

Provincial Government Western Cape

Provincial Treasury

ANNUAL CONSOLIDATED

FINANCIAL INFORMATION

For the year ended 31 March 2007



PR: 01/2008
ISBN: 978-0-621-37595-4

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http://www.capegateway.gov.za/eng/pubs/annual_reports

Printed in the Republic of South Africa
For the Government Printers Cape
by Formeset Printers Cape

WESTERN CAPE PROVINCE
ANNUAL CONSOLIDATED FINANCIAL INFORMATION
for the year ended 31 March 2007

DEPARTMENTS

PUBLIC AND TRADING ENTITIES

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DEPARTMENTS

PUBLIC AND TRADING ENTITIES

Management Report prepared by the Provincial Treasury

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**Management Report by the Provincial Treasury
for the year ended 31 March 2007**

Preamble

The Annual Consolidated Financial Information (ACFI) is compiled by departments and entities in accordance with Generally Recognised Accounting Practice (GRAP) for the Province in terms of section 19(1) of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended) (PFMA). Being the fourth set of Consolidated Financial Information prepared for tabling, the process followed this year was slightly protracted due to National Public Sector strike action during June 2007. This caused the Auditor-General to delay the audit of certain affected departments country wide. As a result the Auditor-General's consistency review process of the audit reports could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of the ACFI for the 2006-07 financial year. This delay was further exacerbated by the extended scope of the audit for the Department of Community Safety which was only finalised on 2 November 2007.

Background

In the drive to improve transparency and public accountability in the public service, financial reporting is undergoing a transition from reporting on the cash basis of accounting to reporting on the 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.

Currently, the various government entities apply different bases of accounting to prepare financial statements. Departments prepare financial statements on a "modified" cash basis of accounting, which consists mainly of the cash basis of accounting, supplemented with additional disclosure requirements. Public entities, trading entities and constitutional institutions prepare financial statements on the accrual basis. In view of different accounting bases used by these two groups of entities, separate consolidations were prepared to ensure a credible and meaningful presentation of consolidated financial information. The annual financial statements of departments and the Provincial Revenue Fund (PRF) have been consolidated in accordance with the National Treasury guidelines. Similarly, the annual financial statements of public entities and trading entities have been consolidated.

The PFMA provides for consolidated information to be submitted for auditing on 30 June, thus not affording the Province the opportunity to compile consolidated annual financial information based on audited annual financial statements of departments and public entities. The Auditor-General has until 31 July to complete the audits of departments and public entities. Furthermore, although the financial statements of the PRF are incorporated in the ACFI, the PFMA does not prescribe time frames for the compilation and auditing of the PRF information.

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The Annual Consolidated Financial Information is prepared on the going concern basis. It has been based on accounting policies, which have been applied consistently. Where uniform accounting policies were not adopted in the preparation of the annual financial statements, these items have been separately disclosed in the relevant annual consolidated financial information.

PROVINCIAL DEPARTMENTS AND PROVINCIAL REVENUE FUND

The annual financial statements (AFS) of twelve provincial departments, the Provincial Parliament and the Provincial Revenue Fund were consolidated.

The provincial departments are listed below:

- Office of the Premier
- Provincial Treasury
- Community Safety
- Education
- Health
- Social Development
- Housing and Local Government
- Environmental Affairs and Development Planning
- Transport and Public Works
- Agriculture
- Economic Development and Tourism
- Cultural Affairs and Sport

Consolidations were prepared in respect of the following:

- Statement of Accounting Policies
- Appropriation statement
- Statement of financial position
- Statement of financial performance
- Statement of Change in net assets
- Cash flow statement
- Notes to the annual financial information
- Disclosure notes to the annual financial information

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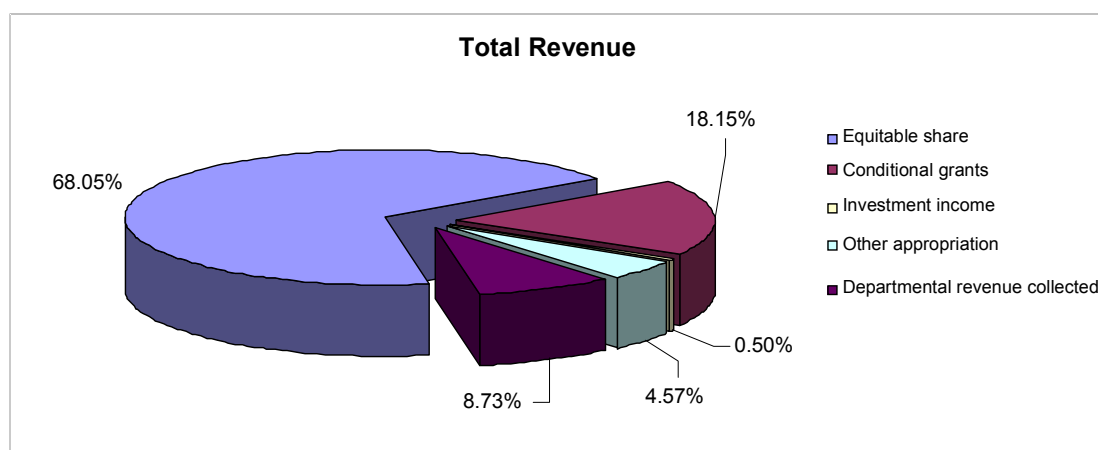
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Notes to the appropriation statement and other annexures were not consolidated since such information as contained in the AFS of departments, is not transversal and would merely result in a duplication of information contained in such AFS. The annual consolidated financial information in respect of provincial departments has been prepared in terms of the “modified” cash basis of accounting.

Financial results of Departments

Revenue

Total revenue received by the Province inclusive of funding from own resources for 2006/07 amounted to R19 635,486 million. This represents a decrease of 8.85 per cent from the R21 542,922 million received in the 2005/06 financial year.



Equitable Share

Revenue received from the National equitable share allocation increased by 10.68 per cent from R12 072,469 million in 2005/06 to R13 362,102 million in 2006/07.

Conditional grants

Revenue received from the National as conditional grants allocations decreased by 48.27 per cent from R6 890,887 million in 2005/06 to R3 564,488 million in 2006/07 due to the shift of the payments of social grants to the national agency SASSA.

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Other appropriation

This revenue source increased by 3.58 per cent, from R865,562 million in 2005/06 to R896,543 million in 2006/07. This represents earmarked funding from reserves.

Investment Income

Interest received via investments, accounted for separately from 2006/07, amounted to R97,301 million.

Departmental Revenue

Representing 9 per cent of total revenue in 2006/07 and 8 per cent in 2005/06, collected from the following sources:

	2006/07	2005/06
	R'000	R'000
Tax revenue	1 078 951	984 863
Sales of goods and services other than capital assets	304 206	276 195
Fines, penalties and forfeits	1 338	1 412
Interest, dividends and rent on land	58 697	247 971
Sales of capital assets	19 806	30 512
Financial transactions in assets and liabilities	154 573	103 896
Transfers received	97 503	69 155
Total income	1 715 074	1 714 004

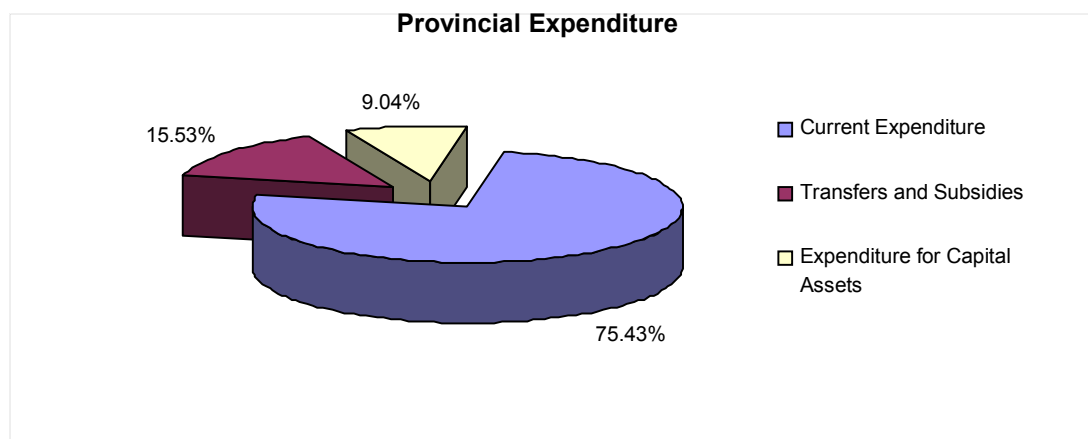
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Provincial Expenditure

Total expenditure incurred decreased by 10.17 per cent from R21 025,849 million in 2005/06 to R18 887,460 million in the 2006/07 financial year mainly due to the function of paying social grants shifted to South African Social Security Agency. A year on year comparison of Provincial Departments' expenditure based on the economic classification is as follows:

	2006/07	2005/06
	R'000	R'000
Current expenditure	14 247 413	12 897 190
Transfers and subsidies	2 933 350	6 645 667
Capital expenditure	1 706 697	1 482 992
Total expenditure	18 887 460	21 025 849



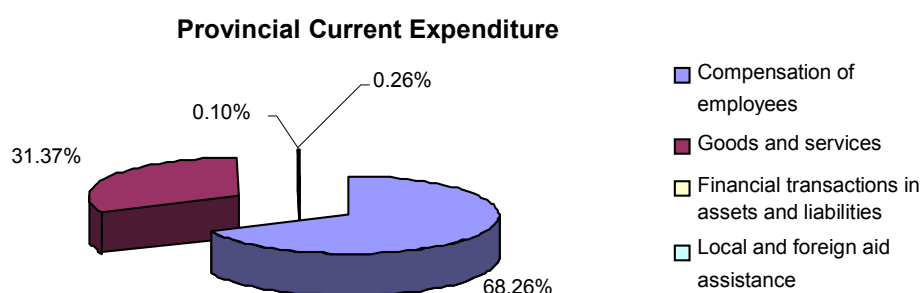
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Provincial Current expenditure

Current expenditure incurred by Provincial departments increased by 10.48 per cent from R12 897,190 million in 2005/06 to R14 247,413 million in 2006/07. Following is a comparison of 2006/07 and 2005/06 based on the main current expenditure classifications with the graph below illustrating the portion of each item as a percentage of the total current expenditure:

	2006/07	2005/06
	R'000	R'000
Compensation of employees	9 726 212	8 930 472
Goods and services	4 469 421	3 847 600
Financial transactions in assets and liabilities	14 479	21 376
Local and foreign aid assistance	37 301	19 682
Unauthorised expenditure approved	-	78 060
Total expenditure	14 247 413	12 897 190



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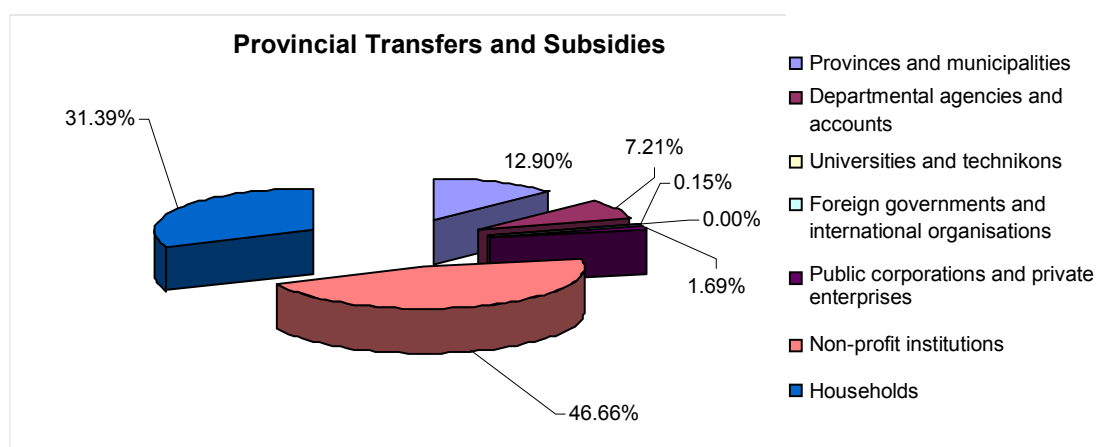
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Provincial Transfers and Subsidies

Transfers and subsidies paid by Provincial departments decreased by 55.86 per cent from R6 645,667 million in 2005/06 to R2 933,350 million in 2006/07. Following is the comparison of the current year (2006/07) and prior year (2005/06) based on their main item classifications:

	2006/07	2005/06
	R'000	R'000
Provinces and Municipalities	378 275	490 447
Departmental agencies and accounts	211 521	161 096
Universities and Technikons	4 325	55 631
Foreign governments and International organizations	94	88
Public corporations and private enterprises	49 511	45 548
Non-profit institutions	1 368 785	1 196 866
Households	920 839	4 695 991
Total expenditure	2 933 350	6 645 667

In the graph below, transfers and subsidies paid is indicated per main recipient category as a percentage of the total expenditure incurred.



