

# Provincial Government Western Cape

## Provincial Treasury

### ANNUAL CONSOLIDATED

### FINANCIAL INFORMATION

### For the year ended 31 March 2006



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**WESTEN CAPE PROVINCE**

**DEPARTMENTS  
PUBLIC ENTITIES AND TRADING ENTITIES**

**Annual consolidated financial information**

**For the year ended 31 March 2006**

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WESTERN CAPE PROVINCE

CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

## **WESTERN CAPE PROVINCE**

DEPARTMENTS

PUBLIC ENTITIES AND TRADING ENTITIES

## **CONSOLIDATED FINANCIAL INFORMATION**

**for the year ended 31 MARCH 2006**

Management Report prepared by the Provincial Treasury

## WESTERN CAPE PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

##### **Preamble**

The consolidated financial information (CFI) are compiled 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). As this represents the third set of consolidated financial information prepared for tabling, the process followed has more or less stabilised creating a much smoother path for the 2005/06 financial year's consolidation process. Similar to the process followed for the 2004/05 financial year, the consolidations for 2005/06 are based on audited statements of departments and entities.

##### **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 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 CFI have been prepared on the going concern basis and 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 disclosed separately in the relevant CFI.

WESTERN CAPE PROVINCE

CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

**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:

- Department of the Premier
- Provincial Treasury
- Community Safety
- Education
- Health
- Social Development
- Local Government and Housing
- 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 consolidated financial information
- Disclosure notes to the consolidated financial information

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 statements in respect of provincial departments have been prepared in terms of the “modified” cash basis of accounting.

## WESTERN CAPE PROVINCE

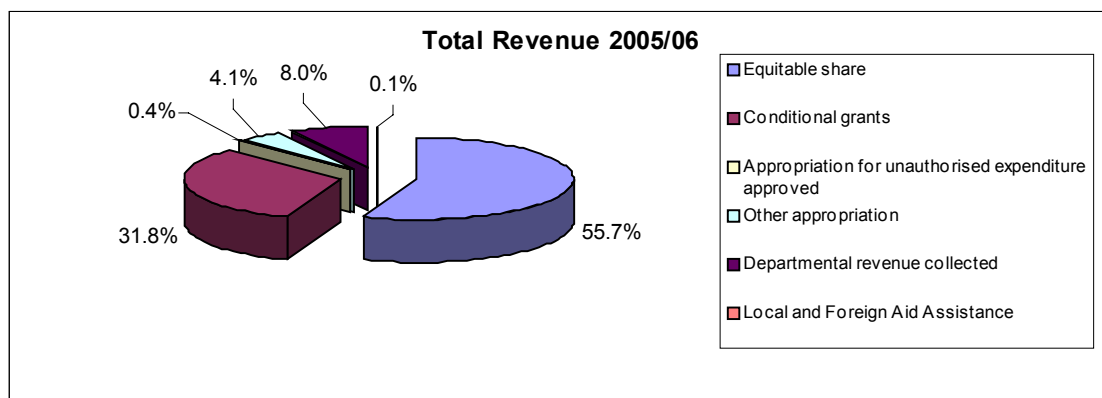
### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

## Financial results of Departments

### Revenue

Total revenue received by the Province inclusive of funding from own resources for 2005/06 amounted to R21 579,271 million. This represents an increase of 13,70% from the R18 978,653 million received in the 2004/05 financial year.



### Equitable Share

Revenue received from the National equitable share allocation decreased by 17.84% from R14 694,066 million in 2004/05 to R12 072,469 million in 2005/06. This decrease mainly resulted from a change in treatment of the allocation of social grants paid on behalf of the SA Social Services Agency from the equitable share allocation to conditional grants. In 2004/05 this source of funding represented about 77.48% (inclusive of the social grants allocation) of total revenue, thus decreasing to 55.70% in 2005/06 (exclusive of social security grants allocation).

### Conditional grants

Revenue received from the National conditional grant allocations increased by 167.76% from R2 573,453 million in 2004/05 to R6 890,887 million in 2005/06 mainly as a result of the allocation of social grants as indicated above. In 2004/05 this source of funding represented about 13.57% of total revenue, increasing to 31.80% in 2005/06.

### Unauthorised expenditure

This is made up of an amount of R78,060 million, which represents unauthorised expenditure funded out of own reserves.

## WESTERN CAPE PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

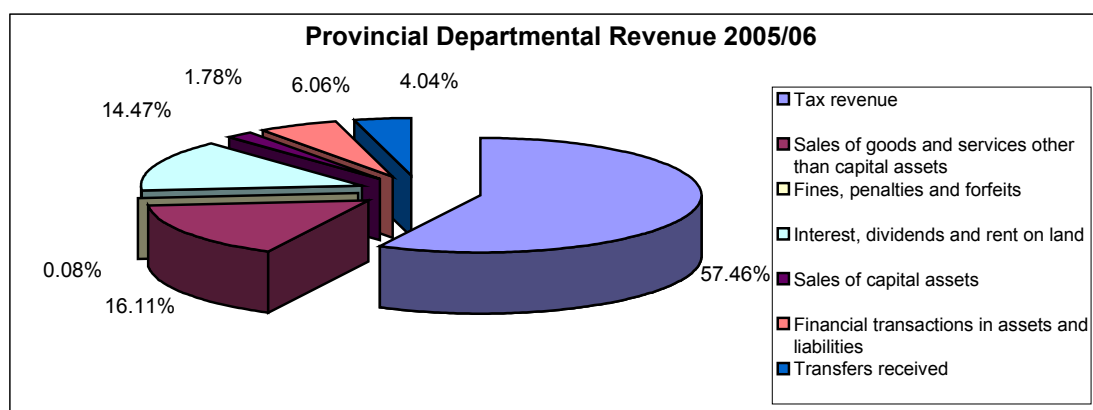
#### Other appropriation

This revenue source increased by 282.12%, from R226,516 million in 2004/05 to R865,562 million in 2005/06. This represents staggered drawdowns from reserves to finance infrastructure, mainly roads. This is to counter the degradation of the latter and to roll back accumulated backlogs in maintenance, upgrading and rehabilitation.

#### Departmental Revenue

This represented 8% total revenue in 2005/06 and 7.75% in 2004/05, collected from the following sources:

	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Tax revenue	984 863	872 647
Sales of goods and services other than capital assets	276 195	273 056
Fines, penalties and forfeits	1 412	1 121
Interest, dividends and rent on land	247 971	218 868
Sales of capital assets	30 512	14 391
Financial transactions in assets and liabilities *	103 896	88 869
Transfers received	69 155	1 813
<b>Total income</b>	<b>1 714 004</b>	<b>1 470 765</b>



\*In 2005/06, receipts included revenue from Integrated Service Land Project funds (R16 million) and housing subsidy refunds (R4 million), housing loan and rental payments (R16 million), and Government Motor Transport funds for the acquisition of vehicles (R44 million).



WESTERN CAPE PROVINCE

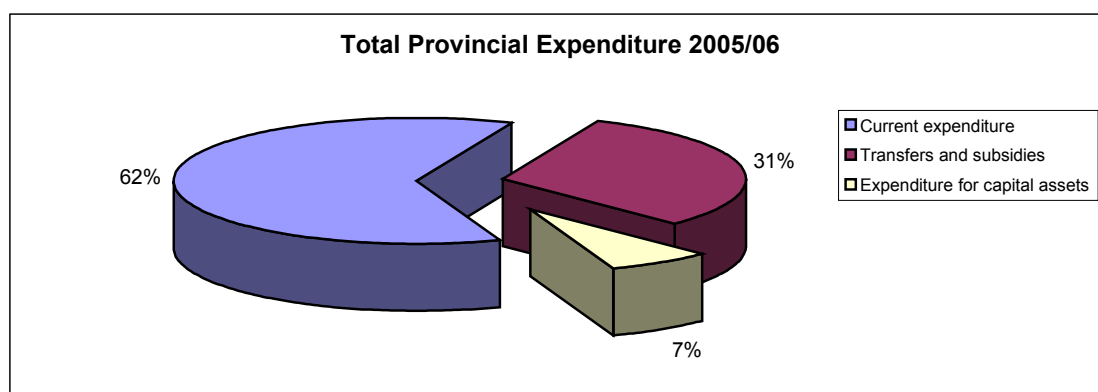
CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

**Provincial Expenditure**

Total expenditure incurred increased by 15.13% from R18 261,855 million in 2004/05 to R21 025,849 million in the 2005/06 financial year. A year on year comparison of Provincial Departments' expenditure based on the economic classification is as follows:

	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Current expenditure	12 897 190	11 544 284
Transfers and Subsidies	6 645 667	5 659 785
Capital Expenditure	1 482 992	1 057 786
<b>Total expenditure</b>	<b>21 025 849</b>	<b>18 261 855</b>



**Provincial Current expenditure**

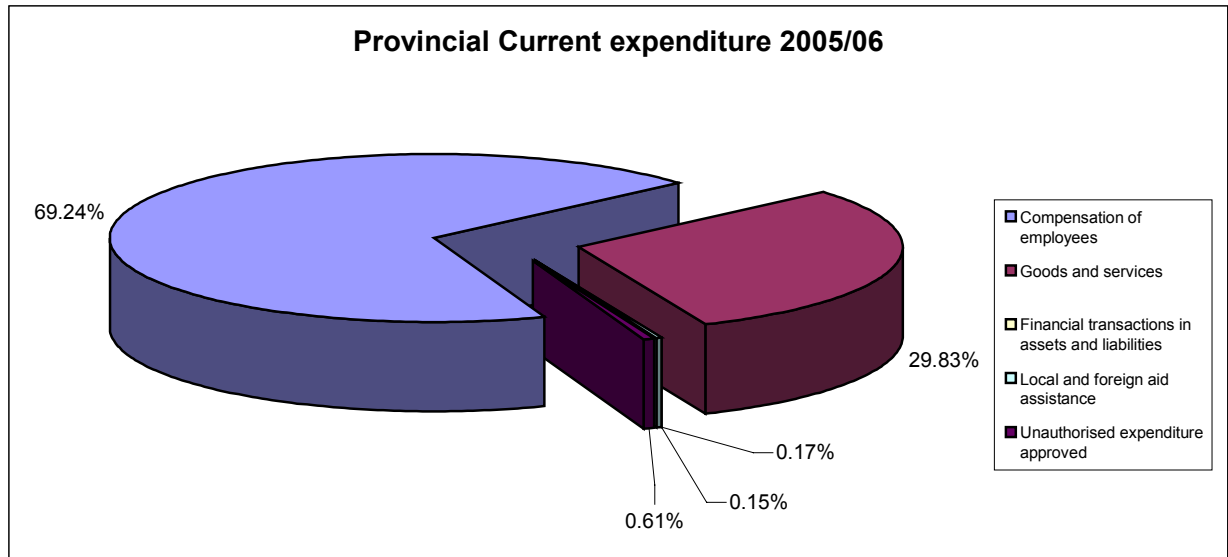
Current expenditure incurred by Provincial departments increased by 11.71% from R11 544,284 million in 2004/05 to R12 897,190 million in 2005/06. Following is a comparison between 2005/06 and 2004/05 based on the main current expenditure classifications with the graph below illustrating the portion of each item as a percentage of the total current expenditure:

	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Compensation of employees	8 930 472	8 219 679
Goods and Services	3 847 600	3 302 782
Financial transactions in assets and liabilities	21 376	12 570
Local and foreign aid assistance	19 682	9 253
Unauthorised expenditure approved	78 060	-
<b>Total expenditure</b>	<b>12 897 190</b>	<b>11 544 284</b>

WESTERN CAPE PROVINCE

CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY



**Provincial Transfers and Subsidies**

Transfers and subsidies paid by Provincial departments increased by 17.42% from R5 659,785 million in 2004/05 to R6 645,667 million in 2005/06. Following is the comparison of the year under review (2005/06) with the prior year (2004/05) based on their main item classifications:

