	Total	<u>49,412</u>	<u>27,294</u>

		2003/04	2002/03
6.	Personnel		
	Average number of employees	67	67

WESTERN CAPE PROVINCE  
DEPARTMENT OF TRANSPORT AND PUBLIC WORKS  
VOTE10

ROADS CAPITAL ACCOUNT  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004

ANNEXURE 1

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
MACHINERY AND EQUIPMENT	23,298	-	-	-	-	23,298
Motor Vehicles	-	10,546	-	-	-	10,546
Road Plant Equipment	-	9,170	-	-	-	9,170
Other machinery and equipment	-	786	-	-	-	786
Pool Repairs	-	1,565	-	-	-	1,565
<b>Total</b>	<b>23,298</b>	<b>22,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,365</b>

The opening balance amount is the total of machinery and equipment purchased in the previous financial year.  
The closing balance represents total purchases of the machinery and equipment for the previous financial year.