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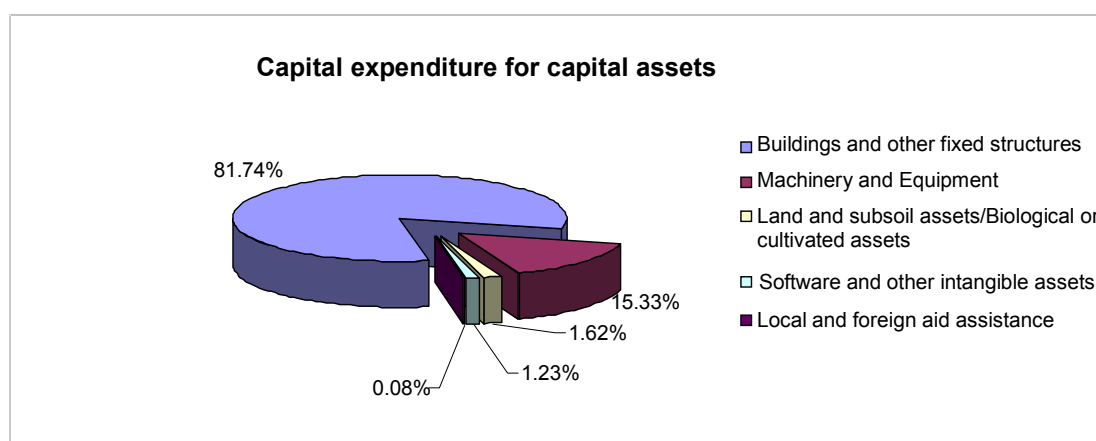
**Management Report by the Provincial Treasury
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Provincial expenditure for capital assets

Capital expenditure by Provincial departments increased by 15.08 per cent from R1 482 992 million in 2005/06 to R1 706 697 million in 2006/07. Following is a comparison of the current year (2006/07) and prior year (2005/06) based on the main capital expenditure classifications:

	2006/07	2005/06
	R'000	R'000
Buildings and other fixed structures	1 395 071	1 137 593
Machinery and equipment	261 566	282 477
Biological or cultivated assets	75	1 049
Software and other intangible assets	21 076	22 432
Land and subsoil assets	27 544	39 400
Local and foreign aid assistance	1 365	41
Total expenditure	1 706 697	1 482 992

In the graph below, capital expenditure is indicated per main category as a percentage of the total capital expenditure incurred.



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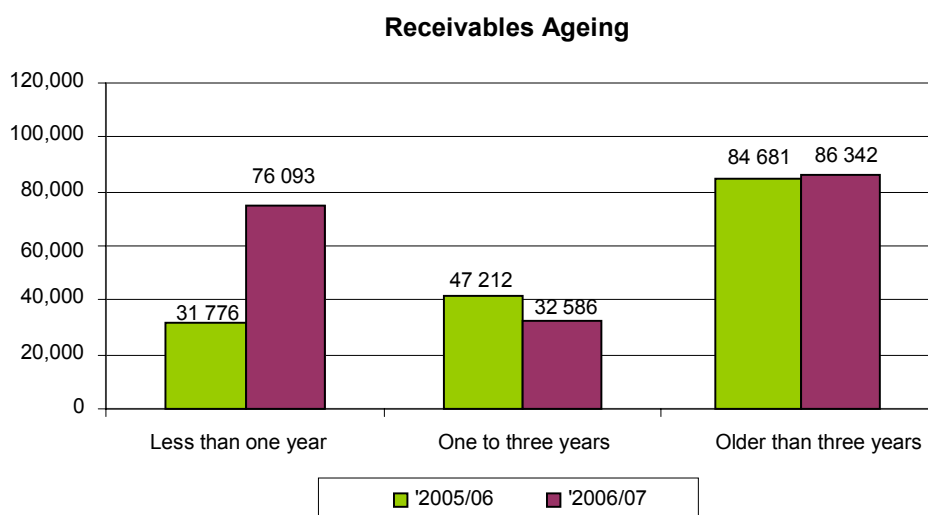
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Receivables

An age analysis of consolidated receivables owing to the Provincial Departments reveals an increasing trend in debtors older than three years, as illustrated below:

	2006/07	2005/06
	R'000	R'000
Less than one year	76 093	31 776
One to three years	32 586	47 212
Older than three years	86 342	84 681
Total receivables	195 021	163 669

The consolidated receivables have increased by 19.16 per cent from R163 669 million in 2005/06 to R195 021 million in 2006/07.



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PUBLIC AND TRADING ENTITIES

Public entities, trading entities and constitutional institutions prepare financial statements on the accrual basis of accounting. The annual financial statements of such entities are therefore consolidated. The consolidation is in respect of twelve provincial public entities and two trading entities. Consolidations were prepared in respect of the following:

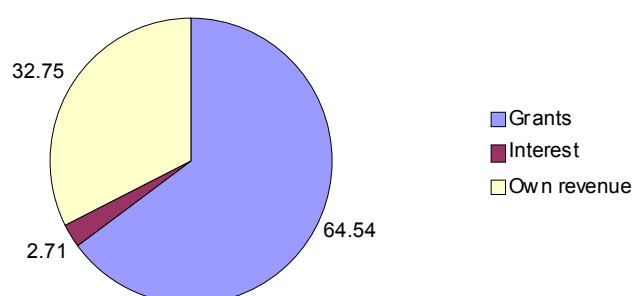
- Statement of financial performance
- Statement of financial position
- Statement of changes in net assets
- Cash flow statement
- Notes to the annual financial statements
- Disclosure notes to the Annual Financial Statements

Total revenue of public entities increased by 8.42 per cent from R251,401 million for the 2005/06 financial year to R272,569 during the 2006/07 financial year.

Revenue of public entities consists mainly of government grants' interest and own revenue. These funding sources, calculated as a percentage of total revenue are respectively 64.54 per cent (grants), 2.71 per cent (interest) and 32.75 per cent (own revenue) for 2006/07, compared to 2005/06 percentages of 62.71 per cent (grants), 1.99 per cent (interest) and 35.30 per cent (own revenue).

During the same period total expenditure increased by 6.45 per cent, from R236,387 million to R251,644 million.

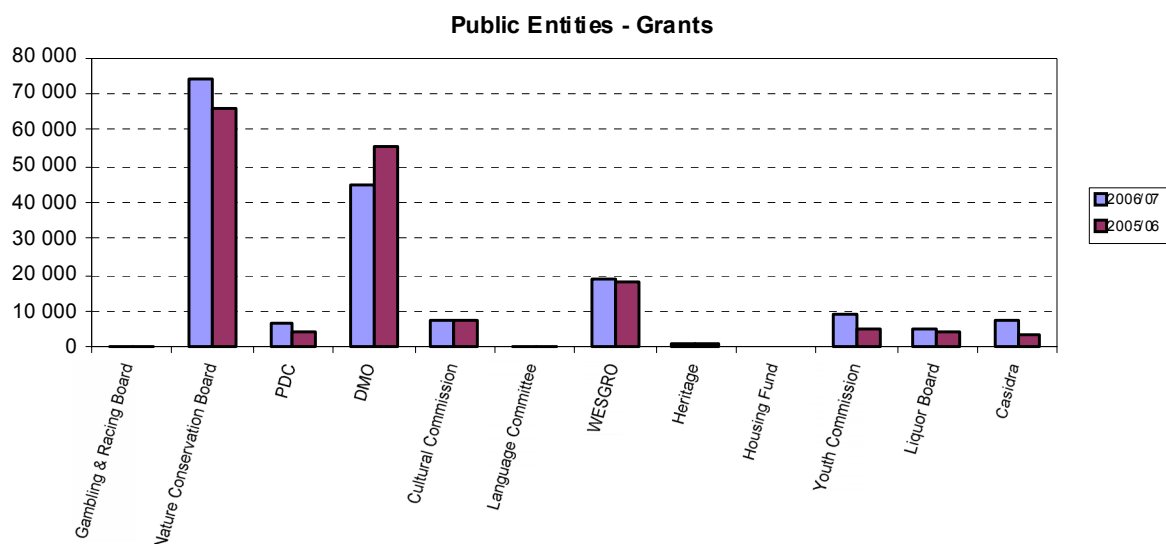
Public Entities - 2006/07 Funding Sources %



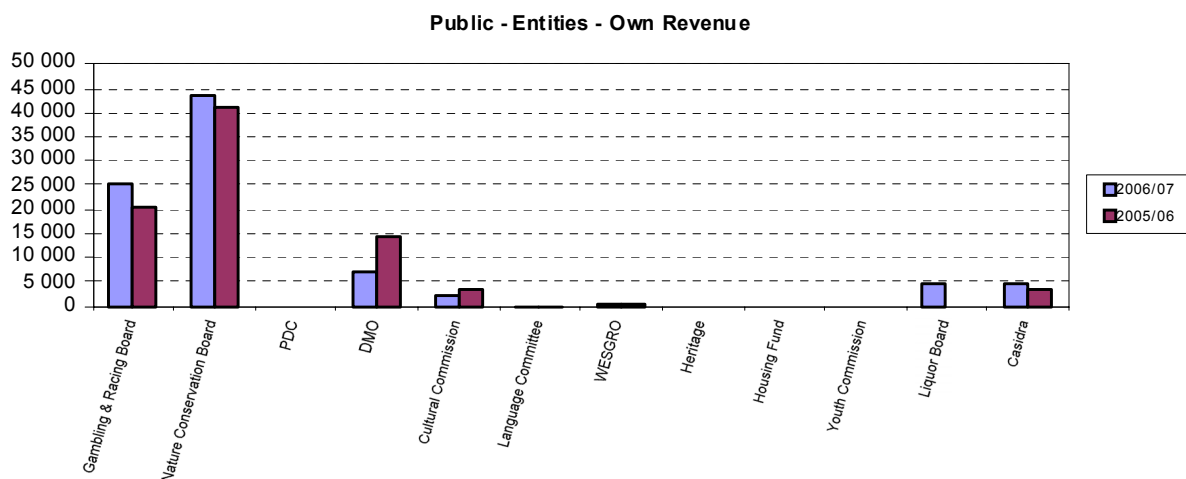
Public Entities are largely dependent on grants for their existence. Grants paid over to these entities increased from R167 million in 2005/06 to R184 million in 2006/07. Own revenue collected by Public Entities increased from R83 million in 2005/06 to R88 million in 2006/07.

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The major beneficiaries of grants are the Nature Conservation Board and DMO. Total grants to Public Entities increased from R167 million in 2005/06 to R184 million in 2006/07. Trading Entities are not dependent on grants.



The Western Cape Gambling and Racing Board and the Western Cape Nature Conservation Board are the main collectors of own revenue by Public Entities in the Western Cape. The Western Cape Gambling and Racing Board is in fact collecting more own revenue than its total annual expenditure.

Total revenue of trading entities increased by 22.6 per cent from R507,859 million for 2005/06 to R622,653 million for 2006/07. These amounts are mostly own revenue, and these entities are therefore not reliant on government grants. Expenditure by trading entities amounted to R480,777 for the 2005/06 financial year, and R515,803 for 2006/07.

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PUBLIC ENTITIES:

Western Cape Gambling and Racing Board

The Board was established in 1977 in terms of the Western Cape Gambling and Racing Law, and is currently regulated by Law 4 of 1996, as amended. Its primary goal is to control and regulate gambling and racing and activities incidental thereto in the Western Cape.

Western Cape Nature Conservation Board (Cape Nature)

Cape Nature is constituted in terms of the Western Cape Nature Conservation Board Act of 1998. Its primary objectives are biodiversity conservation and delivery of socio-economic benefits.

Provincial Development Council

The Council was established in terms of the Provincial Development Council Law Amendment Act No. 4 of 2004. The Act assigns the functions of co-ordinating, facilitating and initiating consensus through social dialogue amongst stakeholders on provincial growth and development matters.

Destination Marketing Organisation (DMO) trading as Cape Town Routes Unlimited

Cape Town Routes Unlimited (CTRU) is a Schedule 3C Public Entity as defined in the Public Finance Management Act (Act 1 of 1999). The Western Cape Tourism Act (Act 1 of 2004) provides for the establishment of the Destination Marketing Organisation (DMO) to trade as Cape Town Routes Unlimited. CTRU delivers on the South African promise of promoting sustainable growth, transformation and pride while marketing Cape Town and the Western Cape.

Western Cape Cultural Commission

The aim of the Western Cape Cultural Commission is to promote and enrich arts and culture, whilst reflecting the cultural diversity of the province and the country.

Western Cape Language Committee

Western Cape Language Committee is constituted in terms of the Constitution of RSA, 1996 (Act 108 of 1996), Constitution of Western Cape, 1998 (Act 1 of 1998) and Western Cape Provincial Language Act, 1998 (Act 13 of 1998). Its main objective is to promote multilingualism and to monitor the use of the three official languages in the Western Cape.

Western Cape Investment and Trade Promotion Agency (WESGRO)

Wesgro is the Western Cape's Official Investment and Trade Promotion Agency. Its key objectives are to attract and facilitate investment into the Western Cape, nationally and internationally.

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Heritage Western Cape

Heritage Western Cape is constituted in terms of the National Heritage Resource Act, 1999 (Act 25 of 1999) and it is concerned with the legal protection of heritage resources. Its main objective is to identify, conserve, transform and manage the full range of heritage resources in the Western Cape.

Cape Agency for Sustainable Development and Rural Areas (CASIDRA (Pty) Ltd) (PGE)

Casidra provides services to enhance the quality of life of rural communities and is registered as a private company in terms of the Companies Act, 1973 (Act 61 of 1973) and listed as a Schedule 3D Provincial Government Business Enterprise in terms of the Public Management Act, 1999 (Act 1 of 1999). It is by definition also a public entity and as such included in the consolidated financial statements.

Western Cape Youth Commission

The Youth Commission's role is to help Government plan and then to monitor and evaluate the programmes of Government in terms of outcomes as they affect the youth. It is also responsible for promoting youth unity and patriotism and to serve as the connection with National, other Provincial and Local Government youth structures. The Western Cape Youth Commission (WCYC) was established and enacted in October 2004.

Western Cape Liquor Board

The Western Cape Liquor Board activities are funded from the budget of the Department of Economic Development and Tourism within the Directorate: Business Regulation.

As soon as the Western Cape Liquor Bill is passed into law, it will establish the Board as an "independent juristic person" (i.e. a fully independent public entity), with full responsibility for its own funding and financial management.

Western Cape Housing Development Fund

Housing delivery in the Western Cape was governed by three separate but interrelated entities since 1994, namely, the Western Cape Housing Development Board (Board), the Department of Housing (Department) and the Western Cape Housing Development Fund (Fund). The Board was established in terms of section 5 of the Western Cape Housing Development Act 1999 (Act 6 of 1999) and was a provincial public entity in terms of the PFMA. The Board was abolished with effect from 1 November 2005. The Board had no infrastructure, no separate budget and had no financial statements. Financial statements were, however, produced for the Fund, in terms of GAAP.

The Fund is legally still in existence and the Provincial Housing Act has been promulgated to disestablish the Fund. However, the National Housing Act must first be amended in order for the Provincial Housing Act to be changed, to accommodate the disestablishment of the Fund.