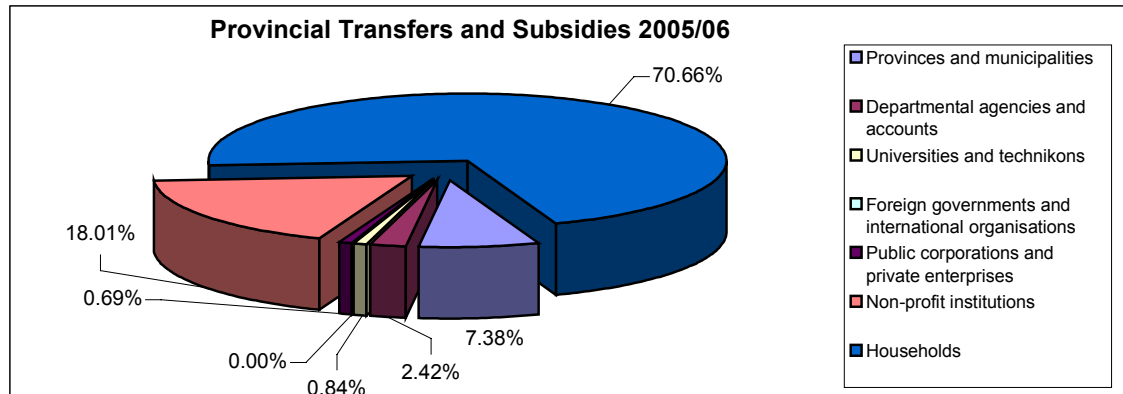
	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Provinces and Municipalities	490 297	355 968
Departmental agencies and accounts	161 096	136 092
Universities and Technikons	55 631	57 799
Foreign government and International organisation	88	70
Public corporations and private enterprise	45 548	37 924
Non-profit institutions	1 197 016	893 127
Households	4 695 991	4 178 358
Gifts and donations	-	447
<b>Total expenditure</b>	<b>6 645 667</b>	<b>5 659 785</b>

WESTERN CAPE PROVINCE

CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

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



**Provincial expenditure for capital assets**

Capital expenditure by Provincial departments increased by 40.19% from R1 057,786 million in 2004/05 to R1 482,992 million in 2005/06. Following is a comparison of the year under review (2005/06) with the prior year (2004/05) based on the main capital expenditure classifications:

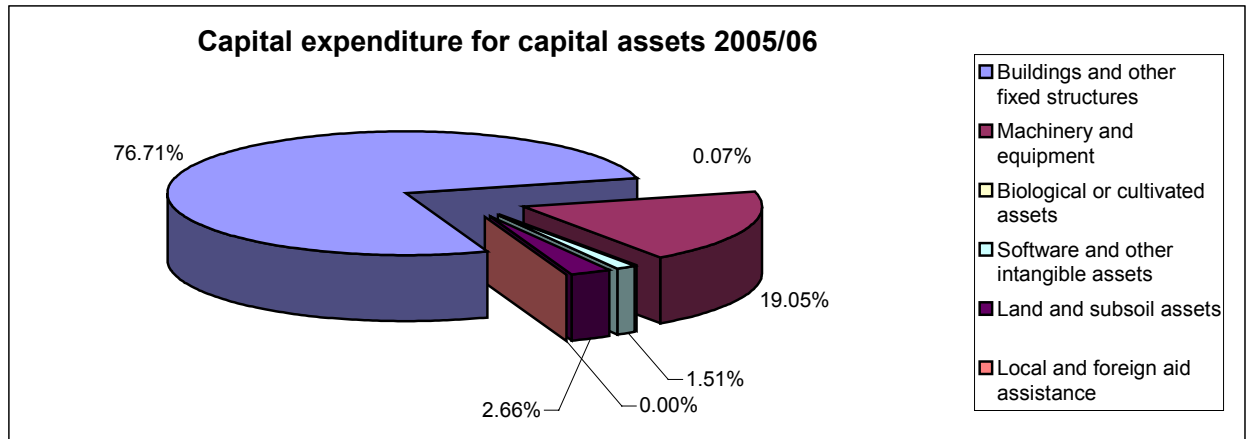
	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Buildings and other fixed structures	1 137 593	811 229
Machinery and equipment	282 477	220 612
Biological or cultivated assets	1 049	112
Software and other intangible assets	22 432	21 948
Land and subsoil assets	39 400	3 885
Local and foreign aid assistance	41	-
<b>Total expenditure</b>	<b>1 482 992</b>	<b>1 057 786</b>

WESTERN CAPE PROVINCE

CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

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



**Receivables**

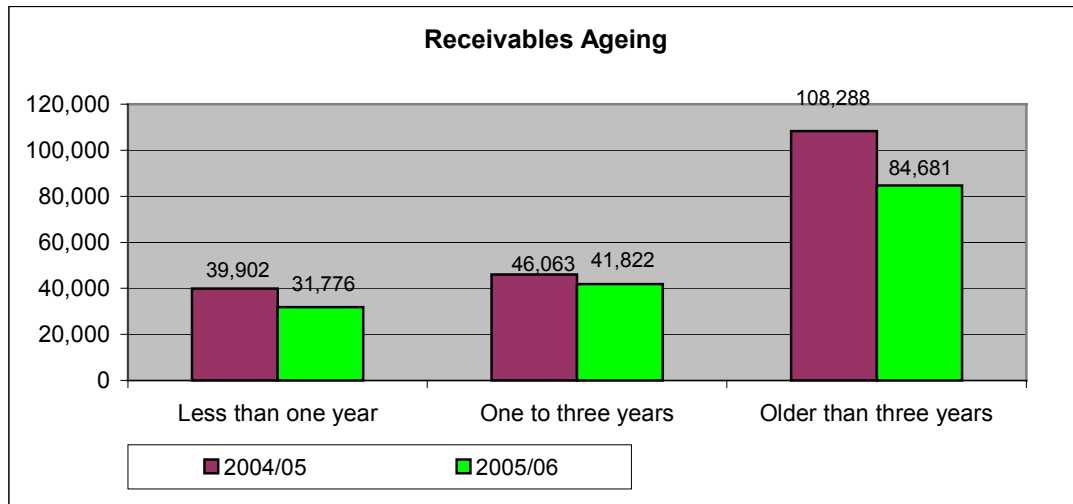
An age analysis of consolidated receivables owing to the Provincial Departments reveals a declining trend in the aging of debtors as illustrated below:

	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
Less than one year	31 776	39 902
One to three years	41 822	46 063
Older than three years	84 681	108 288
<b>Total Receivables</b>	<b>158 279</b>	<b>194 253</b>

## WESTERN CAPE PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY



#### **PUBLIC ENTITIES 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 aggregated. The aggregation is in respect of twelve provincial public entities and two trading entities, which are discussed in more detail further on in this report. A new public entity, namely the Commissioner for the Environment was created during the financial year, but no transactions took place during the financial year under review. The Department of Environmental Affairs and Development Planning has indicated their intention to delist the Commissioner for the Environment. Aggregations 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

## WESTERN CAPE PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

#### **Financial results**

Total revenue for 2005/06 amounted to R781,143 million. This represents an increase of 12,22% from the R696,082 million received in the 2004/05 financial year. Total expenditure for the same period is R457,051 million, up 9,89% from the R416,148 million for 2004/05.

The aggregate net surplus for 2005/06 amounted to R2,050 million, compared to R696,000 for 2004/05. Although the aggregated financial results have improved, there are variances in performances across entities.

#### **ENTITIES INCLUDED IN THE CONSOLIDATION**

The following public and trading entities were included in the annual consolidated financial information:

##### **Schedule 3C Provincial Public Entities**

- Western Cape Gambling and Racing Board
- Western Cape Nature Conservation Board (CapeNature)
- Provincial Development Council
- Destination Marketing Organisation (DMO) trading as Cape Town Routes Unlimited
- Western Cape Cultural Commission
- Western Cape Language Committee
- Western Cape Investment and Trade Promotion Agency (WESGRO)
- Heritage Western Cape
- Western Cape Housing Development Fund
- Western Cape Youth Commission
- Western Cape Liquor Board

##### **Schedule 3D Provincial Government Business Enterprise**

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

##### **Provincial Trading Entities**

- Government Motor Transport (GMT)
- Cape Medical Depot (CMD)

## WESTERN CAPE PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

#### **Discussion of Entities**

#### **Schedule 3C Provincial Public Entities:**

#### **Western Cape Gambling and Racing Board**

The Board was established in 1997 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 (CapeNature)**

CapeNature is constituted in terms of the Western Cape Nature Conservation Board Act, 15 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-coordinating, 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 Commission was established in terms of the Western Cape Cultural Commission and Cultural Councils Act, 1998 (Act 14 of 1998). 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 PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

#### **Western Cape Investment and Trade Promotion Agency (WESGRO)**

The Agency was established in terms of the Western Cape Investment and Trade Promotion Act, No 3 of 1999). 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.

#### **Heritage Western Cape**

Heritage Western Cape is constituted in terms of section 23 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.

#### **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 as the Fund is legally still in existence. The National Housing Act must first be amended in order for the Provincial Housing Act to be changed to allow for the disestablishment of the Fund.

#### **Western Cape Youth Commission**

The Western Cape Youth Commission (WCYC) was established in terms of the Western Cape Provincial Youth Commission Act, 2004 (No. 5 of 2004). 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. The Chairperson and the Commissioners were appointed in June 2005. The majority of the Commissioners commenced duty during July and August 2005. Due to the fact that no support staff and structures existed when the Commissioners commenced duty, it was agreed that the WCYC would in the interim use the Department of the Premier's systems, policies and structures. As the systems and bank account of the department were utilised the revenue and expenditure of the WCYC is also incorporated in the annual financial statements of the department.



## WESTERN CAPE PROVINCE

### CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 MARCH 2006

#### MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

#### **Western Cape Liquor Board**

The existing Western Cape Liquor Board is operating in terms of The Liquor Act, No. 27 of 1989 and the financial activities have been included in the annual financial statements of the Department of Economic Development and Tourism. Departmental staff is responsible for the administration of the Liquor Board. The functions of these officials are not confined to that of the Liquor Board, as they are also responsible for departmental functions. Thus the Board's financial information is also included in the department's annual financial statements. This arrangement will however change once the Western Cape Liquor Bill 8 of 2005 has been promulgated allowing for the independent operation of the Board.

#### **Schedule 3D Provincial Government Business Enterprise:**

#### **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). It is by definition also a public entity and as such included in the consolidated financial statements.

#### **Provincial 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 Department of Health.

WESTERN CAPE PROVINCE

CONSOLIDATED FINANCIAL INFORMATION  
for the year ended 31 MARCH 2006

MANAGEMENT REPORT BY THE PROVINCIAL TREASURY

**Accounting Officer's Approval**

I hereby present the Annual Consolidated Financial Information based on the audited financial statements for the year ended 31 March 2006 as required by section 19(1) of the Public Finance Management Act, (Act No. 1 of 1999) as amended.



**Accounting Officer**  
**Provincial Treasury**

**Date: 20 September 2006**

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL  
PARLIAMENT OF THE WESTERN CAPE ON 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 2006**

I have performed the procedures agreed with the Accounting Officer and described below with respect to the Consolidated Financial Information (CFI) and the Provincial Revenue Fund of the Western Cape as at 31 March 2006 set out on pages 21 to 47. My engagement was undertaken in accordance with the statement of International Standards on Related Services applicable to agreed-upon procedures engagements. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Accounting Officer. With reference to the basis of consolidation as set out in the accounting policies to the CFI, my procedures were performed solely in respect of the aggregation of the Provincial Departments used to compile the CFI. The procedures performed are summarised as follows:

1. I obtained the consolidation template used to compile the CFI and agreed the information therein to the information of the annual financial statements of the individual Provincial Departments.
2. I conducted an audit in accordance with statements of International Standards on Auditing on the Provincial Revenue Fund.
3. I checked all the castings of the CFI and agreed the notes to the CFI with the consolidated balance sheet, income statement, cash flow statement and statement of changes in equity.
4. I agreed the opening balances and comparative figures with the CFI of the previous year.