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TRADING ENTITIES:

Government Motor Transport (GMT)

GMT forms part of the Department of Transport and Public Works and operates as a separate Trading Entity. The trading activities of GMT focus mainly on the provision of state vehicles for use by national and provincial departments, at set tariffs.

Cape Medical Depot (CMD)

CMD was established in terms of Ordinance 3 of 1962. CMD forms part of the Department of Health and operates as a separate Trading Entity. The trading activities of CMD focus mainly on the provision of medical supplies for the needs of the Department. The expenditure budget in respect of the administrative expenditure of the CMD is recovered from the levy charged for goods distributed. The budget of the CMD is included in the approved budget document of the Province.

Accounting Officer's Approval

I hereby present the Annual Consolidated Financial Information based on the audited financial information for the year ended 31 March 2007 as required by section 19(1) of the Public Finance Management Act, (Act No. 1 of 1999) as amended.



**Accounting Officer
Provincial Treasury**

Date: 13 November 2007

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DEPARTMENTS

Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FACTUAL FINDINGS ON THE CONSOLIDATED FINANCIAL INFORMATION OF THE PROVINCIAL DEPARTMENTS AND THE PROVINCIAL REVENUE FUND OF THE WESTERN CAPE FOR THE YEAR ENDED 31 MARCH 2007

1. I have performed the procedures agreed with the accounting officer of the Provincial Treasury and described below with regard to the consolidated financial information of provincial departments and the Provincial Revenue Fund as at 31 March 2007 set out on pages 29 to 50. My engagement was undertaken in accordance with the International Standard on Related Service Engagements applicable to agreed-upon procedures engagements. With reference to the basis of consolidation as set out in the accounting policies to the consolidated financial information, my procedures were performed solely in respect of the aggregation of financial information of the provincial departments used to compile the consolidated financial information. The procedures performed are summarised as follows:
 - (a) I obtained the consolidation template used to compile the consolidated financial information and agreed the information therein to the information in the annual financial statements of the individual provincial departments.
 - (b) I conducted an audit in accordance with the International Standards on Auditing on the Provincial Revenue Fund.
 - (c) I checked all the castings of the consolidated financial information and agreed the notes to the consolidated financial information with the consolidated appropriation statement, statement of financial performance, statement of financial position, statement of changes in net assets and cash flow statement.
 - (d) I agreed the opening balances and comparative figures with the consolidated financial information of the previous year.

FINDINGS

I report my findings below:

Procedure (a)

2. The consolidated financial information was provided to me in the format of a template, which included the information of all 13 provincial departments and the Provincial Revenue Fund. The information on the template was agreed to the audited annual financial statements of the individual departments. No differences were identified between the information on the template and the individual departments' annual financial statements.

Procedure (b)

3. No significant audit findings were identified during the audit of the Provincial Revenue Fund.

Procedure (c)

4. I re-performed all the castings on the consolidated financial information template and found it to be correct. The notes to the consolidated financial information agreed to the consolidated statement of financial position, statement of financial performance and statement of changes in net assets. The information contained in the notes to the consolidated cash flow statement and the cash flow statement itself could not in all instances be directly related to the consolidated statement of financial position and statement of financial performance, because this statement and notes were aggregated and not recompiled from the consolidated statements of financial position and performance.

Procedure (d)

5. The comparative figures in the 2006-07 financial year's consolidated financial information agreed to the figures in the 2005-06 financial year's consolidated financial information.

General

6. The consolidated financial information was an aggregation of the individual provincial departments' financial information and not a consolidation. Consequently the consolidated financial information presented did not address or make provision for the following:
 - Inter-departmental transactions, balances and surrenders to the Provincial Revenue Fund affecting the consolidated statement of financial position and statement of financial performance were not eliminated.
 - Provincial public entities were consolidated separately from the departments.
7. Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing, I do not express any assurance on the consolidated financial information as at 31 March 2007.
8. Had I performed additional procedures or had I performed an audit or review of the consolidated financial information in accordance with the International Standards on Auditing or International Standards on Review Engagements, other matters may have come to my attention that would have been reported to you.
9. My report is solely for the purpose set out in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

APPRECIATION

10. The assistance rendered by the staff of the Provincial Treasury during the review is sincerely appreciated.

Auditor - General

Cape Town

20 December 2007



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

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DEPARTMENTS

Accounting Policies

Consolidated Appropriation Statements

Consolidated Financial Information

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**Accounting Policies
for the year ended 31 March 2007**

The Consolidated Financial Information 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 Consolidated Financial Information and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Consolidated Financial Information has been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the consolidated appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated and adjusted appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

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**Accounting Policies
for the year ended 31 March 2007**

Total appropriated funds are presented in the consolidated information of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. These approved rollover funds form part of retained funds in the annual consolidated financial information. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the consolidated information of financial position.

2.2 Departmental revenue

All departmental revenue is paid into the Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the consolidated information of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual consolidated financial information.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the consolidated information of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the consolidated information of financial performance when the cash is received.

2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts, which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the consolidated information of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the consolidated information of financial performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the consolidated information of financial performance when the cash is received.

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**Accounting Policies
for the year ended 31 March 2007**

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the consolidated information of financial performance on receipt of the funds.

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

Forex gains are recognised on payment of funds.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the Provincial Revenue Fund and recorded as revenue in the consolidated information of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual consolidated financial information.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the annual consolidated financial information.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual consolidated financial information.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the consolidated information of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognized as a receivable in the consolidated information of financial position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the consolidated information of financial position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the consolidated information of financial performance when the payment is effected on the system (by no later than 31 March of each

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year). Capitalised compensation forms part of the expenditure for capital assets in the consolidated information of financial performance¹.

All other payments are classified as current expense.

Social contributions include the employer's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the consolidated information of financial performance when the payment is effected on the system.

3.1.1 Short term employee benefits

Short-term employee benefits comprise of leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the consolidated information of financial performance when the payment is effected on the system (by no later than 31 March of each year).

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the consolidated information of financial performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of 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 the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the annual consolidated financial information of the province. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year).

¹ This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects.

**Accounting Policies
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3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the consolidated information of financial performance when the payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under goods and services.

3.3 Interest and rent on land

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

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note to the annual consolidated financial information.

Forex losses are recognised on payment of funds.

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

3.5 Unauthorised expenditure

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

Unauthorised expenditure approved with funding is recognised in the consolidated information of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the consolidated information of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the consolidated information of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the consolidated information of financial performance.

**Accounting Policies
for the year ended 31 March 2007**

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the consolidated information of financial performance. If the relevant authority does not condone the expenditure it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated information of financial position at cost.

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

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the consolidated information of financial position when the payments are made.

4.3 Receivables

Receivables included in the consolidated information of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes to the annual consolidated financial information.

4.4 Investments

Capitalised investments are shown at cost in the consolidated information of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

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Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in disclosure note 36 to the annual consolidated financial information.

4.5 Loans

Loans are recognised in the consolidated information of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure note 36 to the annual consolidated financial information.

4.6 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.7 Capital assets

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

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 37 and 38 reflect the total movement in the asset register for the current financial year.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the consolidated information of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the consolidated information of financial position as a liability or as expenditure in the consolidated information of financial performance but are included in the disclosure notes to the annual consolidated financial information.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the annual consolidated financial information.

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5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

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

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes to the annual consolidated financial information.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

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

6. Net Assets

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the consolidated information of financial position for the first time in the current reporting period. Amounts are transferred to the Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

**Accounting Policies
for the year ended 31 March 2007**

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

7. Related party transactions

Related parties are departments that control or significantly influence entities in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes to the annual consolidated financial information.

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

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

9. Public private partnerships

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

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

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

WESTERN CAPE PROVINCE: DEPARTMENTS

**Consolidated Appropriation Statement for
the year ended 31 March 2007**

Appropriation per Department									
	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Provincial Administration									
Current payment	294 348	(2 173)	(336)	291 839	290 998	841	99.71%	268 489	267 526
Transfers and subsidies	19 790	2 173	336	22 299	22 269	30	99.87%	7 157	6 222
Expenditure for capital assets	6 189	-	-	6 189	4 893	1 296	79.06%	22 422	22 396
2. Provincial Parliament									
Current payment	32 348	-	(111)	32 237	29 466	2 771	91.40%	30 161	24 500
Transfers and subsidies	10 682	-	111	10 793	10 712	81	99.25%	10 514	10 288
Expenditure for capital assets	763	-	-	763	601	162	78.77%	406	151
3. Provincial Treasury									
Current payment	132 739	-	(1 659)	131 080	130 860	220	99.83%	112 819	112 495
Transfers and subsidies	481	-	1	482	392	90	81.33%	404	348
Expenditure for capital assets	1 026	-	1 658	2 684	2 684	-	100.00%	2 186	1 432
4. Dept. of Community Safety									
Current payment	147 373	-	2 139	149 512	148 592	920	99.38%	141 332	141 332
Transfers and subsidies	36 186	-	(2 465)	33 721	32 722	999	97.04%	33 444	33 416
Expenditure for capital assets	565	-	326	891	891	-	100.00%	4 020	4 020
5. Dept. of Education									
Current payment	6 156 220	-	(95 627)	6 060 593	5 911 951	148 642	97.55%	5 540 310	5 493 589
Transfers and subsidies	685 613	-	89 033	774 646	773 526	1 120	99.86%	662 717	661 590
Expenditure for capital assets	274 028	-	6 594	280 622	234 885	45 737	83.70%	301 632	294 065
6. Dept. of Health									
Current payment	5 639 389	-	9 888	5 649 277	5 627 221	22 056	99.61%	4 874 162	4 871 013
Transfers and subsidies	387 799	-	(2 779)	385 020	378 356	6 664	98.27%	509 043	502 598
Expenditure for capital assets	449 160	-	(7 109)	442 051	413 938	28 113	93.64%	393 617	345 201
7. Dept. of Social Services & Poverty Alleviation									
Current payment	307 667	(140)	-	307 527	301 738	5 789	98.12%	517 798	469 208
Transfers and subsidies	414 129	140	-	414 269	412 471	1 798	99.57%	4 398 750	4 348 797
Expenditure for capital assets	6 175	-	-	6 175	5 307	868	85.94%	16 883	16 088
8. Dept. of Local Government & Housing									
Current payment	179 680	(3 931)	2 471	178 220	177 856	364	99.80%	133 714	132 051
Transfers and subsidies	1 083 016	3 931	(2 471)	1 084 476	855 092	229 384	78.85%	668 502	650 052
Expenditure for capital assets	3 413	-	-	3 413	2 763	650	80.96%	9 592	8 064
9. Dept. of Environmental Affairs & Development Planning									
Current payment	87 669	(3 411)	(170)	84 088	82 746	1 342	98.40%	75 441	75 290
Transfers and subsidies	95 956	53	-	96 009	96 009	-	100.00%	81 278	81 270
Expenditure for capital assets	1 044	3 358	170	4 572	4 572	-	100.00%	2 301	2 299
10. Dept. of Transport & Public Works									
Current payment	1 110 211	(20 959)	(18 370)	1 070 882	1 058 762	12 120	98.87%	835 433	833 411
Transfers and subsidies	187 939	255	-	188 194	178 847	9 347	95.03%	200 225	187 344
Expenditure for capital assets	1 023 287	20 704	18 370	1 062 361	1 016 422	45 939	95.68%	761 707	752 496
11. Dept. of Agriculture									
Current payment	208 245	4 241	-	212 486	212 422	64	99.97%	173 105	182 163
Transfers and subsidies	77 326	(1 300)	-	76 026	40 186	35 840	52.86%	54 212	42 583
Expenditure for capital assets	16 719	(2 941)	-	13 778	13 778	-	100.00%	41 909	33 769
12. Dept. of Economic Development & Tourism									
Current payment	76 717	(8 031)	(500)	68 186	67 864	322	99.53%	52 231	51 887
Transfers and subsidies	100 634	6 766	500	107 900	105 087	2 813	97.39%	89 608	89 554
Expenditure for capital assets	1 310	1 265	-	2 575	2 547	28	98.91%	566	565
13. Dept. of Cultural Affairs and Sport									
Current payment	161 323	-	(4 760)	156 563	155 434	1 129	99.28%	131 874	131 119
Transfers and subsidies	24 962	-	2 764	27 726	27 681	45	99.84%	32 514	31 701
Expenditure for capital assets	1 376	-	1 996	3 372	2 051	1 321	60.82%	3 448	2 885
Subtotal	19 443 497	-	-	19 443 497	18 834 592	608 905	96.87%	21 195 926	20 914 778
Statutory Appropriation									
Current payments	14 241	-	-	14 241	14 202	39	99.73%	14 917	13 288
Transfers and subsidies									
Payment for capital assets									
Total	19 457 738	-	-	19 457 738	18 848 794	608 944	-	21 210 843	20 928 066
Reconciliation with Statement of Financial Performance									
Prior year unauthorised expenditure approved with funding								78 060	
Departmental receipts					177 748			332 079	
Local and foreign aid assistance					39 698			21 137	
Actual amounts per Statement of Financial Performance (Total Revenue)				19 675 184				21 642 119	
Local and foreign aid assistance					38 666				19 723
Prior year unauthorised expenditure approved					-				78 060
Prior year fruitless and wasteful expenditure condoned					-				
Actual amounts per Statement of Financial Performance Expenditure					18 887 460				21 025 849