#### Findings

I report my findings below:

#### Procedure 1

The CFI was provided to me in the form of a template, which included the information of all 13 Western Cape Provincial Departments and the Provincial Revenue Fund. The information on the template was agreed to the audited annual financial statements of the Provincial Departments. No differences were identified between the information on the template and the individual Departments annual financial statements.

## Procedure 2

During the audit of the Provincial Revenue Fund, no audit findings were identified.

## Procedure 3

I reperformed all the castings on the CFI template and found it to be correct. The notes to the CFI agreed to the consolidated balance sheet, income statement and statement of changes in equity.

## Procedure 4

The figures in the current year's CFI agreed to the figures in the previous year's CFI, except for non-current assets. The difference is as a result of a decision made by the Department of Economic Development in the current year to classify a previously expensed amount of R142million as an investment and to accordingly restate the comparative amount in the balance sheet.

## General

The CFI presented does not address or make provision for the following:

- Inter-departmental transactions and balances affecting the consolidated statement of financial position and statement of financial performance were not eliminated.

Because the above procedures do not constitute either an audit or a review made in accordance with statements of International Standards on Related Services, I do not express any assurance on the CFI as at 31 March 2006.

Had I performed additional procedures or had I performed an audit or review of the CFI in accordance with statements of International Standards on Auditing or International Standards on Review Engagements, other matters might have come to my attention that would have been reported to you.

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**

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



**I JEEWA** for Auditor-General

**Cape Town**

**29 September 2006**



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

**CONSOLIDATED FINANCIAL  
INFORMATION OF THE WESTERN CAPE  
PROVINCIAL DEPARTMENTS**

**for the year ended 31 MARCH 2006**

**ANNEXURE TO THE REPORT OF THE AUDITOR-GENERAL TO THE  
PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE  
CONSOLIDATED FINANCIAL INFORMATION OF THE  
PROVINCIAL DEPARTMENTS OF THE WESTERN CAPE PROVINCE  
FOR THE YEAR ENDED 31 MARCH 2006**

Western Cape provincial departments:

- Vote 1 : Department of the Premier
- Vote 2 : Provincial Parliament
- Vote 3 : Provincial Treasury
- Vote 4 : Community Safety
- Vote 5 : Education
- Vote 6 : Health
- Vote 7 : Social Development
- Vote 8 : Local Government and Housing
- Vote 9 : Environmental Affairs and Development Planning
- Vote 10 : Transport and Public Works
- Vote 11 : Agriculture
- Vote 12 : Economic Development and Tourism
- Vote 13 : Cultural Affairs and Sport

**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

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), the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

**1. Presentation of the Consolidated Financial Information**

**1.1 Basis of preparation**

The Consolidated Financial Information have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional 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 department.

**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 financial statements. 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.

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

**2. Revenue**

**2.1 Appropriated funds**

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.

Total appropriated funds received during the year are presented in the consolidated statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund, unless approval has been given by the Provincial Treasury to rollover the funds to the subsequent financial year. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.



**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**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.

**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 statement 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 statement 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 statement 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 statement of financial performance when the cash is received.

**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 statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed as part of the disclosure notes to the annual consolidated financial statements.

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

**2.2.7 Gifts, donations and sponsorships**

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

**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**2.3 Local and foreign aid assistance**

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the consolidated statement of financial performance as revenue.

The payments made during the year relating to local and foreign aid assistance projects is recognised as expenditure in the consolidated statement of financial performance. A receivable is recognised in the consolidated statement of financial position to the value amounts expensed prior to the receipt of the funds.

A payable is raised in the consolidated statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance, unutilised amounts are recognised in the consolidated statement 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 statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. Capitalised compensation forms part of one or all of the expenditure for capital assets categories in the consolidated statement of financial performance.

All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the consolidated statement of financial performance when the final authorisation for payment is effected on the system.

**3.1.1 Short term employee benefits**

Short-term employee benefits comprise of leave entitlements, thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the consolidated statement of financial performance when the final authorisation for 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 consolidated financial statements. These amounts are not recognised in the consolidated statement 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 statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**3.1.2.2 Post employment retirement benefits**

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

**3.2 Goods and services**

Payments made for goods and/or services are recognised as an expense in the consolidated statement of financial performance when the final authorisation for 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 on a capital project.

**3.3 Interest and rent on land**

Interest and rental payments are recognised as an expense in the consolidated statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental on the use of buildings or other fixed structures.

**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 under spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

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 statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered or written off as irrecoverable.

Unauthorised expenditure approved with funding is recognised in the consolidated statement 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 statement of financial performance on the date of approval.

Where unauthorised expenditure is not approved it is recovered from the responsible person.

**3.6 Fruitless and wasteful expenditure**

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

**3.7 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the consolidated statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as a current asset until it is recovered or written off as irrecoverable.

**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**3.8 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for 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 statement of financial performance when the final authorisation for 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 statement of financial position at cost.

For the purposes of the consolidated cash flow statement, 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 statement of financial position when the payments are made.

**4.3 Receivables**

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

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

**4.4 Investments**

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

**5. Liabilities**

**5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at their nominal amounts in the consolidated statement of financial position.

**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**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 statement of financial position as a liability or as expenditure in the consolidated statement of financial performance but are however disclosed as part of the disclosure notes.

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

**5.3 Accruals**

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

Accruals are not recognised in the consolidated statement of financial position as a liability or as expenditure in the consolidated statement of financial performance but are however disclosed as part of the consolidated disclosure notes.

**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 disclosed as part of the disclosure notes to the annual consolidated financial information.

**5.5 Commitments**

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

Commitments are not recognised in the consolidated statement of financial position as a liability or as expenditure in the statement of financial performance but are however disclosed as part of the consolidated disclosure notes.

**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 statement 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.

**CONSOLIDATED FINANCIAL INFORMATION OF THE  
WESTERN CAPE PROVINCIAL DEPARTMENTS**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**6.2 Recoverable revenue**

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

**7. Related Party transactions**

Related parties are parties that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is disclosed as part of 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. Senior management includes the Minister and Deputy Ministers responsible for the department, the Director-General, the Deputy Director-General(s), Chief Director(s), the Chief Financial Officer and any key advisors.

Compensation paid to key management personnel including their family members where relevant, are disclosed as part of the disclosure notes to the annual consolidated financial information.

**9. Public private partnership**

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 disclosed as part of the disclosure notes to the annual financial information.

**Appropriation Statement  
for the year ended 31 March 2006**

Appropriation per Department									
	2005/06							2004/05	
	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
<b>1. Provincial Administration</b>									
Current payment	269,398	(909)	-	268,489	267,526	963	99.64%	249,761	248,869
Transfers and subsidies	7,039	118	-	7,157	6,222	935	86.94%	5,056	4,859
Expenditure for capital assets	21,631	791	-	22,422	22,396	26	99.88%	42,424	41,211
<b>2. Provincial Parliament</b>									
Current payment	30,212	-	(51)	30,161	24,500	5,661	81.23%	23,036	21,850
Transfers and subsidies	10,463	-	51	10,514	10,288	226	97.85%	8,749	8,503
Expenditure for capital assets	406	-	-	406	151	255	37.19%	1,515	354
<b>3. Provincial Treasury</b>									
Current payment	113,254	-	(435)	112,819	112,495	324	99.71%	101,705	99,614
Transfers and subsidies	319	-	85	404	348	56	86.14%	855	723
Expenditure for capital assets	1,836	-	350	2,186	1,432	754	65.51%	6,420	1,996
<b>4. Dept. of Community Safety</b>									
Current payment	145,386	-	(4,054)	141,332	141,332	-	100.00%	126,820	123,935
Transfers and subsidies	30,982	-	2,462	33,444	33,416	28	99.92%	31,762	31,762
Expenditure for capital assets	2,428	-	1,592	4,020	4,020	-	100.00%	3,045	2,282
<b>5. Dept. of Education</b>									
Current payment	5,682,993	-	(142,683)	5,540,310	5,493,589	46,721	99.16%	5,021,864	4,959,412
Transfers and subsidies	485,963	-	176,754	662,717	661,590	1,127	99.83%	468,618	466,210
Expenditure for capital assets	335,703	-	(34,071)	301,632	294,065	7,567	97.49%	25,902	25,750
<b>6. Dept. of Health</b>									
Current payment	4,918,462	-	(44,300)	4,874,162	4,871,013	3,149	99.94%	4,307,617	4,308,000
Transfers and subsidies	505,612	-	3,431	509,043	502,598	6,445	98.73%	463,716	467,149
Expenditure for capital assets	352,748	-	40,869	393,617	345,201	48,416	87.70%	107,010	105,586
<b>7. Dept. of Social Services &amp; Poverty Alleviation</b>									
Current payment	515,853	-	1,945	517,798	469,208	3,266	90.62%	417,811	389,676
Transfers and subsidies	4,402,412	-	(3,662)	4,398,750	4,348,797	49,953	98.86%	3,889,209	3,853,772
Expenditure for capital assets	15,166	-	1,717	16,883	16,088	795	95.29%	19,484	18,164
<b>8. Dept. of Local Government &amp; Housing</b>									
Current payment	140,522	502	(7,310)	133,714	132,051	1,663	98.76%	53,411	45,695
Transfers and subsidies	661,694	(502)	7,310	668,502	650,052	18,450	97.24%	28,853	18,268
Expenditure for capital assets	9,592	-	-	9,592	8,064	1,528	84.07%	6,758	1,456
<b>9. Dept. of Environmental Affairs &amp; Development Planning</b>									
Current payment	78,158	(2,364)	(353)	75,441	75,290	151	99.80%	61,347	61,105
Transfers and subsidies	80,034	1,244	-	81,278	81,270	8	99.99%	72,562	70,860
Expenditure for capital assets	828	1,120	353	2,301	2,299	2	99.91%	3,508	3,503
<b>10. Dept. of Transport &amp; Public Works</b>									
Current payment	844,720	(6,553)	(2,734)	835,433	833,411	2,022	99.76%	929,585	901,272
Transfers and subsidies	199,085	878	262	200,225	187,344	12,881	93.57%	74,421	54,135
Expenditure for capital assets	753,560	5,675	2,472	761,707	752,496	9,211	98.79%	878,310	831,022
<b>11. Dept. of Agriculture</b>									
Current payment	176,672	(3,566)	(1)	173,105	182,163	(9,058)	105.23%	141,804	145,342
Transfers and subsidies	42,728	11,484	-	54,212	42,583	11,629	78.55%	41,709	31,424
Expenditure for capital assets	49,826	(7,918)	1	41,909	33,769	8,140	80.58%	47,131	20,127
<b>12. Dept. of Economic Development &amp; Tourism</b>									
Current payment	59,597	-	(7,366)	52,231	51,887	344	99.34%	45,505	45,417
Transfers and subsidies	82,608	-	7,000	89,608	89,554	54	99.94%	79,499	79,495
Expenditure for capital assets	200	-	366	566	565	1	99.82%	1,532	1,527
<b>13. Dept. of Cultural Affairs and Sport</b>									
Current payment	135,012	-	(2,662)	132,350	131,119	1,231	99.07%	120,757	116,258
Transfers and subsidies	31,349	-	1,165	32,514	31,701	813	97.50%	31,491	29,451
Expenditure for capital assets	1,951	-	1,497	3,448	2,885	563	83.67%	3,991	3,223
<b>Subtotal</b>	<b>21,195,926</b>	<b>-</b>	<b>-</b>	<b>21,195,926</b>	<b>20,914,778</b>	<b>281,148</b>	<b>98.67%</b>	<b>18,657,434</b>	<b>18,239,710</b>
<b>Statutory Appropriation</b>									
Current payments	14,917	-	-	14,917	13,288	1,629	89.08%	13,561	12,892
Transfers and subsidies									
Payment for capital assets									
<b>Total</b>	<b>21,210,843</b>	<b>-</b>	<b>-</b>	<b>21,210,843</b>	<b>20,928,066</b>	<b>282,777</b>	<b>98.67%</b>	<b>18,670,995</b>	<b>18,252,602</b>
<b>Reconciliation with Statement of Financial Performance</b>									
Prior year unauthorised expenditure approved with funding				78,060				-	
Departmental receipts				332,079				293,805	
Local and foreign aid assistance				21,137				13,853	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>21,642,119</b>				<b>18,978,653</b>	
Local and foreign aid assistance					19,723				9,253
Prior year unauthorised expenditure approved					78,060				
Prior year fruitless and wasteful expenditure condoned					-				
<b>Actual amounts per Statement of Financial Performance</b>				<b>21,025,849</b>				<b>18,261,855</b>	

**APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

	Appropriation per Economic classification								
	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current payments</b>									
Compensation to employees	9,257,139	(20,936)	(215,264)	9,020,939	8,917,184	103,755	98.85%	8,311,414	8,229,088
Goods and services	3,845,331	7,625	(8,907)	3,844,049	3,847,121	(3,072)	100.08%	3,347,458	3,302,782
Interest and rent on land	2,588	-	(1,508)	1,080	-	1,080	0.00%	90	-
Financial transactions in assets and liabilities	5,181	421	15,675	21,277	21,279	(2)	100.01%	12,548	12,414
<b>Transfers and subsidies</b>									
Provinces & municipalities	495,160	546	3,131	498,837	490,297	8,540	98.29%	387,606	355,734
Departmental agencies & accounts	153,547	1,085	7,312	161,944	161,096	848	99.48%	140,425	136,226
Universities & technikons	59,133	588	(590)	59,131	55,631	3,500	94.08%	54,240	57,899
Foreign governments & international organisations	100	-	-	100	88	12	88.00%	70	70
Public corporations & private enterprises	40,206	9,470	2,480	52,156	45,548	6,608	87.33%	42,683	37,924
Non-profit institutions	1,022,651	1,160	179,938	1,203,749	1,197,016	6,733	99.44%	891,283	893,127
Households	4,769,491	373	2,587	4,772,451	4,695,991	76,460	98.40%	4,320,610	4,178,805
<b>Payment on capital assets</b>									
Buildings & other fixed structures	1,193,626	9,396	(12,916)	1,190,106	1,137,594	52,512	95.59%	865,158	811,541
Machinery & equipment	287,566	(7,824)	24,318	304,060	282,966	21,094	93.06%	257,503	220,612
Biological or cultivated assets	132	-	76	208	1,049	(841)	504.33%	112	112
Software & other intangible assets	11,151	7,603	3,968	22,722	22,422	300	98.68%	22,201	21,948
Land & subsoil assets	53,400	(9,507)	(300)	43,593	39,400	4,193	90.38%	4,033	3,885
<b>Total</b>	<b>21,195,926</b>	<b>-</b>	<b>-</b>	<b>21,195,926</b>	<b>20,914,778</b>	<b>281,148</b>	<b>98.67%</b>	<b>18,657,434</b>	<b>18,239,710</b>

	Statutory Appropriation								
	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Direct charge against Provincial Revenue Fund</b>									
List all direct charges against the Revenue Fund	-	-	-	-	-	-	0.00%	-	-
President and Deputy President salaries	-	-	-	-	-	-	0.00%	-	-
Member of executive committee/parliamentary officers	14,917	-	-	14,917	13,288	1,629	89.08%	13,561	12,892
Judges salaries	-	-	-	-	-	-	0.00%	-	-
Sector education and training authorities SETA	-	-	-	-	-	-	0.00%	-	-
National skills fund	-	-	-	-	-	-	0.00%	-	-
<b>Total</b>	<b>14,917</b>	<b>-</b>	<b>-</b>	<b>14,917</b>	<b>13,288</b>	<b>1,629</b>	<b>89.08%</b>	<b>13,561</b>	<b>12,892</b>



**CONSOLIDATED FINANCIAL INFORMATION  
OF THE WESTERN CAPE PROVINCIAL DEPARTMENTS**

**Consolidated Statement of Financial Performance**  
for the year ended 31 March 2006

	Notes	2005/06 R'000	2004/05 R'000
<b>REVENUE</b>			
<b>Appropriated Funds</b>	<b>1</b>		
- Equitable Share	1.1	12,072,469	14,694,066
- Conditional Grants	1.2	6,890,887	2,573,453
- Departmental Revenue	1.4	1,714,004	1,470,765
- Other	1.3	865,562	226,516
<b>TOTAL REVENUE DISCLOSED BY THE REVENUE FUND</b>		<b>21,542,922</b>	<b>18,964,800</b>
Appropriation for unauthorised expenditure approved	1.3	78,060	-
Local and foreign aid assistance	2.3	21,137	13,853
<b>TOTAL REVENUE DISCLOSED BY DEPARTMENTS</b>		<b>99,197</b>	<b>13,853</b>
<b>TOTAL REVENUE</b>		<b>21,642,119</b>	<b>18,978,653</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	8,930,472	8,219,679
Goods and services	4	3,847,600	3,302,782
Financial transactions in assets and liabilities	5	21,376	12,570
Local and foreign aid assistance	2.2	19,682	9,253
Unauthorised expenditure approved	1.3	78,060	-
<b>Total current expenditure</b>		<b>12,897,190</b>	<b>11,544,284</b>
<b>Transfers and subsidies</b>	<b>6</b>	6,645,667	5,659,785
<b>Expenditure for capital assets</b>			
Buildings and other fixed structures		1,137,593	811,229
Machinery and equipment		282,477	220,612
Biological or cultivated assets		1,049	112
Software and other intangible assets		22,432	21,948
Land and subsoil assets		39,400	3,885
Local and foreign aid assistance	2.2	41	-
<b>Total expenditure for capital assets</b>	<b>7</b>	<b>1,482,992</b>	<b>1,057,786</b>
<b>TOTAL EXPENDITURE</b>		<b>21,025,849</b>	<b>18,261,855</b>
<b>SURPLUS/(DEFICIT)</b>		616,270	716,798
Add back unauthorised expenditure	8	9,965	19,199
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>626,235</b>	<b>735,997</b>

**CONSOLIDATED FINANCIAL INFORMATION  
OF THE WESTERN CAPE PROVINCIAL DEPARTMENTS**

**Consolidated Statement of Financial Position  
at 31 March 2006**

	Notes	2005/06 R'000	2004/05 R'000
<b>ASSETS</b>			
<b>Current assets</b>		3,088,454	3,197,242
Unauthorised expenditure	8	465,779	533,907
Cash and cash equivalents	9	2,148,403	2,410,932
Prepayments and advances	10	310,603	58,150
Receivables	11	158,279	194,253
Voted funds not received from National Department		5,390	-
<b>Non-current assets</b>		151,437	150,853
Investments	12	151,437	150,853
<b>TOTAL ASSETS</b>		<u>3,239,891</u>	<u>3,348,095</u>
<b>RESERVES</b>	17	1,867,112	2,312,667
<b>LIABILITIES</b>			
<b>Current liabilities</b>		1,113,101	758,193
Bank overdraft	13	55,702	42,679
Payables	14	1,050,596	710,914
Voted funds to be transferred		5,390	-
Local and foreign aid assistance unutilised		1,413	4,600
<b>Non-current liabilities</b>			
Payables	15	26,047	27,522
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>3,006,260</u>	<u>3,098,382</u>
<b>NET ASSETS</b>		<u>233,631</u>	<u>249,713</u>
<b>Represented by:</b>			
Capitalisation Reserves		151,546	150,962
Recoverable revenue		82,085	98,751
<b>TOTAL</b>		<u>233,631</u>	<u>249,713</u>

**CONSOLIDATED FINANCIAL INFORMATION  
OF THE WESTERN CAPE PROVINCIAL DEPARTMENTS**

**Consolidated Statement of Changes in Net Assets  
for the year ended 31 March 2006**

	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Capitalisation Reserves</b>		
Opening balance	150,962	8,719
Transfers	584	142,243
Closing balance	<u>151,546</u>	<u>150,962</u>
<b>Recoverable revenue</b>		
Opening balance	98,751	105,006
Transfers	(16,666 )	-6,255
Debts written off	(21,457 )	-12,464
Debts revised	119	-
Debts recovered (included in departmental receipts)	(12,474 )	-21,096
Debts raised	17,146	27,305
Balance at 31 March	<u>82,085</u>	<u>98,751</u>
<b>TOTAL</b>	<u>233,631</u>	<u>249,713</u>

**CONSOLIDATED FINANCIAL INFORMATION  
OF THE WESTERN CAPE PROVINCIAL DEPARTMENTS**

**Consolidated Cash Flow Statement  
for the year ended 31 March 2006**

	Notes	2005/06 R'000	2004/05 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS DISCLOSED BY THE PROVINCIAL REVENUE FUND</b>			
Equitable Share	1.1	12,072,469	14,694,066
Conditional Grants	1.2	6,890,887	2,573,453
Other revenue received by the revenue fund		70,217	222,585
<b>TOTAL RECEIPTS DISCLOSED BY THE PROVINCIAL REVENUE FUND</b>		<u>19,033,573</u>	<u>17,490,104</u>
<b>RECEIPTS DISCLOSED BY DEPARTMENTS</b>			
Receipts		1,813,201	1,484,618
Appropriation for unauthorised expenditure received	1.3	78,060	-
Departmental revenue received	1.4	1,714,004	1,470,765
Local and foreign aid assistance received	2	21,137	13,853
Net (increase)/ decrease in working capital		134,011	95,703
Current payments		(13,158,190)	(11,640,227)
Transfers and subsidies paid		(6,645,667)	(5,659,785)
<b>Net cash flow available from operating activities</b>	16	<u>1,176,928</u>	<u>1,770,413</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(1,482,992)	(1,057,786)
Proceeds from sale of capital assets	1.4.3	30,512	14,391
(Increase)/ decrease in investments		-	(142,000)
<b>Net cash flows from investing activities</b>		<u>(1,452,480)</u>	<u>(1,185,395)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/ (decrease) in net assets		-	142,000
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>142,000</u>
Net increase/ (decrease) in cash and cash equivalents		(275,552)	727,018
Cash and cash equivalents at beginning of period		2,368,253	1,641,235
<b>Cash and cash equivalents at end of period</b>	9	<u><u>2,092,701</u></u>	<u><u>2,368,253</u></u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>1 Appropriated Funds</b>			
<b>Equitable Share</b>			
1.1 Equitable Share / Voted funds		12,057,552	14,680,505
Equitable Share / Statutory funds		14,917	13,561
<b>Total Equitable Share</b>		<b><u>12,072,469</u></b>	<b><u>14,694,066</u></b>
<b>Conditional Grants</b>			
1.2 Conditional grants received		6,890,887	2,573,453
<b>Total Conditional Grants</b>		<b><u>6,890,887</u></b>	<b><u>2,573,453</u></b>
<b>1.3 Other Appropriation</b>			
Appropriation for unauthorised expenditure approved		78,060	-
Other Appropriation transferred to departments		865,562	226,516
<b>Total Other Appropriation</b>		<b><u>943,622</u></b>	<b><u>226,516</u></b>
<b>1.4 Departmental revenue to be surrendered to Revenue Fund</b>			
Tax revenue		984,863	872,562
Sales of goods and services other than capital assets	<i>1.4.1</i>	276,195	273,141
Fines, penalties and forfeits		1,412	1,121
Interest, dividends and rent on land	<i>1.4.2</i>	247,971	218,868
Sales of capital assets	<i>1.4.3</i>	30,512	14,391
Financial transactions in assets and liabilities	<i>1.4.4</i>	103,896	88,869
Transfers received	<i>1.4.5</i>	69,155	1,813
Total revenue collected		<u>1,714,004</u>	<u>1,470,765</u>
Less: Departmental revenue budgeted		<u>1,381,925</u>	<u>1,176,960</u>
<b>Total: Revenue collected above budget</b>		<b><u><u>332,079</u></u></b>	<b><u><u>293,805</u></u></b>
<b>1.4.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department		276,112	273,058
Sales by market establishment		200,281	222,146
Administrative fees		22,482	863
Other sales		53,349	50,049
Sales of scrap, waste and other used current goods		83	83
<b>Total</b>		<b><u><u>276,195</u></u></b>	<b><u><u>273,141</u></u></b>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>1.4.2 Interest, dividends and rent on land</b>	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Interest		247,223	217,900
Rent on land		748	968
<b>Total</b>		<u>247,971</u>	<u>218,868</u>
 <b>1.4.3 Sales of capital assets</b>			
Land and subsoil assets		30,441	13,953
Other capital assets		71	438
<b>Total</b>		<u>30,512</u>	<u>14,391</u>
 <b>1.4.4 Financial transactions in assets and liabilities</b>			
<b>Nature of loss recovered</b>			
Receivables		3,243	1,417
Other receipts including recoverable revenue		100,653	87,452
<b>Total</b>		<u>103,896</u>	<u>88,869</u>
 <b>1.4.5 Transfers received</b>			
Other governmental units		59,046	4
Universities and Technikons		10,109	-
Public Corporations and Private enterprises		-	1,809
<b>Total</b>		<u>69,155</u>	<u>1,813</u>
 <b>2 Local and foreign aid assistance</b>			
<b>Assistance received in cash</b>			
<b>2.1 Local</b>			
Opening Balance		-	-
Revenue	<b>2.3</b>	1,300	-
Closing Balance		<u>1,300</u>	-
<b>2.2 Foreign</b>			
Opening Balance	<b>2.3</b>	4,600	-
Revenue	<b>2.3</b>	15,237	13,853
Expenditure		19,723	9,253
Current		19,682	9,253
Capital		41	-
Closing Balance		<u>114</u>	<u>4,600</u>
<b>2.3 Total</b>			
Opening Balance		4,600	-
Revenue		16,537	13,853
		<u>21,137</u>	<u>13,853</u>
Expenditure		19,723	9,253
Closing Balance		<u>1,414</u>	<u>4,600</u>
<b>Analysis of balance</b>			
Local and foreign aid receivable		-	-
Local and foreign aid unutilised		1,414	4,600
Closing balance		<u>1,414</u>	<u>4,600</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>3 Compensation of employees</b>	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>3.1 Salaries and wages</b>			
Basic salary		6,551,173	5,954,649
Performance award		56,320	25,657
Service Based		21,414	19,144
Compensative/circumstantial		381,382	391,052
Periodic payments		28,129	29,831
Other non-pensionable allowances		766,271	645,338
<b>Total</b>		<u>7,804,689</u>	<u>7,065,671</u>
<b>3.2 Social contributions</b>			
<b>3.2.1 Employer contributions</b>			
Pension		737,748	780,264
Medical		385,688	371,566
UIF		135	3
Bargaining council		1,379	1,418
Official unions and associations		549	542
Insurance		44	21
<b>Total</b>		<u>1,125,543</u>	<u>1,153,814</u>
<b>3.2.2 Post retirement benefits</b>			
Medical		240	194
<b>Total</b>		<u>240</u>	<u>194</u>
<b>Total compensation of employees</b>		<u>8,930,472</u>	<u>8,219,679</u>
Average number of employees		<u>68,866</u>	<u>67,356</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>4 Goods and services</b>	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Advertising		59,902	42,303
Attendance fees (including registration fees)		1,615	1,314
Bank charges and card fees		4,109	3,748
Bursaries (employees)		7,087	2,810
Communication		91,492	76,135
Computer services		139,993	157,816
Consultants, contractors and special services		531,465	411,258
Courier and delivery services		4,013	2,611
Tracing agents & debt collections		3,890	1,212
Drivers licences and permits		137	100
Entertainment		9,814	7,008
External audit fees	4.1	28,927	24,321
Equipment less than R5 000		72,193	45,039
Freight service		159	115
Government motor transport		889	502
Helicopter services		50	-
Honoraria (Voluntary workers)		1,461	494
Inventory	4.2	1,196,175	993,357
Learnerships		9	-
Legal fees		10,594	8,469
Licence agency fees		128,481	129,028
Maintenance, repair and running costs		445,426	449,383
Medical services		352,458	309,423
Operating leases		142,922	121,653
Mint of decorations/medals		87	7
Personnel agency fees		3,156	83
Photographic services		274	440
Plant flowers and other decorations		942	373
Printing and publications		15,789	10,262
Professional bodies and membership fees		6,621	1,751
Resettlement costs		4,648	4,502
Road laboratories		6	26
Subscriptions		1,897	948
Storage of furniture		112	-
System access fees		-	148
Owned and leasehold property expenditure		205,175	170,163
Translations and transcriptions		2,940	2,440
Transport provided as part of the departmental activities		100,701	120,666
Travel and subsistence	4.3	191,703	145,116
Venues and facilities		33,892	24,781
Protective, special clothing & uniforms		19,795	15,341
Training & staff development		26,601	17,636
<b>Total</b>		<b>3,847,600</b>	<b>3,302,782</b>
<b>4.1 External audit fees</b>			
Regulatory audits		26,079	22,600
Performance audits		512	978
Other audits		2,336	743
<b>Total external audit fees</b>		<b>28,927</b>	<b>24,321</b>



**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>4.2 Inventory</b>			
Construction work in progress		2	-
Other inventory		1	61
Strategic stock		665	792
Domestic Consumables		47,308	48,625
Agricultural		8,662	4,689
Learning and teaching support material		178,264	158,710
Food and Food supplies		84,198	41,634
Fuel, oil and gas		4,135	3,396
Laboratory consumables		11,526	9,874
Other consumables		15,643	9,223
Parts and other maintenance mat		34,515	25,936
Sport and recreation		166	171
Stationery and Printing		63,588	53,131
Veterinary supplies		809	924
Restoration and fittings		79	217
Road construction and supplies		755	2,045
Medical Supplies		745,859	633,929
<b>Total Inventory</b>		<u>1,196,175</u>	<u>993,357</u>
<b>4.3 Travel and subsistence</b>			
Local		183,033	140,173
Foreign		8,670	4,943
<b>Total travel and subsistence</b>		<u>191,703</u>	<u>145,116</u>
<b>5 Financial transactions in assets and liabilities</b>			
Material losses through criminal conduct	5.1	496	652
Other material losses written off	5.2	5,656	1,374
Debts written off	5.3	15,014	10,544
Theft	5.4	210	-
<b>Total</b>		<u>21,376</u>	<u>12,570</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>5.1 Material losses through criminal conduct</b>	<i>Note</i>	<b>2005/06</b>	<b>2004/05</b>
Nature of losses		<b>R'000</b>	<b>R'000</b>
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Government Vehicles		453	67
Office Equipment			
Cheque fraud			9
Theft		6	576
Other		37	
<b>Total</b>		<u>496</u>	<u>652</u>
<b>5.2 Other material losses</b>			
<b>Nature of losses</b>			
Government Vehicles		789	942
Theft		1	127
Office equipment			172
Other		4,866	133
<b>Total</b>		<u>5,656</u>	<u>1,374</u>
<b>5.3 Debts written off</b>			
<b>Nature of debts written off</b>			
Transfer to debts written off			
Staff debt		14,195	10,134
Government Vehicles		133	128
Other		686	282
<b>Total</b>		<u>15,014</u>	<u>10,544</u>
<b>5.4 Details of theft</b>			
(Group major categories, but list material items)			
Equipment		184	-
Other		26	-
<b>Total</b>		<u>210</u>	<u>-</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

	<i>Note</i>	<b>2005/06</b>	<b>2004/05</b>
<b>6 Transfers and subsidies</b>		<b>R'000</b>	<b>R'000</b>
Provinces and municipalities		490,447	352,593
Departmental agencies and accounts		161,096	139,631
Universities and technikons		55,631	57,799
Foreign governments and international organisations		88	70
Public corporations and private enterprises		45,548	37,930
Non-profit institutions		1,196,866	893,016
Households		4,695,991	4,178,746
<b>Total</b>		<u>6,645,667</u>	<u>5,659,785</u>
<b>7 Expenditure on capital assets</b>			
Buildings and other fixed structures		1,137,593	811,229
Machinery and equipment		282,477	220,612
Biological or cultivated assets		1,049	112
Land and subsoil assets		39,400	3,885
Software and other intangible assets		22,432	21,948
Local and foreign aid assistance		41	
<b>Total</b>		<u>1,482,992</u>	<u>1,057,786</u>
<b>8 Unauthorised expenditure</b>			
<b>Reconciliation of unauthorised expenditure</b>			
Opening balance		533,907	604,619
Unauthorised expenditure – current year		9,965	19,199
Amounts approved by Parliament/Legislature (with funding)		(48,604)	(52,918)
Current Expenditure		(48,604)	-
Transfers and subsidies		-	(52,918)
Amounts approved by Parliament/Legislature (without funding)		(29,456)	-
Transfer to receivables for recovery (not approved)		(33)	(36,993)
Unauthorised expenditure awaiting authorisation		<u>465,779</u>	<u>533,907</u>
<b>9 Cash and cash equivalents</b>			
Exchequer account		513,820	192,585
Consolidated Paymaster General Account		25,098	(47,965)
Cash receipts		304	238
Disbursements		(8,965)	(20,038)
Cash on hand		146	112
Short term investments		1,618,000	2,286,000
<b>Total</b>		<u>2,148,403</u>	<u>2,410,932</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>10 Prepayments and advances</b>	<i>Note</i>	<b>2005/06</b>	<b>2004/05</b>
<b>Description</b>		<b>R'000</b>	<b>R'000</b>
Staff advances		17	23
Travel and subsistence		1,885	1,613
Prepayments		303,217	52,009
Advances paid to other entities		5,484	4,505
<b>Total</b>		<u>310,603</u>	<u>58,150</u>

**11 Receivables**

		<b>Less than one year R'000</b>	<b>One to three years R'000</b>	<b>Older than three years R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
Households	11.1	1,841	3,441	91	5,373	5,842
Private	11.2	20	-	-	20	2,020
Staff debtors	11.3	11,199	10,984	4,013	26,196	29,574
Other debtors	11.4	14,537	25,733	41,848	82,118	88,843
Claims recoverable		14,115	1,664	38,729	54,508	67,974
PRF differences	11.5	(9,936)			(9,936)	-
<b>Total</b>		<u>31,776</u>	<u>41,822</u>	<u>84,681</u>	<u>158,279</u>	<u>194,253</u>

**11.1 Households and non profit institutions**

(Group major categories, but list material items)

Staff debt	1,530	4,093
Other	3,843	1,749
<b>Total</b>	<u>5,373</u>	<u>5,842</u>

**11.2 Private enterprises**

(Group major categories, but list material items)

Staff debt	20	2,020
<b>Total</b>	<u>20</u>	<u>2,020</u>

**11.3 Staff debtors**

(Group major categories, but list material items)

Employee debt	25,843	29,303
Damage to GG-vehicles	293	201
Other	60	70
<b>Total</b>	<u>26,196</u>	<u>29,574</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>11.4 Other Debtors</b>	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Staff debt		68,470	74,344
Claims recoverable		606	1,340
Other and Unauthorised expenditure		13,042	13,169
PRF		-	(10)
<b>Total</b>		<u>82,118</u>	<u>88,843</u>

<b>11.5 PRF differences</b>			
Unauthorised expenditure-current year		(9,965)	-
Unauthorised expenditure (not approved)		29	-
<b>Total</b>		<u>(9,936)</u>	<u>-</u>

The R9965 was transferred to Unauthorised expenditure.  
The R29 was allocated from the Unauthorised expenditure.