WESTERN CAPE PROVINCE: DEPARTMENTS

**Consolidated Appropriation Statement for
the year ended 31 March 2007**

Appropriation per Economic classification									
	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation to employees	10 072 862	(70 655)	(132 643)	9 869 564	9 711 058	158 506	98.39%	9 020 939	8 917 184
Goods and services	4 456 000	26 340	25 292	4 507 632	4 470 361	37 271	99.17%	3 844 049	3 847 121
Interest and rent on land	-	-	-	-	-	-	0.00%	1 080	-
Financial transactions in assets and liabilities	5 067	9 911	316	15 294	14 525	769	94.97%	21 277	21 279
Transfers and subsidies									
Provinces & municipalities	393 029	843	(3 296)	390 576	378 275	12 301	96.85%	498 837	490 297
Departmental agencies & accounts	207 573	3 160	885	211 618	211 521	97	99.95%	161 944	161 096
Universities & technikons	4 529	400	-	4 929	4 325	604	87.75%	59 131	55 631
Foreign governments & international organisations	171	-	(9)	162	94	68	58.02%	100	88
Public corporations & private enterprises	48 150	3 143	500	51 793	49 511	2 282	95.59%	52 156	45 548
Non-profit institutions	1 274 931	4 363	91 004	1 370 298	1 368 785	1 513	99.89%	1 203 749	1 197 016
Households	1 196 130	109	(4 054)	1 192 185	920 839	271 346	77.24%	4 772 451	4 695 991
Payment on capital assets									
Buildings & other fixed structures	1 461 022	3 732	41 881	1 506 635	1 395 071	111 564	92.60%	1 190 106	1 137 690
Machinery & equipment	269 418	11 833	(8 425)	272 826	261 694	11 132	95.92%	304 060	282 966
Biological or cultivated assets	94	(2)	-	92	75	17	81.52%	208	1 049
Software & other intangible assets	12 837	7 844	1 301	21 982	20 914	1 068	95.14%	22 722	22 422
Land & subsoil assets	41 684	(1 021)	(12 752)	27 911	27 544	367	98.69%	43 593	39 400
Total	19 443 497	-	-	19 443 497	18 834 592	608 905	96.87%	21 195 926	20 914 778

Statutory Appropriation									
Direct charge against Provincial Revenue Fund	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
List all direct charges against the Revenue Fund	-	-	-	-	-	-	0.00%	-	-
President and Deputy President salaries	-	-	-	-	-	-	0.00%	-	-
Member of executive committee/parliamentary officers	14 241	-	-	14 241	14 202	39	99.73%	14 917	13 288
Judges salaries	-	-	-	-	-	-	0.00%	-	-
Sector education and training authorities SETA	-	-	-	-	-	-	0.00%	-	-
National skills fund	-	-	-	-	-	-	0.00%	-	-
Total	14 241	-	-	14 241	14 202	39	99.73%	14 917	13 288

WESTERN CAPE PROVINCE: DEPARTMENTS
Consolidated Statement of Financial Performance
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
OPERATING INCOME			
REVENUE DISCLOSED BY THE REVENUE FUND			
Appropriated Funds	1		
- Equitable Share	1.1	13 362 102	12 072 469
- Conditional Grants	1.2	3 564 488	6 890 887
- Other Appropriation	1.3	896 543	865 562
- Departmental Revenue	2	1 715 052	1 714 004
- Investment Income	1.5	97 301	-
TOTAL REVENUE DISCLOSED BY THE REVENUE FUND		19 635 486	21 542 922
REVENUE DISCLOSED BY DEPARTMENTS			
Appropriation for unauthorised expenditure approved	1.4	-	78 060
Local and foreign aid assistance	3.3	39 698	21 137
TOTAL REVENUE DISCLOSED BY DEPARTMENTS		39 698	99 197
TOTAL REVENUE		19 675 184	21 642 119
EXPENDITURE DISCLOSED BY DEPARTMENTS			
Current expenditure			
Compensation of employees	4	9 726 212	8 930 472
Goods and services	5	4 469 421	3 847 600
Financial transactions in assets and liabilities	6	14 479	21 376
Local and foreign aid assistance	3.3	37 301	19 682
Unauthorised expenditure approved		-	78 060
Total current expenditure		14 247 413	12 897 190
Transfers and subsidies	7	2 933 350	6 645 667
Expenditure for capital assets			
Buildings and other fixed structures		1 395 071	1 137 593
Machinery and Equipment		261 566	282 477
Biological or cultivated assets		75	1 049
Software and other intangible assets		21 076	22 432
Land and subsoil assets		27 544	39 400
Local and foreign aid assistance	3.3	1 365	41
Total expenditure for capital assets		1 706 697	1 482 992
TOTAL EXPENDITURE		18 887 460	21 025 849
SURPLUS/(DEFICIT)		787 724	616 270
Add back unauthorised expenditure	8	13 529	9 965
Add back fruitless and wasteful expenditure	9	14	-
SURPLUS/(DEFICIT) FOR THE YEAR		801 267	626 235

WESTERN CAPE PROVINCE: DEPARTMENTS

**Consolidated Statement of Financial Position
for the year ended 31 March 2007**

	Notes	2006/07 R'000	2005/06 R'000
ASSETS			
Current assets		2 665 197	3 088 454
Unauthorised expenditure	8	425 981	465 779
Fruitless and wasteful expenditure	9	708	-
Cash and cash equivalents	10	2 037 696	2 148 403
Prepayments and advances	11	5 791	310 603
Receivables	12	195 021	163 669
Non-current assets		153 010	151 437
Investments	13	152 192	151 437
Other financial assets		818	-
TOTAL ASSETS		<u>2 818 207</u>	<u>3 239 891</u>
RESERVES	18	1 852 092	1 867 112
LIABILITIES			
Current liabilities		729 917	1 113 101
Bank overdraft	14	51 961	55 702
Payables	15	675 510	1 055 986
Local and foreign aid assistance unutilised	3	2 446	1 413
Non-current liabilities		-	26 047
Payables	16	-	26 047
TOTAL RESERVES AND LIABILITIES		<u>2 582 009</u>	<u>3 006 260</u>
NET ASSETS		<u>236 198</u>	<u>233 631</u>
Represented by:			
Capitalisation Reserves		152 301	151 546
Recoverable revenue		83 897	82 085
TOTAL		<u>236 198</u>	<u>233 631</u>

WESTERN CAPE PROVINCE: DEPARTMENTS
Consolidated Statement of Changes in Net Assets
for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
Capitalisation Reserves		
Opening balance	151 546	150 962
Transfers	755	584
Closing balance	<u>152 301</u>	<u>151 546</u>
Recoverable revenue		
Opening balance	82 085	98 751
Transfers	1 812	(16 666)
Irrecoverable amounts written off	(13 172)	(21 457)
Debts revised	(121)	119
Debts recovered (included in departmental receipts)	5 744	(12 474)
Debts raised	9 361	17 146
Closing balance	<u>83 897</u>	<u>82 085</u>
TOTAL	<u>236 198</u>	<u>233 631</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

**Consolidated Cash Flow Statement
for the year ended 31 March 2007**

	Notes	2006/07 R'000	2005/06 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND			
Appropriated funds			
Equitable Share	1.1	13 362 102	12 072 469
Conditional Grants	1.2	3 564 488	6 890 887
Investment Income	1.5	97 301	-
Other revenue received by the revenue fund		105 489	70 217
TOTAL RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND		<u>17 129 380</u>	<u>19 033 573</u>
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS			
Receipts		1 754 750	1 813 201
Appropriation for unauthorised expenditure received	1.4	-	78 060
Departmental revenue received	2	1 715 052	1 714 004
Local and foreign aid assistance received	3	39 698	21 137
Net (increase)/ decrease in working capital		(133 729)	134 011
Current payments		(14 247 413)	(13 158 190)
Unauthorised expenditure - Current payment		13 529	-
Transfers and subsidies paid		(2 933 350)	(6 645 667)
Net cash flow available from operating activities	17	<u>1 583 167</u>	<u>1 176 928</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(1 706 697)	(1 482 992)
Proceeds from sale of capital assets	2.3	19 806	30 512
(Increase)/ decrease in investments		(755)	-
(Increase)/ decrease in other financial assets		(818)	-
Net cash flows from investing activities		<u>(1 668 464)</u>	<u>(1 452 480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		4 378	-
Increase/ (decrease) in non-current payables		(26 047)	-
Net cash flows from financing activities		<u>(21 669)</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents		(106 966)	(275 552)
Cash and cash equivalents at beginning of period		2 092 701	2 368 253
Cash and cash equivalents at end of period	10/14	<u>1 985 735</u>	<u>2 092 701</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
1 Appropriated Funds			
1.1 Equitable Share			
Equitable Share / Voted funds		13 347 861	12 057 552
Equitable Share / Statutory funds		14 241	14 917
Total Equitable Share		<u>13 362 102</u>	<u>12 072 469</u>
1.2 Conditional Grants			
Conditional grants received		3 564 488	6 890 887
Total Conditional Grants		<u>3 564 488</u>	<u>6 890 887</u>
1.3 Other appropriation to departments		<u>896 543</u>	<u>865 562</u>
Other appropriation to departments		<u>896 543</u>	<u>865 562</u>
1.4 Appropriation for unauthorised expenditure approved		-	78 060
1.5 Investment income		97 301	-
2 Departmental revenue to be surrendered to Revenue Fund			
Tax revenue		1 078 951	984 863
Sales of goods and services other than capital assets	2.1	304 206	276 195
Fines, penalties and forfeits		1 338	1 412
Interest, dividends and rent on land	2.2	58 696	247 971
Sales of capital assets	2.3	19 806	30 512
Financial transactions in assets and liabilities	2.4	154 573	103 896
Transfers received	2.5	97 503	69 155
Total revenue collected		<u>1 715 052</u>	<u>1 714 004</u>
Less: Departmental revenue budgeted		<u>1 537 304</u>	<u>1 381 925</u>
Total		<u><u>177 748</u></u>	<u><u>332 079</u></u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		304 117	276 112
Sales by market establishment		254 736	200 281
Administrative fees		18 284	22 482
Other sales		31 097	53 349
Sales of scrap, waste and other used current goods		89	83
Total		<u>304 206</u>	<u>276 195</u>
2.2 Interest, dividends and rent on land			
Interest		57 983	247 223
Dividends		(7)	-
Rent on land		720	748
Total		<u>58 696</u>	<u>247 971</u>
2.3 Sales of capital assets			
Land and subsoil assets		19 723	30 441
Other capital assets		83	71
Total		<u>19 806</u>	<u>30 512</u>
2.4 Financial transactions in assets and liabilities			
Nature of loss recovered			
Receivables		4 271	3 564
Other receipts including recoverable revenue		150 302	100 332
Total		<u>154 573</u>	<u>103 896</u>
2.5 Transfers received			
Other governmental units		11 314	1 239
Universities and Technikons		11 050	10 109
International Organisations		74 202	57 807
Public Corporations and Private enterprises		937	-
Total		<u>97 503</u>	<u>69 155</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
3 Local and foreign aid assistance			
Assistance received in cash:			
3.1 Local			
Opening Balance		1 300	-
Revenue		(1 205)	1 300
Expenditure		1 300	-
Current		-	-
Capital		1 300	-
Closing Balance		<u>(1 205)</u>	<u>1 300</u>
3.2 Foreign			
Opening Balance		114	4 600
Revenue		40 903	15 237
Expenditure		37 366	19 723
Current		37 301	19 682
Capital		65	41
Closing Balance		<u>3 651</u>	<u>114</u>
3.3 Total			
Opening Balance		1 414	4 600
Revenue		39 698	16 537
Expenditure		38 666	19 723
Current		37 301	19 682
Capital		1 365	41
Closing Balance		<u>2 446</u>	<u>1 414</u>
Analysis of balance			
Local and foreign aid receivable		378	-
Local and foreign aid unutilised		2 446	1 413
Closing balance		<u>2 824</u>	<u>1 413</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07	2005/06
		R'000	R'000
4 Compensation of employees			
4.1 Salaries and wages			
Basic salary		7 133 618	6 551 173
Performance awards		54 392	56 320
Service Based		20 659	21 414
Compensative/circumstantial		425 678	381 382
Periodic payments		25 141	28 129
Other non-pensionable allowances		850 580	766 271
Total		<u>8 510 068</u>	<u>7 804 689</u>
4.2 Social contributions			
4.2.1 Employer contributions			
Pension		811 801	737 748
Medical		401 625	385 688
UIF		415	135
Bargaining council		1 385	1 379
Official unions and associations		543	549
Insurance		152	44
Total		<u>1 215 921</u>	<u>1 125 543</u>
4.2.2 Post retirement benefits			
Medical		223	240
Total		<u>223</u>	<u>240</u>
Total compensation of employees		<u>9 726 212</u>	<u>8 930 472</u>
Average number of employees		<u>69 345</u>	<u>68 866</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

5 Goods and services	Note	2006/07 R'000	2005/06 R'000
Advertising		60 481	59 902
Attendance fees (including registration fees)		1 752	1 615
Bank charges and card fees		2 856	4 109
Bursaries (employees)		7 125	7 087
Communication		101 174	91 492
Computer services		164 248	139 993
Consultants, contractors and special services		609 895	531 465
Courier and delivery services		5 747	4 013
Tracing agents & debt collections		5 911	3 583
Drivers licences and permits		142	444
Entertainment		21 582	9 814
External audit fees	5.1	30 784	28 927
Equipment less than R5 000		67 416	72 193
Freight service		63	159
Government motor transport		-	1
Helicopter services		-	50
Honoraria (Voluntary workers)		920	1 461
Inventory	5.2	1 409 549	1 196 175
Learnerships		-	9
Legal fees		14 566	10 594
Licence agency fees		161 312	128 481
Maintenance, repair and running costs		590 594	445 426
Medical services		319 639	352 458
Municipal Services		4 577	3 589
Operating leases		165 386	142 922
Mint of decorations/medals		-	87
Personnel agency fees		424	3 156
Photographic services		297	274
Plant flowers and other decorations		1 183	942
Printing and publications		18 820	15 789
Professional bodies and membership fees		8 819	6 621
Resettlement costs		5 554	4 648
Road laboratories		19	6
Road worthy tests		1	-
Subscriptions		2 319	1 897
Storage of furniture		107	112
System access fees		1	-
Owned and leasehold property expenditure		208 832	201 586
Translations and transcriptions		3 162	2 940
Transport provided as part of the departmental activities		103 800	100 701
Travel and subsistence	5.3	259 548	192 591
Venues and facilities		38 410	33 892
Protective, special clothing & uniforms		20 438	19 795
Training & staff development		51 968	26 601
Total		4 469 421	3 847 600