**12 Investments**

<b>Non-current</b>			
Convenco		142,000	142,000
School Building Fund		9,053	8,492
JL Bisset Fund		292	274
Royal Reception Fund		36	35
Graham Civil Service Bursary Fund		42	39
Sir David Harris Trust		12	11
Dept of Health: Isaac Chames		2	2
<b>Total</b>		<u>151,437</u>	<u>150,853</u>

**Analysis of non-current investments**

Opening balance		150,853	8,470
Additions in cash		584	586
Non-cash movement		-	141,797
Closing balance		<u>151,437</u>	<u>150,853</u>

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

**13 Bank overdraft**

Consolidated Paymaster General Account		<u>55,702</u>	<u>42,679</u>
<b>Total</b>		<u>55,702</u>	<u>42,679</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

14 Payables – current Description	Note			2005/06	2004/05
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Amounts owing to other entities		837	1,807	2,644	-
Advances	14.1	340,491	3,327	343,818	113,270
Clearing accounts	14.2	9,580	481,476	491,056	487,739
Other payables	14.3	53,714	30,434	84,148	88,794
Other- PRF	14.4	128,930	-	128,930	21,111
<b>Total</b>		<u>533,552</u>	<u>517,044</u>	<u>1,050,596</u>	<u>710,914</u>

**14.1 Advances received**

Social assistance	303,217	65,874
Provincial Transport Fund	40,596	47,396
Other	5	-
<b>Total</b>	<u>343,818</u>	<u>113,270</u>

**14.2 Clearing accounts**

Description		
Salary	10,042	5,923
Advances from other departments and entities	470,182	470,466
Other	10,832	11,350
<b>Total</b>	<u>491,056</u>	<u>487,739</u>

**14.3 Other payables**

Description		
Various projects	5,546	3,366
Inter-departmental	69,529	75,119
Other	9,073	10,309
<b>Total</b>	<u>84,148</u>	<u>88,794</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

<b>14.4 Other - Provincial Revenue Fund</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Opening Balance:	21,111	234,135
Temporary investments - difference between PRF and departments		1,254
Voted and Revenue Funds to be surrendered to Social (a)	64,293	
Outstanding Voted Funding - difference PRF and departments (b)	53,359	19,354
Global fund interest to be transferred	1,269	503
European Funds - Department of Health	10,000	-
Short term investments difference	9	
Amount paid during the year	<u>(21,111)</u>	<u>(234,135)</u>
Closing balance:	<u><u>128,930</u></u>	<u><u>21,111</u></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 Department of Cultural Affairs & Sport.

**15 Payables – Non-current  
Description**

		<b>One to two years R'000</b>	<b>Two to three years R'000</b>	<b>More than three years R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
Other payables	15.1	12	-	26,035	26,047	27,522
<b>Total</b>		<u>12</u>	<u>-</u>	<u>26,035</u>	<u>26,047</u>	<u>27,522</u>

**15.1 Other payables**

Description			
Ex-dept mopping up		26,035	26,035
Projects: misc		12	1,487
<b>Total</b>		<u>26,047</u>	<u>27,522</u>

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE  
WESTERN CAPE DEPARTMENTS**

Notes to the Consolidated Financial Information for the year ended 31 March 2006

	<b>2005/06</b>	<b>2004/05</b>
<b>16 Reconciliation of net cash flow from operating activities</b>		
Net surplus as per Statement of Financial Performance	626,235	735,997
Non cash movements	(898,821)	3,107
Decrease in receivables - current	35,974	76,310
(Increase)/Decrease in prepayments & advances	(252,453)	194,725
Decrease in other current assets	68,128	17,378
Increase in other non-current assets	(147,974)	(383)
Increase/(Decrease) in payables	339,682	(170,732)
Decrease in non-current liabilities	(1,475)	(129,384)
Proceeds from sale of equipment	(71)	(324)
Proceeds from sale of land & buildings	(30,441)	(14,067)
Capital expenditure	1,482,992	1,057,786
Net cash flow generated by operating activities	1,221,776	1,770,413
<b>17 Reserves</b>		
Opening balance	2,312,667	1,573,563
Surplus/(deficit) for the year	626,235	731,397
Adjustments and Other	(1,071,790 )	7,707
Balance at the end of the year	1,867,112	2,312,667



WESTERN CAPE PROVINCE

Disclosure Notes to the Consolidated Financial Information for the year ended 31 March 2006

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

	2005/06 R'000	2004/05 R'000
<b>18 Contingent liabilities</b>		
Motor vehicle guarantees	206	344
Housing loan guarantees	73,824	100,626
Claims against the department	147,274	115,568
Other departments	12,220	7,224
Other	142	10,187
<b>Total</b>	<b>233,666</b>	<b>233,949</b>

**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.

**19 Commitments**

**Current expenditure**

Approved and contracted	429,814	359,581
Approved but not yet contracted	138,344	21,849
	<b>568,158</b>	<b>381,430</b>

**Capital expenditure**

Approved and contracted	545,378	345,483
Approved but not yet contracted	199,535	30,144
	<b>744,913</b>	<b>375,627</b>

**Total Commitments**

**1,313,071**      **757,057**

**20 Accruals**

<b>By economic classification</b>	<b>30 Days R'000</b>	<b>30+ Days R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
Compensation of employees	1,662	541	2,203	1,137
Goods and services	128,980	31,012	159,992	55,707
Interest and rent on land	-	-	-	27,787
Transfers and subsidies	41,977	46,833	88,810	9,603
Buildings and other fixed structures	24,129	6,323	30,452	6,323
Machinery and Equipment	24,132	21,671	45,803	11,207
Biological or cultivated assets	25	25	50	-
Software and other intangible assets	328	6	334	9
Land and subsoil assets	133	-	133	7
Other	8	33	41	-
<b>Total</b>	<b>221,374</b>	<b>106,444</b>	<b>327,818</b>	<b>111,780</b>

**21 Employee benefit provisions**

Leave entitlement	102,137	106,065
Thirteenth cheque	265,093	230,644
Performance awards	43,341	24,543
Capped leave commitments	1,085,321	1,076,089
<b>Total</b>	<b>1,495,892</b>	<b>1,437,341</b>

**22 Lease Commitments**

	<b>Buildings &amp; other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
<b>22.1 Operating leases</b>				
Not later than 1 year	55,505	12,705	68,210	103,211
Later than 1 year	137,295	28,921	166,216	218,345
Later than five years	65,588	48	65,636	74,429
Total present value	<b>258,388</b>	<b>41,674</b>	<b>300,062</b>	<b>395,985</b>

**WESTERN CAPE PROVINCE**

**Disclosure Notes to the Consolidated Financial Information for the year ended 31 March 2006**

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>23 Receivables for departmental revenue</b>			
Tax revenue		238,018	173,791
Sales of goods and services other than capital assets		574,778	486,088
Other		52	961
<b>Total</b>		812,848	660,840

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. Department of Transport & Public Works: A total of R20m which relates to licence fees should not be included as it is not recoverable.

**24 Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

Opening Balance	3,932	784
Irregular expenditure – current year	18,601	3,142
Current expenditure (condoned by WC Government)	(20,687)	(6)
Transfers to receivable for recovery (not condoned)	(12)	-
Irregular expenditure awaiting condonement	1,834	3,920
<b>Analysis</b>		
Current	1,099	3,142
Prior years	844	790
<b>Total</b>	1,943	3,932

**25 Key management personnel**

Description	No of Individuals	Total R'000	Total R'000
Political Office Bearers (provide Officials)	15	9,981	9,851
Level 15 to 16	2	797	689
Level 14	27	19,251	20,798
Family members of key	64	30,479	20,354
<b>Total</b>	111	61,966	53,077

**26 Public Private Partnership**

**Chapmans Peak Drive**

A concession agreement was concluded with Entilini Concession (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 concession 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.

<b>Other</b>			
Other obligations- Chapmans Peak Drive		13,260	7,310
<b>Total</b>		13,260	7,310

**27 Provisions**

**Potential irrecoverable debts**

Households and Private enterprises	380	-
Staff debtors	18	14
Other debtors	859	130
Claims	51,660	71,586
	9,391	-
	62,308	71,730

**28 Library Books**

**28.1 Purchase**

Total expenditure for library books purchased	30,697	28,094
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**28.2 Inventory**

Library books at depot	24,125	18,853
------------------------	--------	--------

**28.3 Revenue**

Revenue outstanding on lost books from municipalities	673	684
revenue outstanding in respect of the Annual Account	263	227
	936	911

This information has been disclosed by the Department of Cultural Affairs and Sport

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL  
PARLIAMENT ON FACTUAL FINDINGS OF THE CONSOLIDATED  
FINANCIAL INFORMATION OF THE PUBLIC AND TRADING ENTITIES OF  
THE WESTERN CAPE PROVINCE FOR THE YEAR ENDED  
31 MARCH 2006**

I have performed the procedures agreed with the Accounting Officer and described below with respect to the Consolidated Financial Information (CFI) of Schedule 3C Public and Trading Entities as at 31 March 2006 set out on pages 52 to 69. My engagement was undertaken in accordance with the statement of International Standards on Related Services applicable to agreed-upon procedures engagements. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Accounting Officer. With reference to the basis of consolidation as set out in the accounting policies to the CFI, my procedures were performed solely in respect of the aggregation of the Public and Trading Entities used to compile the CFI. The procedures are summarised as follows:

1. I obtained the consolidation template used to compile the CFI and agreed the information therein to the information of the annual financial statements of the individual Public and Trading Entities.
2. I checked all the castings of the CFI and agreed the notes to the CFI with the consolidated balance sheet, income statement, cash flow statement and statement of changes in equity.
3. I agreed the opening balances and comparative figures with the CFI of the previous year.

**FINDINGS**

I report my findings below:

Procedure 1

The CFI was provided to me in the form of a template, which included the information of 12 Public Entities and 2 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 2

I reperformed all the castings on the CFI template and found it to be correct. The notes to the CFI agreed to the consolidated balance sheet, income statement and statement of changes in equity.

## Procedure 3

The figures in the current year's CFI did not agree to the figures in the previous year's CFI as three public entities, Casidra (Pty) Ltd, Cape Medical Depot and Destination Marketing Organisation restated their comparative financial information.

## General

The CFI presented does not address or make provision for the following as the CFI is an aggregation of the individual entities financial information and not a consolidation:

- Share capital was not set off against the cost of the investment as the aggregation only relates to the Western Cape entities and does not include the financial information of the department which owns it;
- Inter-entity transactions and balances affecting the consolidated balance sheet and income statement were not eliminated;
- The consistent application of the disclosed accounting policies in the CFI by the individual entities, as different accounting frameworks were adopted by individual entities in drafting their annual financial statements.

Because the above procedures do not constitute either an audit or a review made in accordance with statements of International Standards on Related Services, I do not express any assurance on the CFI as at 31 March 2006.

Had I performed additional procedures or had I performed an audit or review of the CFI in accordance with statements of International Standards on Auditing or International Standards on Review Engagements, other matters might have come to my attention that would have been reported to you.