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
5.1 External audit fees			
Regulatory audits		27 373	26 079
Performance audits		2 802	512
Other audits		609	2 336
Total external audit fees		<u>30 784</u>	<u>28 927</u>
5.2 Inventory			
Construction work in progress		-	2
Other inventory		-	1
Strategic stock		896	665
Domestic Consumables		56 430	47 308
Agricultural		13 783	8 662
Learning and teaching support material		247 079	178 264
Food and Food supplies		89 365	84 198
Fuel, oil and gas		5 269	4 135
Laboratory consumables		12 055	11 526
Other consumables		12 089	15 643
Parts and other maint mat		37 684	34 515
Sport and recreation		459	166
Stationery and Printing		77 129	63 568
Veterinary supplies		696	829
Restoration and fittings		198	79
Road construction and supplies		899	755
Medical Supplies		855 518	745 859
Total Inventory		<u>1 409 549</u>	<u>1 196 175</u>
5.3 Travel and subsistence			
Local		247 816	183 921
Foreign		11 732	8 670
Total travel and subsistence		<u>259 548</u>	<u>192 591</u>
6 Financial transactions in assets and liabilities			
Material losses through criminal conduct	6.1	902	496
Other material losses written off	6.2	1 886	5 656
Debts written off	6.3	11 691	15 014
Theft	6.4	-	210
Total		<u>14 479</u>	<u>21 376</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
6.1 Material losses through criminal conduct			
Stolen equipment		58	3
Mala fide damages		30	453
Fraud		814	6
Computers		-	11
Cellphones		-	14
Tools		-	9
Total		<u>902</u>	<u>496</u>
6.2 Other material losses			
Government motor vehicles		885	789
Theft		218	1
Other		783	4 866
Total		<u>1 886</u>	<u>5 656</u>
6.3 Debts written off			
Transfer of debts written off			
Staff debts		10 217	14 195
Government vehicles		83	133
Other		1 391	686
Total		<u>11 691</u>	<u>15 014</u>
6.4 Details of theft			
Equipment		-	184
Other		-	26
Total		<u>-</u>	<u>210</u>
7 Transfers and subsidies			
Provinces and municipalities		378 275	490 447
Departmental agencies and accounts		211 521	161 096
Universities and technikons		4 325	55 631
Foreign governments and international organisations		94	88
Public corporations and private enterprises		49 511	45 548
Non-profit institutions		1 368 785	1 196 866
Households		920 839	4 695 991
Total		<u>2 933 350</u>	<u>6 645 667</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2006/07 R'000
8 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance		465 779	533 907
Unauthorised expenditure – current year		13 529	9 965
Amounts approved by Parliament/Legislature (with funding)		-	(48 604)
Current Expenditure		-	(48 604)
Amounts approved by Parliament/Legislature (without funding)		-	(29 456)
Current Expenditure		-	(29 456)
Transfer to receivables for recovery (not approved)		(53 327)	(33)
Unauthorised expenditure awaiting authorisation		<u>425 981</u>	<u>465 779</u>
9 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance		-	-
Fruitless and wasteful expenditure – current year		-	-
Current		-	-
Capital		-	-
Fruitless and wasteful expenditure		708	-
prior year		694	-
current expenditure		14	-
Transfer to receivables for recovery (not condoned)		-	-
Fruitless and wasteful expenditure awaiting condonement		<u>708</u>	<u>-</u>
10 Cash and cash equivalents			
Consolidated Paymaster General Account		(10 166)	25 098
Cash receipts		25	304
Disbursements		(8 975)	(8 965)
Cash on hand		153	146
Cash with commercial banks (Local)		586 659	513 820
Short term investments		1 470 000	1 618 000
Total		<u>2 037 696</u>	<u>2 148 403</u>
11 Prepayments and advances			
Description			
Staff advances		17	17
Travel and subsistence		1 441	1 885
Prepayments		-	303 217
Advances paid to other entities		4 333	5 484
Total		<u>5 791</u>	<u>310 603</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

				<i>Note</i>	2006/07 R'000	2005/06 R'000
12 Receivables						
		Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
Households	<i>12.1</i>	7 617	5 389	-	13 006	5 373
Private enterprises	<i>12.2</i>	19	-	-	19	20
Staff debtors	<i>12.3</i>	16 737	12 904	12 036	41 677	26 196
Other debtors	<i>12.4</i>	36 096	12 467	42 417	90 980	82 118
Intergovernmental Receivables		15 624	1 826	31 889	49 339	54 508
PRF differences	<i>12.5</i>	-	-	-	-	(9 936)
Voted funds not received		-	-	-	-	5 390
Total		76 093	32 586	86 342	195 021	163 669
12.1 Households and non profit institutions						
Staff debt					6 038	1 530
Other					6 968	3 843
Total					13 006	5 373
12.2 Private enterprises						
Staff debt					19	20
Total					19	20
12.3 Staff debtors						
Employee debt					25 142	25 843
Damage to GG vehicles					426	293
Other					16 109	60
Total					41 677	26 196
12.4 Other Debtors						
Staff debt					60 437	68 470
Claims recoverable					592	606
Other					29 951	13 402
Total					90 980	82 118
12.5 PRF differences						
Unauthorised expenditure - current year					-	(9 965)
Unauthorised expenditure - not approved					-	29
Total					-	(9 936)

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2007/06 R'000	2005/06 R'000
13 Investments			
Non-current			
Shares and other equity			
Cape Town International Convention Centre (Convenco)		142 000	142 000
School Building Fund		9 792	9 053
JL Bisset Fund		313	292
Royal Reception Fund		34	36
Graham Civil Service Busary Fund		42	42
Sir David Harris Trust		9	12
Isaac Chames Trust		2	2
Total non-current		<u>152 192</u>	<u>151 437</u>
Analysis of non-current investments			
Opening balance		151 437	150 853
Additions in cash		755	584
Closing balance		<u>152 192</u>	<u>151 437</u>

The PGWC acquired a third of the shareholding in Convenco in the 2003/04 financial year. This strategic investment was made by the Department of Economic Development & Tourism with the long term view of promoting tourism to the Western Cape Province.

14 Bank overdraft

Consolidated Paymaster General Account	51 961	55 702
Total	<u>51 961</u>	<u>55 702</u>

15 Payables – current

Description		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Amounts owing to other entities		146	16 697	16 843	2 644
Advances received	15.1	-	3	3	343 818
Clearing accounts	15.2	9 975	487 884	497 859	491 056
Other payables	15.3	2 032	158 773	160 805	84 148
Other: PRF	15.4	-	-	-	128 930
Total		<u>12 153</u>	<u>663 357</u>	<u>675 510</u>	<u>1 055 986</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
15.1 Advances received			
Social Assistance		-	303 217
Provincial Transport Fund		-	40 596
Other		3	5
Total		<u>3</u>	<u>343 818</u>
15.2 Clearing accounts			
Salary		3 599	10 042
Advances		490 430	470 182
Other		3 830	10 832
Total		<u>497 859</u>	<u>491 056</u>
15.3 Other payables			
Various projects		6 436	5 546
Inter departmental		81 009	69 529
Other		73 360	9 073
Total		<u>160 805</u>	<u>84 148</u>
15.4 Other: PRF			
Opening balance		128 930	21 111
Voted & revenue funds to be surrendered (a)		-	64 293
Outstanding voted funding (b)		-	53 359
Global fund interest		-	1 269
European funds		-	10 000
Short term investments		-	9
Amount paid during the year		<u>(128 930)</u>	<u>(21 111)</u>
Closing balance		<u>-</u>	<u>128 930</u>

Note a: Relates to surplus voted funds received from National Treasury which National Treasury paid directly to Social Development.

Note b: The difference relates to amounts by the Premier, Parliament, Social Development and Cultural Affairs.

WESTERN CAPE PROVINCE: DEPARTMENTS

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

16 Payables – Non-current Description	Note				2006/07	2005/06
		One to two years R'000	Two to three years R'000	More than three years R'000	R'000	R'000
Other payables	16.1	-	-	-	-	26 047
Total		-	-	-	-	26 047

16.1 Other payables

Ex departments mopping up	-	26 035
Projects: misc	-	12
Total	-	26 047

17 Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	801 267	626 235
Add back non cash/cash movements not deemed operating activities	(812 575)	(898 821)
(Increase)/decrease in receivables – current	(31 352)	35 974
(Increase)/decrease in prepayments and advances	304 812	(252 453)
(Increase)/decrease in other current assets	39 090	68 128
(Increase)/decrease in non-current assets	1 573	(147 974)
Increase/(decrease) in payables – current	(380 476)	339 682
Decrease in non current liabilities	(26 047)	(1 475)
Expenditure on capital assets	1 706 697	1 482 992
Proceeds on sale of equipment	(19 806)	(71)
Proceeds from the sale of land & buildings	-	(30 441)
Fruitless and wasteful expenditure per Statement of Fin Performance	14	-
Voted funds not requested/not received	(30)	-
Net cash flow generated by operating activities	1 583 167	1 221 776

18 Reserves

Opening Balance	1 867 112	2 312 667
Surplus/(deficit) for the year	801 267	626 235
Adjustments	(816 287)	(1 071 790)
Closing Balance	1 852 092	1 867 112

WESTERN CAPE PROVINCE: DEPARTMENTS

**Disclosure notes to the Consolidated Financial Information
for the year ended 31 March 2007**

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

	Note	2006/07 R'000	2005/06 R'000
19 Contingent liabilities			
Motor vehicle guarantees		206	206
Housing loan guarantees		91 877	73 824
Claims against departments		214 088	147 274
Interdepartmental unconfirmed balances		25 474	12 220
Other		(16)	142
Total		<u>331 629</u>	<u>233 666</u>

Contingent liabilities

Contingent liabilities are disclosed when they become known. A contingent liability is a loss which depends on the outcome of the contingency. A contingency is a condition or circumstance, the eventual outcome of which, whether beneficial or adverse, will only be confirmed by the course of uncertain future events.

20 Commitments

Current expenditure

Approved and contracted	460 427	429 814
Approved but not yet contracted	45 251	138 344
	<u>505 678</u>	<u>568 158</u>

Non-current expenditure

Approved and contracted	940 267	545 378
Approved but not yet contracted	85 613	199 535
	<u>1 025 880</u>	<u>744 913</u>

Total Commitments

<u>1 531 558</u>	<u>1 313 071</u>
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21 Accruals

By economic classification	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Compensation of employees	5 336	801	6 137	2 203
Goods and services	141 019	36 165	177 184	159 992
Transfers and subsidies	17 729	21 327	39 056	88 810
Buildings and other fixed structures	94 915	5 844	100 759	30 452
Machinery and Equipment	1 545	748	2 293	45 803
Biological or cultivated assets	-	-	-	50
Software and other intangible assets	32	139	171	334
Land and subsoil assets	63	-	63	133
Other	2	12	14	41
Total	<u>260 641</u>	<u>65 036</u>	<u>325 677</u>	<u>327 818</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

**Disclosure notes to the Consolidated Financial Information
for the year ended 31 March 2007**

22 Employee benefit provisions	Note	2006/07 R'000	2005/06 R'000
Leave entitlement		121 868	102 190
Thirteenth cheque		291 886	265 093
Performance awards		45 621	43 341
Capped leave commitments		1 085 009	1 085 317
Total		1 544 384	1 495 941

23 Lease Commitments

23.1 Operating leases	Buildings & other fixed structures R'000	Machinery and equipment R'000	Total R'000	Total R'000
Not later than 1 year	78 354	12 286	90 640	66 605
Later than 1 year and not later than 5 years	176 771	13 789	190 560	164 364
Later than five years	-	1 770	1 770	65 636
Total value of lease liabilities	<u>255 125</u>	<u>27 845</u>	<u>282 970</u>	<u>296 605</u>

23.2 Finance leases	Machinery and equipment	Total	Total
Not later than 1 year	2 607	2 607	412
Later than 1 year and not later than 5 years	7 798	7 798	838
Later than five years	561	561	-
Total value of lease liabilities	<u>10 966</u>	<u>10 966</u>	<u>1 250</u>

24 Receivables for departmental revenue

Tax revenue (a)	491 020	460 042
Sales of goods and services other than capital assets (b)	519 023	583 422
Fines, penalties and forfeits	215	290
Interest, dividends and rent on land	54 125	233 361
Financial transactions in assets and liabilities	9 802	4 522
Total	1 074 185	1 281 637

Note: (a) The Department of Transport and Public Works: A total of R20m which relates to licence fees should not be included as it is not recoverable.

Note: (b) The Department of Health: Included in this amount which relates to hospital fees, R131m should already have been deleted from the system because it is older than 3 years.

WESTERN CAPE PROVINCE: DEPARTMENTS

**Disclosure notes to the Consolidated Financial Information
for the year ended 31 March 2007**

25 Irregular expenditure	Note	2006/07 R'000	2005/06 R'000
25.1 Reconciliation of irregular expenditure			
Opening Balance		1 834	3 932
Irregular expenditure – current year		16 428	18 601
Less: Amounts condoned		(412)	(20 687)
Current expenditure		<u>(412)</u>	<u>(20 687)</u>
Less: Not condoned		-	(12)
Irregular expenditure awaiting condonement		<u>17 850</u>	<u>1 834</u>
Analysis			
Current		16 016	1 099
Prior years		1 834	735
Total		<u>17 850</u>	<u>1 834</u>
26 Key management personnel			
Description	No of Individuals	Total R'000	Total R'000
Political Office Bearers (provide detail below)	11	9 260	8 673
Officials	2	1 514	1 308
Level 15 to 16	27	19 330	19 580
Level 14 (incl CFO if at lower level)	69	37 649	37 618
Family members of key management personnel	-	-	1 458
Total	<u>109</u>	<u>67 753</u>	<u>68 637</u>
27 Public Private Partnership			
Chapmans Peak Drive			
A consession agreement was concluded with Entilini Consession (Pty) Ltd for the design, construction, financing, operation and maintaining of Chapmans Peak Drive as a toll road for 30 years. At the end of the consession period the road is returned to the Provincial Government of the Western Cape in a clearly defined condition. The agreement which provides for both renewal and termination options was signed on 20 May 2003. The partnership has been operational since 21 December 2003.			
Other			
Payments relating to designated events that were processed during the financial year.		8 747	13 260
Total		<u>8 747</u>	<u>13 260</u>
28 Provisions			
Potential irrecoverable debts			
Households and non profit institutions		993	398
Private enterprises		2 063	-
Staff debtors		1 090	859
Other debtors		30 540	51 660
Claims recoverable		3 244	9 391
		<u>37 930</u>	<u>62 308</u>
Provisions			
Impairment of investments		77 000	-
		<u>77 000</u>	<u>-</u>
Total		<u>114 930</u>	<u>62 308</u>

WESTERN CAPE PROVINCE: DEPARTMENTS

Disclosure notes to the Consolidated Financial Information
for the year ended 31 March 2007

29 Tangible Capital Assets

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Current Year Adjustments to prior year balances	Additions	(Disposals)	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	48 066 055	9 974 255	200 254	169 111	58 071 453
Dwellings	339	30	203	53	519
Non-residential buildings	26 505 188	22 231	198 674	167 792	26 558 301
Other fixed structures	21 560 396	9 951 770	1 377	1 266	31 512 277
Heritage assets	132	224	-	-	356
MACHINERY AND EQUIPMENT	674 847	433 274	285 540	89 688	1 303 973
Transport assets	21 177	(5 720)	29 121	37 685	6 893
Computer equipment	296 687	(119 666)	50 369	10 836	216 554
Furniture and Office equipment	31 242	119 428	31 965	682	181 953
Other machinery and equipment	325 741	439 232	174 085	40 485	898 573
LAND AND SUBSOIL ASSETS	3 012 227	-	27 544	19 723	3 020 048
Land	3 012 227	-	27 544	19 723	3 020 048
BIOLOGICAL AND CULTIVATED ASSETS	5 957	(520)	125	75	5 487
Cultivated assets	8	(8)	-	-	-
Biological assets	5 949	(512)	125	75	5 487
TOTAL TANGIBLE ASSETS	51 759 086	10 407 009	513 463	278 597	62 400 961

Assets acquired in terms of finance lease agreements are not included.

30 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
CAPITALISED DEVELOPMENT COSTS	-	8 592	17 524	-	26 116
COMPUTER SOFTWARE	23 105	(20 278)	3 566	-	6 393
TOTAL INTANGIBLE ASSETS	23 105	(11 686)	21 090	-	32 509

WESTERN CAPE PROVINCE
ANNUAL CONSOLIDATED FINANCIAL INFORMATION
for the year ended 31 March 2007

PUBLIC AND TRADING ENTITIES

Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FACTUAL FINDINGS ON THE CONSOLIDATED FINANCIAL INFORMATION OF THE SCHEDULE 3C AND 3D PUBLIC ENTITIES AND TRADING ENTITIES FOR THE YEAR ENDED 31 MARCH 2007

1. I have performed the procedures agreed with the accounting officer of the Provincial Treasury and described below with regard to the consolidated financial information of schedule 3C and 3D public entities and trading entities as at 31 March 2007 set out on pages 61 to 78. My engagement was undertaken in accordance with the International Standard on Related Service Engagements applicable to agreed-upon procedures engagements. With reference to the basis of consolidation as set out in the accounting policies to the consolidated financial information, my procedures were performed solely in respect of the aggregation of financial information of the public and trading entities used to compile the consolidated financial information. The procedures performed are summarised as follows:
 - (a) I obtained the consolidation template used to compile the consolidated financial information and agreed the information therein to the information in the annual financial statements of the individual public and trading entities.
 - (b) I compared the list of public and trading entities consolidated with the template submitted, as well as schedules 3C and 3D of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
 - (c) I checked all the castings of the consolidated financial information and agreed the notes to the consolidated financial information with the consolidated statement of financial performance, statement of financial position, statement of changes in net assets and cash flow statement.
 - (d) I agreed the opening balances and comparative figures with the consolidated financial information of the previous year.

FINDINGS

I report my findings below:

Procedure (a)

2. The consolidated financial information was provided to me in the format of a template, which included the information of 12 public entities and two trading entities. The information on the template was agreed to the audited annual financial statements of the individual entities. No differences were identified between the information on the template and the individual entities' annual financial statements.

Procedure (b)

3. I confirmed the completeness of the individual entities included in the consolidated financial information with the template and the PFMA. The consolidated financial information includes two public entities which are not listed in schedule 3C of the PFMA, namely Heritage Western Cape and the Western Cape Housing Development Fund. The inclusion of these entities is discussed on pages 12 and 14, respectively, of the management report.

Procedure (c)

4. I re-performed all the castings on the consolidated financial information template and found it to be correct. The notes to the consolidated financial information agreed to the consolidated statement of financial position, statement of financial performance and statement of changes in net assets. The information contained in the notes to the consolidated cash flow statement and the cash flow statement itself could not in all instances be directly related to the consolidated statement of financial position and statement of financial performance, because this statement and notes were aggregated and not recompiled from the consolidated statements of financial position and performance.

Procedure (d)

5. The comparative figures in the 2006-07 financial year's consolidated financial information did not agree to the figures in the 2005-06 financial year's consolidated financial information, because six public entities and two trading entities had restated their comparative figures for the reasons indicated in the entities' individual financial statements.

General

6. The consolidated financial information was an aggregation of the individual entities' financial information and not a consolidation. Consequently the consolidated financial information presented did not address or make provision for the following:
 - Share capital was not set off against the cost of the investment, as the aggregation only related to the Western Cape entities and did not include the financial information of the parent department.
 - Inter-entity transactions and balances affecting the consolidated statement of financial position and statement of financial performance were not in all instances eliminated.
 - The disclosed accounting policies in the consolidated financial information were not applied consistently by the individual entities, as a different accounting framework was adopted by the Western Cape Housing Development Fund in preparing its annual financial statements.
7. Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing, I do not express any assurance on the consolidated financial information as at 31 March 2007.
8. Had I performed additional procedures or had I performed an audit or review of the consolidated financial information in accordance with the International Standards on Auditing or International Standards on Review Engagements, other matters may have come to my attention that would have been reported to you.

9. My report is solely for the purpose set out in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

APPRECIATION

10. The assistance rendered by the staff of the Provincial Treasury during the review is sincerely appreciated.

Auditor - General

Cape Town

11 December 2007



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

WESTERN CAPE PROVINCE
ANNUAL CONSOLIDATED FINANCIAL INFORMATION
for the year ended 31 March 2007

PUBLIC AND TRADING ENTITIES

Accounting Policies

Consolidated Financial Information

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES
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**Accounting Policies
for the year ended 31 March 2007**

1. Accounting Policies and related matters

The Annual Consolidated Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice and the Public Finance Management Act, Act 1 of 1999 as amended.

The following are the principle accounting policies of the entity/group which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

Basis of preparation

The Annual Consolidated Financial Statements have been prepared on the historical cost basis, except as modified for the revaluation of land and buildings, plant and equipment, investment properties and marketable securities.

1.2 Currency

These Annual Consolidated Financial Statements are presented in South African Rands since that is the currency in which the majority of the entity/group's transactions are denominated.

1.3 Revenue recognition

Income is recognised on the accrual basis, except for donations and voluntary receipts that are recognised in the year of receipt.

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue arising from the rendering of services is based on the stage of completion determined by reference to the physical amount of work performed in relation to the total project.

Revenue arising from license fees is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

Dividend income from investments is recognised when the right to receive payment has been established.

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES
ANNUAL CONSOLIDATED FINANCIAL INFORMATION

**Accounting Policies
for the year ended 31 March 2007**

1.4 Irregular and fruitless and wasteful expenditure

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

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.5 Retirement benefit costs

The entity/group operates both defined contribution and defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from the entity/group and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit plans the defined benefit obligation, the related current service cost, and where applicable, the past service cost are determined by using the projected unit credit method.

Payments to defined contribution retirement benefit plans are charged to the income statement in the year to which they relate.

1.6 Property, plant and equipment

Land and buildings

Land and buildings, and plant and equipment are stated in the balance sheet at their revalued amounts, being their fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined by using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of land and buildings or plant and equipment is credited to the properties revaluation reserve, except where it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of land and buildings or plant and equipment is charged as an expense where it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation is calculated on a straight-line method to write off the historical cost amount of the assets over their expected useful lives as follows:

Boats	4 to 6 years
Plant, Machinery and Tools	2 to 6 years
Office Furniture and Equipment	3 to 6 years
Computer Equipment	2 to 3 years

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES
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**Accounting Policies
for the year ended 31 March 2007**

Buildings	50 years
Vehicles	3 to 7 years

Land is not depreciated as it is deemed to have an indefinite life.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

1.7 Impairment

At each balance sheet date, the entity/group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.8 Basis of consolidation

The Annual Consolidated Financial Statements incorporate the financial statements of the entities up to 31 March each year. Entities are considered controlled as per the Public Finance Management Act definition of "ownership control".

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair value of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the entity/group.

All inter-entity transactions and balances between group enterprises are eliminated on consolidation.

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**Accounting Policies
for the year ended 31 March 2007**

1.9 Leasing

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing; All other leases are classified as operating leases.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.11 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the organisation's balance sheet when the organisation becomes a party to the contractual provisions of the instrument.

Financial assets

The organisation's principal financial assets are bank balances and cash, trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, based on estimated future cash flows.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

The net profit and loss emanating from adjustments made with regard to securities held for short-term trade is recognised as income. The non-trade portion is recognised as equity till the financial asset is sold, at which time the realised profit or loss is recognised as income or expenditure.

Financial instruments (continued)

Financial liabilities

The entity/group's principle financial liabilities are interest bearing borrowings, accounts payable and bank overdraft.

Trade and other payables are stated at their nominal value.

1.12 Provisions

Provisions are recognised when the entity/group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Provisions for restructuring costs are recognised when the entity/group has a detailed formal plan for the restructuring and the entity/group has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES
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**Accounting Policies
for the year ended 31 March 2007**

expenditure that are necessarily entailed by the restructuring and not associated with the ongoing activities of the enterprise.

Provision was made for the entity/group's estimated liability on all products still under warranty at balance sheet date. This is based on service histories.

The entity/group is exposed to environmental liabilities relating to its operations. Provision for the cost of environmental and other remedial work such as reclamation costs, close down and restoration costs and pollution control is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

1.13 Government grants

Government grants are recognised when it is probable that future economic benefits will flow to the public entity/constitutional institution/trading entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

1.14 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.15 Public Private Partnerships (PPP)

A PPP is a contractual arrangement whereby the entity and other parties undertake an economic activity that is subject to joint control. Investments in Public Private Partnerships are accounted for by the equity method from their most recently audited financial statements or unaudited management accounts as at financial year-end.

1.16 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

1.17 Changes in accounting estimates and errors

When an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

- (a) this fact; and
- (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

1.18 Investments

Management determines the classification of investments on acquisition, based on the reason for the acquisition. Investments that are going to be held for an undetermined period of time, and that may be sold for liquidity purposes, are classified as available-for-sale.

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**Accounting Policies
for the year ended 31 March 2007**

Purchases and sales are recognized at the date of trade, which is the date at which the investment was acquired or disposed. Purchase cost includes transaction costs. Available-for-sale investments are carried at fair value. Unrealized profit and loss, which results from changes in the fair value, is acknowledged in the equity. The fair value of investments is determined by using quoted selling prices. When available-for-sale securities are sold or weakened, the accumulated value in the income statement is recognized as profit or loss from investment securities. Dividends are recognised when the entity becomes entitled to it.

Investments were previously recognized at the lower of cost price or market value.

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

**Statement of Financial Performance
for the year ended 31 March 2007**

	Notes	2006/07 R'000	2005/06 R'000
OPERATING INCOME		831 710	703 489
Sale of goods	1	345 865	337 077
Rendering of services	2	308 319	207 479
Rental income	3	1 496	668
Transfers and subsidies	4	175 904	157 750
Fines, penalties and forfeits	5	126	515
Local and foreign aid assistance	6	6 396	5 891
NON-OPERATING INCOME		83 917	77 859
Gains on disposal of assets	7	23	354
Gifts, sponsorships and donations	8	1 574	127
Other income	9	82 320	77 378
TOTAL REVENUE		922 023	787 239
EXPENDITURE			
Cost of Sales		300 054	294 085
Administrative expenses	10	58 557	45 503
Staff costs	11	130 231	122 472
Marketing costs	12	30 005	37 135
Audit fees	13	2 910	1 637
Project expenses	14	34 696	33 826
Transfers and subsidies	15	17 041	9 136
Gifts, sponsorships and donations	16	219	-
Other operating expenses	17	223 479	200 244
Losses on disposal of assets	7	112	101
TOTAL EXPENDITURE		797 304	744 139
SURPLUS/(DEFICIT) FROM OPERATIONS		124 719	43 100
Finance income	18	2 725	2 649
Finance cost	19	(3 017)	(3 792)
Income from investments	20	3 449	1 157
SURPLUS/(DEFICIT) BEFORE TAX		127 876	43 114
SURPLUS/(DEFICIT) AFTER TAX FROM CONTINUING OPERATIONS		127 876	43 114
GAINS/(LOSSES) ON DISCONTINUED OPERATIONS	22	(91)	(1 019)
SURPLUS/(DEFICIT) AFTER TAX ATTRIBUTABLE TO:			
Net asset holders of the controlling entity		127 785	42 095
Surplus/(Deficit) for the year		127 785	42 095

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

**Statement of Financial Position
as at 31 March 2007**

	Notes	2006/07 R'000	2005/06 R'000
ASSETS			
Non-current assets		511 619	481 098
Property, plant and equipment	23	501 751	474 040
Investment property	24	1 009	1 009
Intangible assets	25	6 667	4 133
Financial Assets	26	2 143	1 882
Loans and receivables	27	49	34
Current assets		697 906	661 651
Loans and receivables	27	337 907	454 412
Inventory	28	56 400	60 068
Cash and cash equivalents	29	303 599	147 171
Non-current assets held for sale	43	992	9 172
TOTAL ASSETS		1 210 517	1 151 921
LIABILITIES			
Non-current liabilities		140 422	132 221
Finance lease obligations	31	344	59
Retirement benefit obligation	32	7 867	6 274
Provisions:non current	36	132 211	125 888
Current liabilities		198 187	141 834
Trade and other payables	34	102 725	76 373
Income received in advance	35	47 734	24 297
Finance lease obligations	31	26	383
Provisions	36	2 902	3 002
Government grants	33	32 461	30 040
Bank overdraft	30	12 339	7 739
TOTAL LIABILITIES		338 609	274 055
NET ASSETS			
CAPITAL AND RESERVES			
Share Capital (Contributions from owners)	47	25 000	25 000
Accumulated surplus/(deficit)	48	779 767	794 095
Reserves	52	67 141	58 771
TOTAL NET ASSETS		871 908	877 866
TOTAL NET ASSETS AND LIABILITIES		1 210 517	1 151 921