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**

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



**I JEEWA** for Auditor-General

**Cape Town**

**29 October 2006**



**AUDITOR - GENERAL**

**CONSOLIDATED FINANCIAL  
INFORMATION OF THE WESTERN CAPE  
PROVINCIAL  
PUBLIC AND TRADING ENTITIES**

**for the year ended 31 MARCH 2006**

<p style="text-align: center;"><b>Western Cape Province Public and Trading Entities Annual Consolidated Financial Information Accounting Policies for the year ended 31 March 2006</b></p>
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**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:

**1.1 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.

**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.

**Western Cape Province Public and Trading Entities  
Annual Consolidated Financial Information  
Accounting Policies for the year ended 31 March 2006**

**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
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.



<p style="text-align: center;"><b>Western Cape Province Public and Trading Entities Annual Consolidated Financial Information Accounting Policies for the year ended 31 March 2006</b></p>
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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.

### **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.

<p style="text-align: center;"><b>Western Cape Province Public and Trading Entities Annual Consolidated Financial Information Accounting Policies for the year ended 31 March 2006</b></p>
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## **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 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.

<p style="text-align: center;"><b>Western Cape Province Public and Trading Entities Annual Consolidated Financial Information Accounting Policies for the year ended 31 March 2006</b></p>
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**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.

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  
Consolidated Statement of Financial Performance  
for the year ended 31 March 2006**

	Notes	Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>REVENUE</b>			
Sale of Goods	<u>1</u>	311,848	273,274
Rendering of Services	<u>2</u>	207,479	175,635
Interest Income	<u>3</u>	1,002	1,498
Rental income	<u>4</u>	668	565
Transfers and subsidies Received	<u>5</u>	167,512	149,179
Fines, penalties and forfeits	<u>6</u>	515	684
Local and foreign aid assistance received	<u>7</u>	5,891	9,142
Surplus on disposal of assets	<u>8</u>	6,956	17,195
Gifts, sponsorships and donations received	<u>9</u>	7,160	11,618
Other income / Other Exchange & Non-exchange revenues	<u>10</u>	72,112	57,292
<b>TOTAL REVENUE</b>		<b>781,143</b>	<b>696,082</b>
<b>COST OF SALES</b>			
		<b>322,866</b>	<b>280,403</b>
<b>GROSS SURPLUS/(DEFICIT)</b>		<b>458,277</b>	<b>415,679</b>
<b>EXPENDITURE</b>			
Administrative Expenses	<u>11</u>	51,358	44,426
Staff costs	<u>12</u>	122,473	105,887
Marketing Costs	<u>13</u>	45,577	47,910
Audit Fees	<u>14</u>	2,252	1,337
Project Expenses	<u>15</u>	1,442	1,246
Transfers and subsidies:expense	<u>16</u>	9,140	11,552
Gifts, sponsorships and donations paid	<u>17</u>	-	2
Other operating expenses	<u>18</u>	156,570	132,660
Depreciation and Amortisation	<u>21</u>	68,141	71,062
Deficit on disposal of assets	<u>8</u>	98	66
<b>TOTAL EXPENDITURE</b>		<b>457,051</b>	<b>416,148</b>
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>		<b>1,226</b>	<b>(469)</b>
Income from investments	<u>19</u>	1,843	1,165
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		<b>3,069</b>	<b>696</b>
<b>SURPLUS/(DEFICIT) AFTER TAX</b>		<b>3,069</b>	<b>696</b>
<b>DISCONTINUED OPERATIONS</b>	<u>51</u>	<b>(1,019)</b>	<b>-</b>
<b>SURPLUS/(DEFICIT) AFTER TAX ATTRIBUTABLE TO:</b>			
Surplus/(Deficit) for the year		2,050	696
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>2,050</b>	<b>696</b>

**Western Cape Province Public and Trading Entities  
Consolidated Statement of Financial Position  
at 31 March 2006**

		Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		381,646	422,702
Property, plant and equipment	20	378,721	414,080
Investment property	52	1,009	-
Investments in securities	22	1,882	8,519
Long term loans and advances	23	34	103
<b>Current assets</b>		654,849	508,922
Inventory	24	60,070	47,129
Trade and other receivables	25	447,056	352,983
Prepayments and advances	26	552	466
Project cash and bank balances (Other)	50	32,459	23,696
Cash and cash equivalents	27	114,712	84,648
Assets classified as held for sale	40	6,769	-
<b>TOTAL ASSETS</b>		<b>1,043,264</b>	<b>931,624</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		45,915	30,488
Retirement benefit obligations	29	6,274	4,360
Deferred Government grants	30	30,040	16,992
Non-Current:Provisions	33	9,601	9,136
<b>Current liabilities</b>		134,799	98,890
Trade and other payables	31	71,424	62,258
Income received in advance	32	32,885	19,811
Current:Provisions	33	3,083	2,579
Deferred Government grants	30	19,668	8,153
Bank Overdraft	27	7,739	6,089
<b>TOTAL LIABILITIES</b>		<b>180,714</b>	<b>129,378</b>
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>	28	862,550	802,246
Share Capital		25,000	25,000
Accumulated Surplus/(deficit)		560,551	519,344
Revaluation reserve		13,618	12,597
Other reserves (See note 49)		263,381	245,305
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,043,264</b>	<b>931,624</b>
<b>TOTAL NET ASSETS</b>		<b>862,550</b>	<b>802,246</b>

**Western Cape Province Public and Trading Entities  
Consolidated Statement of Changes in Net assets  
for the year ended 31 March 2006**

	Notes	Western Cape Province	
		31/03/2006 R'000	31/03/2005 R'000
<b>Share Capital</b>			
Balance at 1 April as originally stated	<u>28</u>	25,000	25,000
Balance at 31 March		<b>25,000</b>	<b>25,000</b>
<b>Accumulated Surplus/(Deficit)</b>			
Balance at 1 April as originally stated		519,344	542,312
- Payment to Provincial Admin WC		-	2,419
- correction of prior period error		-	268
- change in accounting policy (refer note 34)		1,541	494
As restated		520,885	545,493
Net profit for the year		2,050	696
Transfers to/(from) reserves		37,616	(26,845)
Balance at 31 March		<b>560,551</b>	<b>519,344</b>
<b>Revaluation reserve</b>			
Balance at 1 April as originally stated		12,597	12,258
Revaluation increase/(decrease) on property, plant and equipment		104	181
Revaluation increase/(decrease) on investments		927	344
Transfers to/(from) reserves		(10)	(186)
Balance at 31 March		<b>13,618</b>	<b>12,597</b>
<b>Other reserves (See note 49)</b>			
Balance at 1 April as originally stated		245,305	202,475
Transfers to/(from) reserves		5,165	4,103
- Other (see note 49)		41,550	73,624
- Other (see note 49)		63,277	128,994
- Other (see note 49)		(66,636)	(92,589)
- Other (see note 49)		(25,280)	(71,302)
Balance at 31 March		<b>263,381</b>	<b>245,305</b>
<b>Total Equity</b>			
Balance at 1 April as originally stated		802,246	782,045
- Payment to Provincial Admin WC		-	2,419
- correction of prior period error		-	268
- change in accounting policy (refer note 34)		1,541	494
As restated		803,787	785,226
Revaluation increase/(decrease) on property, plant and equipment		104	181
Revaluation increase/(decrease) on investments		927	344
Net profit for the year		2,050	696
Transfers to/(from) reserves		37,606	(27,031)
Other		18,076	42,830
Balance at 31 March		<b>862,550</b>	<b>802,246</b>

**Western Cape Province Public and Trading Entities  
Consolidated Cash Flow Statement  
for the year ended 31 March 2006**

		Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Notes		
Cash Receipts from Customers		332,597	265,764
Cash paid to suppliers and employees		(279,199)	(212,112)
<b>Cash generated from/(utilised in) operations</b>	<u>35</u>	53,398	53,651
Interest received	<u>35</u>	3,829	3,086
Interest paid	<u>35</u>	(99)	(133)
Dividends paid		(4,285)	-
<b>Net cash inflows/ outflows from operating activities</b>		<b>52,843</b>	<b>56,604</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	<u>41</u>		
Proceeds on disposal of property, plant and equipment		8,878	20,183
Acquisition of property, plant and equipment		(52,779)	(82,271)
Acquisition of investment property		(8)	-
Acquisition of subsidiary		-	(7,563)
<b>Net cash flows from investing activities</b>		<b>(43,909)</b>	<b>(69,651)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	<u>42</u>		
Proceeds and Repayments of borrowings		15,824	31,493
New loans raised		5,165	4,103
Increase/(decrease) in non-current financial instruments		(1,510)	(1,840)
<b>Net cash flow financing activities</b>		<b>19,479</b>	<b>33,756</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>28,413</b>	<b>20,709</b>
Cash and cash equivalents at the beginning of the year		78,558	57,849
<b>Cash and cash equivalents at end of the year</b>		<b>106,973</b>	<b>78,558</b>

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

		Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>Revenue</b>			
An analysis of the entity's/group's revenue is as follows:			
<b>1 Sales of goods</b>		<b>311,848</b>	<b>273,274</b>
	Provincial Departments	311,848	273,274
<b>2 Rendering of services</b>		<b>207,479</b>	<b>175,635</b>
	National Departments	51,934	49,495
	Provincial Departments	119,383	94,245
	Other	36,162	31,895
<b>3 Interest Income</b>		<b>1,002</b>	<b>1,498</b>
	Cash and bank deposits	1,002	1,498
<b>4 Rental income</b>		<b>668</b>	<b>565</b>
	Investment properties	118	16
	Other (see note 43)	550	549
<b>5 Transfers and Subsidies Received</b>		<b>167,512</b>	<b>149,179</b>
	Provincial Departments	128,494	118,596
	Local Governments	37,400	28,590
	Private Entities	85	30
	Households	-	258
	Other (see note 44)	1,533	1,705
<b>6 Fines, penalties and forfeits</b>		<b>515</b>	<b>684</b>
	Fines	515	684
<b>7 Local and foreign aid assistance</b>		<b>5,891</b>	<b>9,142</b>
	Local and foreign aid assistance received	5,891	9,142
<b>8 Surplus/Deficit on disposal of assets</b>		<b>6,858</b>	<b>17,129</b>
	Surplus	6,956	17,195
	Deficit	(98)	(66)
	<b>(Split in the income statement)</b>		
<b>9 Gifts, donations and sponsorships received</b>		<b>7,160</b>	<b>11,618</b>
		7,160	11,618
<b>10 Other income</b>		<b>72,112</b>	<b>57,292</b>
	Material deficits recovered	-	8
	Reversal of previous write down	67,239	52,015
	Other (see note 45)	4,873	5,269
<b>11 Administrative expenses</b>		<b>(51,358)</b>	<b>(44,426)</b>
	General and administrative expenses	(24,259)	(22,835)
	- Administrative	-	(1)
	- Board members	(507)	(516)
	Travel and subsistence	(20,142)	(15,147)
	Regional Services Levy	(36)	(25)
	Rentals in respect of operating leases (minimum lease payments)	(158)	(127)
	- Buildings	(1,229)	(1,999)
	- Plant, machinery and equipment	(1,626)	(1,401)
	- Vehicles	(3,302)	(2,340)
	Net foreign exchange gains/(deficits)	-	(12)
	Other admin expenses	(99)	(23)
<b>12 Staff costs</b>			
	Directors' emoluments	(14,138)	(12,700)
	Wages and salaries	(110,322)	(94,608)
	Basic salaries	(94,681)	(83,360)
	Performance awards	(1,681)	(1,147)
	Periodic payments	(2,932)	(1,463)
	Other non-pensionable allowance	(5,158)	(4,589)
	Temporary staff	(1,049)	(489)
	Leave payments	(721)	(551)
	Overtime pay	(1,446)	(591)
	Defined Pension contribution plan expense	(2,654)	(2,418)
	Social contributions (Employer's contributions)	(6,176)	(5,499)
	Medical	(3,252)	(2,967)
	UIF	(192)	(153)
	Official unions and associations	(7)	(6)
	Insurance	(219)	(232)
	Other salary related costs	(2,506)	(2,141)
	Defined Pension benefit plan expense	(2,851)	(3,022)
	- current service cost	(2,851)	(3,020)
<b>Total</b>		<b>(122,473)</b>	<b>(105,887)</b>