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

Statement of Changes in Net Assets
as at 31 March 2007

	Share Capital (Cont. from Ownrs)	Accumulated Surplus/ (Deficit)	Reserves	Minority Interest	Total Equity (ENTITY)
	R'000	R'000	R'000	R'000	
Notes	47	48	52		
Balance at 1 April 2005 as originally stated	25 000	519 346	257 900	-	802 246
- correction of prior period error	38 -	151 756	-	-	151 756
- change in accounting policy	37 -	86 056	-	-	86 056
As restated	25 000	757 158	257 900	-	1 040 058
Surplus/(Deficit) for the year		42 095	-		42 095
Transfers to/ (from) reserves		(6 374)	-		(6 374)
Released on disposal of investments		-	(10)		(10)
Revaluation increase/(decrease) on property, plant and equipment		-	104		104
Cape Medical Depot transfer from Dept of Health		2 151			2 151
WC Nature Conservation Board error cellphone leases		150			150
CMD - Trf Dept Health, GMT - Net movement on Capital Fund					-144 670
Available sale of financial assets and Replacement Fund					-54 553
Balance as at 31 March 2006	25 000	795 180	58 771	-	878 951
- correction of prior period error	38 -	(1 085)	-	-	(1 085)
As restated	25 000	794 095	58 771	-	877 866
Surplus/(Deficit) for the year		127 785	-		127 785
Transfers to/ (from) reserves		(13 722)	-		(13 722)
Revaluation increase/(decrease) on investments		-	6 211		6 211
Net gains/(losses) not recognised in the statement of financial performance		(129 895)	-		(129 895)
Cape Medical Depot transfer from Dept of Health		1 504			1 504
CMD - Trf Dept Health, GMT - Net movement on Capital Fund					1 906
Available sale of financial assets and Replacement Fund					253
Balance as at 31 March 2007	25 000	779 767	67 141	-	871 908

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

Cash Flow Statement
31 March 2007

	Notes	2006/07 R'000	2006/07 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		464 684	494 213
Cash paid to suppliers and employees		(261 269)	(335 707)
Cash generated from/(utilised in) operations	39	203 415	158 506
Interest received / (paid)		2 976	(107)
Dividends received / (paid)		(4 006)	(4 241)
Net cash inflows/ outflows from operating activities	44	202 385	154 158
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of Assets		11 847	14 109
Acquisition of Assets		(85 782)	(61 613)
Loans receivable / granted:			
Corrections of error - vehicles at cost		-	125
Net cash flows from investing activities	45	(73 935)	(47 379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of Obligations		6 220	(32 482)
Increase/(decrease) in non-current financial instruments		(9 666)	(1 509)
Proceeds from utilisation of Financing Instruments		19 766	(23 022)
Interest paid		3 017	3 792
Increase in amounts owing to controlled entities		4 044	7 316
Net cash flow financing activities	46	23 381	(45 905)
Net increase/(decrease) in cash and cash equivalents		151 831	60 874
Cash and cash equivalents at the beginning of the year	29	139 432	78 558
Cash and cash equivalents at the end of the year	29	291 263	139 432

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
1 Sale of goods		
WCGRB - Board charge outs	4 154	3 774
CMD - medical supplies & WCGRB - exclusivity fees	326 629	319 174
WCGRB - investigation fees	13 572	12 568
WCGRB - application fees	1 510	1 561
Total	345 865	337 077
2 Rendering of services		
Casidra & GMT - National departments	65 315	56 314
Casidra & GMT - Provincial departments	243 004	151 165
Total	308 319	207 479
3 Rental income		
Buildings	747	-
Other (See Note 53)	749	668
Total	1 496	668
4 Transfers and subsidies received		
Provincial Departments	144 962	134 197
Local Governments	28 960	28 056
Other (See Note 54)	1 982	(4 503)
Total	175 904	157 750
5 Fines, penalties and forfeits		
Fines	126	515
Total	126	515
6 Local and foreign aid assistance received		
Local and foreign aid assistance received	6 396	5 891
- In Cash	6 396	5 891
7 Gains / losses on disposal of assets		
Gains on disposal of assets	23	354
Other (See Note 55)	23	354
Losses on disposal of assets	112	101
Other (See Note 56)	112	101
8 Gifts, sponsorships and donations received	1 574	127
9 Other income	82 320	77 378
Other (See Note 57)	82 320	77 378

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
10 Administrative expenses		
General administrative expenses	23 637	18 082
Other (See Note 58)	29 272	23 242
Fees for services		
- Board members	1 081	507
Internal audit fees	503	534
Legal fees	281	765
Entertainment	70	60
Stationery and printing	950	1 025
Venues and facilities	714	-
Bad debt written off	494	119
Bank charges	208	118
Training and staff development	905	639
Net foreign exchange (gains) / losses	442	412
Total	58 557	45 503
11 Staff costs		
Wages and salaries	115 403	110 422
- Basic salaries	98 758	95 673
- Performance awards	2 073	1 502
- Periodic payments	2 757	2 629
- Other non-pensionable allowance	3 505	4 578
- Temporary staff	923	1 066
- Leave payments	608	766
- Overtime pay	2 959	2 646
- Severance packages	122	120
Executive director's emoluments	3 698	1 442
Social contributions (Employer's contributions)	12 345	9 011
- Medical	4 437	4 286
- UIF	613	702
- Official unions and associations	4	4
- Insurance	-	360
- Pension	6 067	3 561
- Other salary related costs	1 224	98
Defined benefit plan expense	2 483	3 039
- current service cost	1 349	3 039
- interest cost	271	-
- expected return on plan assets	(110)	-
- past service cost	973	-
Total	130 231	122 472

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
12 Marketing costs	30 005	37 135
Other (See Note 59)	30 005	37 135
13 Audit fees	2 910	1 637
Statutory Audit	2 910	1 560
Other (See Note 60)	-	77
14 Project expenses	34 696	33 826
Other (See Note 61)	34 696	33 826
15 Transfers and subsidies paid	17 041	9 136
Other (See Note 62)	17 041	9 136
16 Gifts, donations and sponsorships paid	219	-
17 Other operating expenses		
Fruitless and wasteful expenditure	-	400
Consultants, contractors and special services	33 581	7 893
Equipment items expensed as per entity policy	129	-
WC Gambling - Transport & Accom, WC Youth - Conference & venue hire	6 945	5 260
WC Nature - Staff training	552	8 487
Wesgro - License and software fees	212	134
GMT - Provision for doubtful debts & WC Nature - Legal fees	629	7 815
GMT - Tracking costs & third party claims, WC Nature - Transport & travel fees	16 072	30 822
Maintenance, repairs and running costs	101 225	85 996
- Property and buildings	2 120	874
- Machinery and Equipment	97 306	82 506
- Other maintenance, repairs and running costs	1 799	2 616
Impairment recognised / (reversed)	450	876
Depreciation	47 438	42 364
- Assets carried at cost	47 438	42 364
Amortisation	387	236
Direct operating expenses arising from investment property that:	-	2 007
- did not generate rental income during the year	-	2 007
Stores/consumables	5 487	247
Municipal services	961	182
Travel and subsistence	3 421	3 649
Courier and delivery charges	76	166
Communication costs	2 327	2 305
Rentals in respect of operating leases (minimum lease payments)	3 587	1 405
- Buildings	1 209	811
- Plant, machinery and equipment	1 540	366
Entertainment & Printing	838	228
Total	223 479	200 244

WESTERN CAPE PROVINCE: PUBLIC AND TRADING ENTITIES

Consolidated Financial Information

Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
18 Finance income		
Interest on		
- Cash and bank deposits	2 226	2 351
- Short-term investments	499	298
Total	2 725	2 649
19 Finance costs		
Other (See Note 46)	3 017	3 792
Total	3 017	3 792
20 Income from investments		
Dividend income	50	44
- Listed investments	50	44
Interest received	3 399	1 113
Total	3 449	1 157
21 Taxation		
Total assessable deficit - Casidra	(10 901)	-
Total	(10 901)	-
22 Discontinued operations		
Current assets	(6 544)	-
Total assets	(6 544)	-
Net assets	(6 544)	-
The loss on disposal determined as follows:		
Net assets sold	(6 544)	-
Reclassifications from net assets:		
Wesgro - Loss on Sale of Novell Garments	-	(1 019)
Wesgro - Arrear Union Fees	(21)	-
Proceeds from sale	6 474	-
Surplus/deficit on disposal	(91)	(1 019)
Surplus/deficit on disposal after tax	(91)	(1 019)
23 Property, plant and equipment		
Buildings		
Opening net carrying amount	236 592	251 995
Gross carrying amount	236 633	251 995
Accumulated depreciation	(41)	-
Revaluation adjustments	6 211	1 645
Additions	1 014	42
Transfer (to)/from asset held for sale or disposal group classified as held for sale	20 635	-
Disposals	(19 016)	(15 964)
Depreciation charge	(8)	(41)
Other	-	(1 085)
Closing net carrying amount 31 March	245 428	236 592
Gross carrying amount	245 477	236 633
Accumulated depreciation	(49)	(41)

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
Plant and equipment		
Opening net carrying amount	1 726	1 339
Gross carrying amount	3 082	2 102
Accumulated depreciation	(1 307)	(763)
Accumulated impairment	(49)	-
Additions	485	1 022
Depreciation charge	(741)	(602)
Impairment deficit (recognised)/reversed	(16)	(21)
Closing net carrying amount 31 March	1 454	1 726
Gross carrying amount	3 530	3 082
Accumulated depreciation	(1 996)	(1 307)
Accumulated impairment deficit	(80)	(49)
Vehicles		
Opening net carrying amount	225 392	235 308
Gross carrying amount	368 531	356 475
Accumulated depreciation	(143 139)	(121 167)
Additions	76 231	46 460
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(1 680)	(2 628)
Disposals	(10 008)	(9 469)
Depreciation charge	(42 458)	(38 012)
Impairment deficit (recognised)/reversed	(2 449)	(913)
Vehicles stolen and alienated	(1 215)	(5 354)
Closing net carrying amount 31 March	243 813	225 392
Gross carrying amount	418 982	368 531
Accumulated depreciation	(172 816)	(143 139)
Accumulated impairment deficit	(2 353)	-
Computer equipment		
Opening net carrying amount	3 533	4 311
Gross carrying amount	14 082	12 386
Accumulated depreciation	(10 549)	(8 075)
Additions	2 026	1 695
Disposals	(147)	(51)
Depreciation charge	(2 169)	(2 414)
Impairment deficit (recognised)/reversed	(6)	(8)
Assets scrapped	(1)	-
Closing net carrying amount 31 March	3 236	3 533
Gross carrying amount	15 239	14 082
Accumulated depreciation	(12 003)	(10 549)

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
Office furniture and fittings		
Opening net carrying amount	6 108	4 150
Gross carrying amount	10 142	7 030
Accumulated depreciation	(4 034)	(2 880)
Additions	1 408	2 578
Disposals	(16)	(26)
Depreciation charge	(1 904)	(1 186)
Other	-	592
Closing net carrying amount 31 March	5 596	6 108
Gross carrying amount	11 267	10 142
Accumulated depreciation	(5 671)	(4 034)
Construction WIP		
Opening balance	456	-
Additions	1 556	456
Closing balance	2 012	456
Opening net carrying amount	233	76
Gross carrying amount	490	224
Accumulated depreciation	(257)	(148)
Additions	137	266
Depreciation charge	(158)	(109)
Closing net carrying amount 31 March	212	233
Gross carrying amount	615	490
Accumulated depreciation	(403)	(257)
Total Property, plant and equipment		
Opening net carrying amount	474 040	497 179
Gross carrying amount	633 416	630 212
Accumulated depreciation	(159 327)	(133 033)
Accumulated impairment	(49)	-
Revaluation adjustments	6 211	1 645
Additions	82 857	52 519
Transfer (to)/from asset held for sale or disposal group classified as held for sale	18 955	(2 628)
Disposals	(29 187)	(25 522)
Depreciation charge	(47 438)	(42 364)
Impairment deficit (recognised)/reversed	(2 471)	(942)
Buildings - Other	-	(1 085)
Vehicles - Vehicles stolen and alienated	(1 215)	(5 354)
Computer equipment - Assets scrapped	(1)	-
Office furniture & fittings - Other	-	592
Closing net carrying amount 31 March	501 751	474 040
Gross carrying amount	697 122	633 416
Accumulated depreciation	(192 938)	(159 327)
Accumulated impairment deficit	(2 433)	(49)

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
24 Investment property		
Opening net carrying amount	1 009	1 009
Gross carrying amount/Opening balance	1 009	1 009
Closing net carrying amount 31 March	1 009	1 009
Gross carrying amount/Closing balance	1 009	1 009
25 Intangible assets		
Computer software		
Opening net carrying amount	4 133	2 551
Gross carrying amount	4 504	2 686
Accumulated amortisation	(371)	(135)
Amortisation	(387)	(236)
Impairment deficit (recognised)/reversed	2 921	1 818
Closing net carrying amount 31 March	6 667	4 133
Gross carrying amount	7 425	4 504
Accumulated amortisation	(758)	(371)
26 Financial assets		
Financial assets available-for-sale	2 143	1 882
	2 143	1 882
Non-current financial assets available-for-sale	2 143	1 882
	2 143	1 882
Financial assets available-for-sale		
Opening balance as originally stated		
Cost	1 882	956
	1 882	956
As restated		
Additions during the year	9	8
Disposals during the year	-	(10)
Revaluation / (impairment)	252	928
Closing balance	2 143	1 882
Cost	2 143	1 882
	2 143	1 882
Non-current financial assets available-for-sale	2 143	1 882

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
27 Loans and receivables		
Non-current		
Trade receivables	49	34
Total non-current	49	34
Current		
Trade receivables	636 450	668 643
Less: Impairment of debtors (<i>provision for doubtful debts</i>)	(301 240)	(258 348)
	335 210	410 295
VAT	46	158
Other (See Note 63)	1 534	43 555
Prepayments and Advances	1 117	404
- Travel and Subsistence	6	36
- Prepayments	1 111	368
Total current	337 907	454 412
28 Inventory		
Work in progress	4 018	5 951
Finished goods	50 581	53 276
Consumable	1 801	841
Stock losses awaiting write-off approval	676	324
Provision for stock losses	(676)	(324)
Total	56 400	60 068
29 Cash and cash equivalents		
Cash and balances with banks	102 245	31 528
Short-term deposit/investments	46 368	40 932
Cash shown as current assets	6	11
Administered funds	56 753	56 697
Other (See Note 64)	98 227	18 003
Total	303 599	147 171
For the purposes of the cash flow statement:	291 260	139 432
Cash & cash equivalents	303 599	147 171
Bank overdraft	(12 339)	(7 739)
Cash & cash equivalents at 1 April 2005	-	78 558
30 Interest-bearing borrowings		
Current		
Bank overdrafts	12 339	7 739

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
31 Finance lease obligations		
Reconciliation between the total of the minimum lease payments and the present value:		
Minimum lease payments		
- No later than 1 year	26	383
- Later than 1 year and no later than 5 years	344	59
	370	442
Present value of finance lease liabilities	370	442
	370	442
Non-current portion of finance lease obligation	344	59
Current portion of finance lease obligation	26	383
32 Retirement benefit obligations		
Grand total net liability / assets	8 840	7 247
Defined benefit plan		
Present value of fund obligations	6 956	6 336
	6 956	6 336
Unrecognised past service cost	(973)	(973)
Unrecognised actuarial gains / (losses)	1 884	911
Net liability / (asset)	8 840	7 247
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	6 274	4 361
Current service costs	459	-
Benefits paid	(110)	-
Interest cost	271	-
Past service costs	973	-
Contributions	-	1 913
Present value of fund obligation at the end of the year	7 867	6 274
Analysis for financial reporting purposes:		
Non-current liabilities (recoverable after 12 months)	7 867	6 274
	7 867	6 274
33 Government grants		
Property, plant and equipment (non-monetary government grants)		
Opening balance	30 040	16 992
Add: current year receipts	2 421	13 048
Closing balance	32 461	30 040
Total Government Grants	32 461	30 040
Analysis for financial reporting purposes:		
Non-current portion	-	-
Current portion	32 461	30 040

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
34 Trade and other payables		
Trade creditors	32 381	19 890
Accruals	13 107	16 200
Deposits	10	4 516
Administered funds	57 192	35 766
Operating lease liability	35	1
Total	102 725	76 373
35 Income Received in Advance		
Prepayments and advances		
Opening Balance	24 297	5 033
Transfer of income received in advance to the statement of financial performance	(3 963)	(5 329)
Advances	27 400	24 119
Revenue received for goods not yet delivered	-	474
Closing balance	47 734	24 297
36 Provisions		
Restructuring provision		
Provisions made during the year	382	-
Closing balance	382	-
Salary and related expense provision		
Opening balance	11 341	11 093
Utilisation of provisions during the year	(6 705)	(2 860)
Unused amounts reversed during the year	(446)	(143)
Provisions made during the year	7 180	3 251
Closing balance	11 370	11 341
Other		
Opening balance	957	172
Utilisation of provisions during the year	(448)	(147)
Provisions made during the year	40	932
Closing balance	549	957
Other		
Opening balance	116 592	96 622
Utilisation of provisions during the year	-	43 833
Unused amounts reversed during the year	3 793	(23 862)
Provisions made during the year	2 427	(1)
Closing balance	122 812	116 592
Total Provisions		
Opening balance	128 890	107 887
Utilisation of provisions during the year	(7 153)	40 826
Unused amounts reversed during the year	3 347	(24 005)
Provisions made during the year	10 029	4 182
Closing balance	135 113	128 890

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
Analysis for reporting purposes:	135 113	128 890
Non-current provisions	132 211	125 888
Current provisions	2 902	3 002
37 Change in accounting policy		
Restatement of opening Accumulated Surplus/(Deficit)	-	1 541
38 Prior period error		
Operational leases reclassified as Finance leases	150	-
39 Cash generated from/(utilised in) operations		
Surplus/(deficit) before tax	127 876	43 114
(Interest received)	(6 175)	(2 671)
Interest paid	13	99
(Dividend received)	(50)	(44)
Non-cash movements/working capital changes	81 750	118 008
Depreciation	47 438	42 364
Impairment	(450)	6 296
Amortisation	387	236
Increase/(Decrease) in impairment of debtors (provision for doubtful debts)	(15 025)	93 782
Increase/(Decrease) in payables	23 124	4 942
Increase/(Decrease) in provisions	(397)	1 229
Increase/(Decrease) in borrowings	1 593	-
Increase in provision relating to employee costs	47	(24)
(Gains)/Losses on sale of property, plant and equipment	15 784	2 993
(Gains)/Loss on disposal of discontinued operations	(91)	(1 019)
(Gains)/Losses on sale of investment	7	(1 113)
(Increase)/Decrease in other current assets	-	(185)
(Increase)/Decrease in receivables	(19 491)	(40 246)
(Increase)/Decrease in inventories	3 670	(13 119)
Other (See Note 65)	25 154	21 872
Net cash flows from operating activities	203 414	158 506
40 Contingent liabilities		
Guarantees employees CMD	133	133
	133	133

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
41 Operating lease arrangements		
Lessee		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	111 554	102 495
1 to 5 years	186 624	259 831
More than 5 years	353	-
	298 532	362 326
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	314	197
1 to 5 years	2 098	1 759
More than 5 years	-	-
	2 412	1 956
Total		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	111 868	102 692
1 to 5 years	188 722	261 590
More than 5 years	353	-
	300 944	364 282
42 Capital commitments		
Commitments for the acquisition of property, plant and equipment	2 425	18 140
- Contracted for but not provided in the financial	2 425	18 140
Total future capital commitments	2 425	18 140
43 Non-current assets held for sale	992	9 172
Total	992	9 172
44 Net cash inflows/ outflows from operating activities		
Cash receipts from customers	464 684	494 213
Cash payments to suppliers and employees	(261 270)	(335 707)
Cash generated from/(utilised in) operations	203 414	158 506
Interest received/(paid)	2 976	(107)
Dividends received/(paid)	(4 006)	(4 241)
Net cash inflows/ outflows from operating activities	202 384	154 158

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
45 For net cash flows from investing activities		
Proceeds on disposal of:	11 847	14 109
Property, plant and equipment	11 847	14 109
Acquisition of:	(85 782)	(61 613)
Property, plant and equipment	(82 852)	(52 748)
Intangible assets	(2 921)	(4 369)
Other (See Note 66)	(9)	(4 496)
Loans received / granted:	-	125
Corrections of error - vehicles at cost	-	125
Net cash flows from investing activities	(73 935)	(47 379)
46 For net cash flows from financing activities		
Repayments of :	6 220	(32 482)
Capital fund	6 220	(32 482)
Increase/(decrease) in non-current financial instruments	(9 666)	(1 509)
Proceeds from:	19 766	(23 022)
Other (See Note 67)	19 766	(23 022)
Interest paid	3 017	3 792
Increase in amounts owing to controlled entities	4 044	7 316
Net cash flow financing activities	23 381	(45 905)
47 Share capital (Contributions from owners)		
Balance at the beginning of the year	25 000	25 000
As restated	25 000	25 000
Balance at the end of the year	25 000	25 000
48 Accumulated surplus/(deficit)		
Balance at the beginning of the year	795 180	519 346
- correction of prior period error	(1 085)	151 756
- change in accounting policy	-	86 056
As restated	794 095	757 158
Surplus/(Deficit) for the year	127 785	42 095
Transfers to/ (from) reserves	(13 722)	(6 374)
Net gains/(losses) not recognised in the statement of financial performance	(129 895)	-
Cape Medical Depot transfer from Dept of Health	1 504	2 151
WC Nature Conservation Board error cellphone leases	-	150
Balance at the end of the year	779 767	795 180
49 Revaluation Reserve		
Balance at the beginning of the year	12 046	11 942
As restated	12 046	11 942
Revaluation increase/(decrease) on investments	6 211	-
Revaluation increase/(decrease) on property, plant and equipment	-	104
Balance at the end of the year	18 257	12 046

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
50 Other reserves 1		
Balance at the beginning of the year	45 153	189 823
As restated	45 153	189 823
Net movement on Capital Fund	1 906	(144 670)
Balance at the end of the year	47 059	45 153
51 Other reserves 2		
Balance at the beginning of the year	1 572	56 135
As restated	1 572	56 135
Released on disposal of investments	-	(10)
Available sale of financial assets and Replacement Fund	253	(54 553)
Balance at the end of the year	1 825	1 572
52 Reserves		
Balance at the beginning of the year	58 771	257 900
As restated	58 771	257 900
Revaluation increase/(decrease) on investments	6 211	-
Released on disposal of investments	-	(10)
Revaluation increase/(decrease) on property, plant and equipment	-	104
Net movement on Capital Fund; Available sale of financial assets and Replacement Fund	2 159	(199 223)
Balance at the end of the year	67 141	58 771
53 Rental Income (Other)		
Rent received	147	118
Rent private house	343	337
Staff Accomodation	259	213
	749	668
54 Transfers and Subsidies Received (Other)		
Extra Budgetary institutions		(40)
Capital fund reserve	634	762
National Heritage Agency	100	
Office Rental Subsidy from Provincial Department	831	811
Transfer from Western Cape Tourism Board		85
Refunds -WCNCB		(6 723)
Project Funding Wesgro - Ikapa, Plek plan & Dreamworld	417	602
	1 982	(4 503)
55 Gains on disposal of assets (Other)		
CMD, WCGRB & WESGRO	23	132
Casidra		222
	23	354
56 Losses on disposal of assets (Other)		
DMO, PDC & WCNCB	13	98
DMO & WCNCB	99	3
	112	101

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	2006/07	2005/06
	R'000	R'000
57 Other Income (Other)		
Buildings rental income - WCCC	1 857	1 809
Interest Income	1 252	1 233
Programme & Special Projects - DMO	5 878	7 583
Sundry Income	379	247
GMT grants received	25 058	23 862
GMT Bad Debts recovered	7 888	
GMT recoverable costs	409	831
Membership fees Wesgro	69	95
Insurance recovery PDC	9	
Registration Liquor licences	4 623	4 338
Donations LB		102
Sundry Income non tourism WCNCB	34 898	37 278
	82 320	77 378
58 Administrative expenses (Other)		
Rent paid	947	923
Travel and subsistence	27 748	17 354
Advertising	100	85
Fees for Services	73	61
Subscriptions	86	103
Regional Service levy	8	33
Strategic Planning Sessions	68	-
Rentals of Operating Leases	242	236
Buildings	-	310
Plant, machinery and equipment	-	896
Vehicles	-	3 241
	29 272	23 242
59 Marketing Costs (Other)		
Advertising	2 083	1 734
Publishing Costs	777	1 099
Corporate Social Responsibility	13	-
Advertising and promotions	66	124
Recruitment	532	144
Marketing	169	464
Printing	785	395
Leisure tourism and marketing	4 133	9 607
Convention and events bureau	5 936	8 130
e-Business	1 880	2 691
Visitor and membership services	8 854	4 650
ITESP	1 232	2 362
Joint and strategic projects	3 390	5 642
Advertisements	41	11
Annual report	51	36
News letter	63	46
	30 005	37 135

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Notes to the Consolidated Financial Information for the year ended 31 March 2007

	2006/07	2005/06
	R'000	R'000
60 Audit Fees (Other)		
WC Liquor Board - Internal Audit		77
	-	77
61 Project Expenses (Other)		
PDC rural development	271	250
Casidra project expenses	32 976	31 782
Wesgro Workshops, Seminars & Events	639	787
Exporter Development Program	393	405
Wesgro Projects (Ikapa, Plek Plan, Khayelitsha, Dreamworld)	417	602
	34 696	33 826
62 Transfers and subsidies paid (Other)		
Local Governments	14	55
Households	9 054	8 409
Provincial Departments	6 473	-
Non-profit Organisations	1 500	672
	17 041	9 136
63 Loans and Receivables (Other)		
Interest receivable	168	49
Deposits	4	1
Allowances	62	-
Staff cell phone cost	1	1
Grant Transfer	620	-
Sundry Debtors	-	19
Dept. of Transport and Public Works	-	43 408
Dissallowance Miscellaneous	724	77
Provision for doubtful debts on disallowance accounts	(45)	-
	1 534	43 555
64 Cash and cash equivalents (Other)		
Cash and bank balances held by dept	98 218	17 995
Cash on hand	9	8
	98 227	18 003
65 Non-cash movements/working capital changes		
(Decrease)/Increase in income received in advance	4 436	7 600
(Decrease)/Increase in accrual raised for goods and services received	(7 754)	2 453
Decrease in loans granted	2	-
(Decrease)/Increase in non-current assets held for sale	1 636	(2 628)
(Decrease)/Increase in accruals for accidents and claims	(41)	(213)
Impairment deficit on property, plant and equipment	(635)	(762)
Reversal on loss on disposal of discontinued operations	91	1 019
Proceeds on sale of WCP Garment transferred to Treasury	6 473	-
Profit on sale	(9)	(8)
Donations received	-	(103)
Increase in deferred income	21 027	14 425
Increase in finance lease liability	(72)	-
Foreign exchange (gains)/losses	-	89
	25 154	21 872

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2006/07	2005/06
R'000	R'000

66 **For net cash flows from investing activities (Other)**

Acquisition of Other

Available for sale financial assets
 Corrections of error - plant and equipment carrying value
 Correction to balance to cashflow statement

(9)	(8)
-	635
-	(5 123)
(9)	(4 496)

67 **For net cash flows from financing activities (Other)**

Proceeds from

Replacement fund
 Project cash and bank balances - Casidra

-	(55 481)
19 766	32 459
19 766	(23 022)