**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

	Western Cape Province	
	31/03/2006	31/03/2005
	R'000	R'000
<b>13 Marketing Costs (See note 46)</b>	<b>(45,577)</b>	<b>(47,910)</b>
Other (see note 46)	(10,499)	(13,439)
Other (see note 46)	(9,400)	(8,047)
Other (see note 46)	(3,166)	(5,138)
Other (see note 46)	(14,119)	(10,669)
Other (see note 46)	(8,393)	(7,904)
Other (see note 46)	-	(2,712)
<b>14 Audit Fees</b>	<b>(2,252)</b>	<b>(1,337)</b>
Statutory Audit	(1,478)	(1,013)
Prior Year under(over) provision	(71)	-
Performance Audit	(364)	(155)
Forensic Audit	(127)	(169)
Other (see note 47)	(213)	-
<b>15 Project Expenses (See note 48)</b>	<b>(1,442)</b>	<b>(1,246)</b>
Other (see note 48)	(776)	(1,026)
Other (see note 48)	(666)	(220)
<b>16 Transfers and subsidies Paid</b>		
Transfers	(9,107)	(11,522)
Local Governments	(55)	(49)
Households	(8,376)	(11,473)
Subsidies	(33)	(30)
Bursaries to Households	(33)	(30)
<b>Total</b>	<b>(9,140)</b>	<b>(11,552)</b>
<b>17 Gifts, donations and sponsorships paid</b>	<b>-</b>	<b>(2)</b>
<b>18 Other operating expenses</b>		
Staff training and development	(2,098)	(3,778)
Consultants, contractors and special services	(17,692)	(15,364)
Equipment items expensed as per entity policy	(520)	(231)
Legal fees	(1,132)	(438)
Maintenance, repairs and running costs	(86,222)	(73,991)
- Property and buildings	(1,115)	(1,273)
- Machinery and Equipment	(82,479)	(69,938)
- Other maintenance, repairs and running costs	(2,628)	(2,780)
Impairment deficits (recognised)/reversed	(2,279)	(394)
Reversal of inventory write-down	(130)	-
Entertainment expense	(455)	(258)
Fruitless and wasteful expenditure	(400)	(97)
Other	(45,642)	(38,109)
<b>Total</b>	<b>(156,570)</b>	<b>(132,660)</b>
(Impairment deficits (recognised)/reversed GMT not taken into account refer line		
<b>19 Income from investments</b>		
Interest income		
- Investments	298	251
- Bank deposits	1,545	914
	<b>1,843</b>	<b>1,165</b>
<b>51 Discontinued operations</b>		
<b>Deficit on discontinuance</b>	<b>(1,019)</b>	<b>-</b>
Surplus/(deficit) from discontinuing operations	(1,019)	-
<b>surplus/ (deficit) after taxation</b>	<b>(1,019)</b>	<b>-</b>

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

	Western Cape Province	
	31/03/2006	31/03/2005
	R'000	R'000
<b>20 Property, plant and equipment</b>		
<b>Land and buildings</b>		
Opening net carrying amount	253,006	413,091
Gross carrying amount	253,006	413,091
Revaluation adjustments	586	(149,819)
Additions	497	336
Disposals	(15,915)	(10,602)
Depreciation charge	(41)	-
<b>Net carrying amount 31 March</b>	<b>238,133</b>	<b>253,006</b>
<b>Plant and equipment</b>		
Opening net carrying amount	1,974	1,272
Gross carrying amount	3,294	1,846
Accumulated depreciation	(1,320)	(574)
Additions	1,360	1,523
Disposals	(12)	(38)
Depreciation charge	(735)	(701)
Impairment deficits (recognised)/reversed	(7)	(82)
<b>Net carrying amount 31 March</b>	<b>2,580</b>	<b>1,974</b>
<b>Vehicles</b>		
Opening net carrying amount	150,919	145,518
Gross carrying amount	414,347	377,560
Accumulated depreciation	(237,982)	(206,905)
Accumulated impairment deficits	(25,446)	(25,137)
Exchange rate/Revaluation adjustments	-	219
Additions	46,596	75,521
Disposals	(2,509)	(2,909)
Depreciation charge	(63,685)	(67,121)
Impairment deficits (recognised)/reversed	(2,272)	(309)
<b>Net carrying amount 31 March</b>	<b>129,049</b>	<b>150,919</b>
<b>Computer equipment and peripherals</b>		
Opening net carrying amount	4,130	3,384
Gross carrying amount	12,205	9,165
Accumulated depreciation	(8,075)	(5,781)
Additions	1,687	3,216
Disposals	(51)	(46)
Depreciation charge	(2,407)	(2,423)
Impairment deficits (recognised)/reversed	-	(1)
<b>Net carrying amount 31 March</b>	<b>3,359</b>	<b>4,130</b>
<b>Office furniture and fittings</b>		
Opening net carrying amount	3,981	2,544
Gross carrying amount	6,861	5,601
Accumulated depreciation	(2,880)	(3,057)
Additions	2,581	2,287
Disposals	(26)	(55)
Depreciation charge	(1,168)	(793)
Impairment deficits (recognised)/reversed	-	(2)
<b>Net carrying amount 31 March</b>	<b>5,368</b>	<b>3,981</b>
<b>Computer Software</b>		
Opening net carrying amount	71	2
Gross carrying amount	225	142
Accumulated depreciation	(154)	(140)
Additions	266	91
Depreciation charge	(104)	(22)
<b>Net carrying amount 31 March</b>	<b>233</b>	<b>71</b>
<b>Total Property, plant and equipment</b>		
Opening net carrying amount	414,080	565,811
Gross carrying amount	689,938	807,405
Accumulated depreciation	(250,411)	(216,457)
Accumulated impairment deficits	(25,446)	(25,137)
Exchange rate adjustments	-	219
Revaluation adjustments	586	(149,819)
Additions	52,987	82,974
Disposals	(18,513)	(13,650)
Depreciation charge	(68,140)	(71,060)
Impairment deficits (recognised)/reversed	(2,279)	(394)
<b>Net carrying amount 31 March</b>	<b>378,721</b>	<b>414,080</b>

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

		Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>21 Depreciation and Amortisation Charge</b>			
Land and buildings		(41)	-
Plant and equipment		(735)	(701)
Vehicles		(63,686)	(67,123)
Computer equipment and peripherals		(2,407)	(2,423)
Office furniture and fittings		(1,168)	(793)
Computer Software		(104)	(22)
Total		<b>(68,141)</b>	<b>(71,062)</b>
<b>52 Investment property</b>			
- Transfers to/(from) inventories and owner-occupied property		1,009	-
Closing balance		<b>1,009</b>	-
<b>22 Investments in securities</b>			
<b>Available-for-sale investments</b>			
Opening balance		956	914
As restated		956	914
Additions during the year		8	-
Disposals during the year		(10)	-
Revaluation increase		928	42
<b>Total Available for sale investments</b>		<b>1,882</b>	<b>956</b>
		1,882	8,519
<b>Non-current Investments in securities</b>		1,882	8,519
<b>Trading investments</b>			
Market value		-	7,563
Included in available-for-sale and trading investments are the following:			
Listed			
Sanlam		124	99
		124	99
Unlisted			
Novell Garment SA Pty Limited		84	7,616
Unit Trust		362	240
Cooperate ( Pioneer Food Group Limited)		1,231	543
Cooperate ( WPK Investments Limited)		81	21
Cash and cash equivalents		(1,882)	(956)
		(124)	7,464
Total		-	<b>7,563</b>
<b>23 Loans</b>		<b>34</b>	<b>103</b>
Non Current Loans		34	103
<b>24 Inventory</b>		<b>60,070</b>	<b>47,129</b>
Work in progress		5,951	6,457
Finished goods		53,276	40,000
Consumable stores		843	672
Total			
<b>25 Trade and other receivables</b>		<b>447,056</b>	<b>352,983</b>
Trade receivables		609,884	619,580
Less: Impairment of debtors		(258,350)	(323,536)
		351,534	296,044
Construction contracts		95,522	56,940
VAT		158	2,846
Other receivables		95,364	54,094
Total			
<b>26 Prepayments and Advances</b>		<b>552</b>	<b>466</b>
Travel and Subsistence		-	5
Prepayments		552	461
Closing balance		552	466
<b>27 Cash and cash equivalents</b>		<b>106,973</b>	<b>78,558</b>
Cash and balances with banks		70,770	54,670
Short-term deposit/investments		40,932	27,547
Cash shown as current assets		14	13
Bank overdraft (Credit facility utilised)		(7,739)	(6,089)
Administered funds		2,996	2,419
<b>Undrawn borrowing facilities</b>			
For the purposes of the cash flow statement:			
Cash and cash equivalents at the beginning of the year		78,558	57,849

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

		Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>28 Capital and reserves</b>			
<b>Share Capital</b>			
Balance at 1 April as originally stated		25,000	25,000
Balance at 31 March		<b>25,000</b>	<b>25,000</b>
<b>Accumulated Surplus/(deficit)</b>			
Balance at 1 April as originally stated		519,344	542,312
- Payment to Provincial Admin WC			2,419
- correction previous year error		-	268
- change in accounting policy (refer note 34)		1,541	494
As restated		<b>520,885</b>	<b>545,493</b>
net surplus/deficit for the year		2,050	696
Transfers		37,616	(26,845)
Balance at 31 March		<b>560,551</b>	<b>519,344</b>
<b>Revaluation reserve</b>			
Balance at 1 April as originally stated		12,597	12,258
Revaluation increase/(decrease) on property, plant and equipment		104	181
Revaluation increase/(decrease) on investments		927	344
Released on disposal of investments		(10)	(186)
Balance at 31 March		<b>13,618</b>	<b>12,597</b>
<b>Other reserves (See note 49)</b>			
Balance at 1 April as originally stated		245,305	202,475
- Other (see note 49)		47,477	78,316
- Other (see note 49)		62,515	128,405
- Other (see note 49)		(66,636)	(92,525)
- Other (see note 49)		(25,280)	(73,577)
- Other (see note 49)		-	2,211
Balance at 31 March		<b>263,381</b>	<b>245,305</b>
<b>Total Equity</b>			
Balance at 1 April as originally stated		802,246	782,045
- Payment to Provincial Admin WC		-	2,419
- correction of prior period error		-	268
- change in accounting policy (refer note 34)		1,541	494
As restated		<b>803,787</b>	<b>785,226</b>
Revaluation increase/(decrease) on property, plant and equipment		104	181
Revaluation increase on investments		927	344
Released on disposal of investments		(10)	(186)
net surplus/deficit for the year		2,050	696
Transfers to/(from) reserves		37,616	(26,845)
Balance at 31 March		<b>862,550</b>	<b>802,246</b>
<b>29 Retirement Benefit Obligations</b>			
The amount included in the statement of financial position arising from the group's obligation in respect of the defined retirement benefit plan is as follows:			
Present value of fund obligations		(6,336)	(6,306)
Unrecognised actuarial gains / (deficits)		(911)	-
Unrecognised past service cost		973	1,946
		<b>(6,274)</b>	<b>(4,360)</b>
Movements in the net liability in the current period were as follows:			
Opening balance		(4,360)	(2,666)
Contributions		(1,914)	(1,694)
Closing balance		<b>(6,274)</b>	<b>(4,360)</b>
Analysis for financial reporting purposes:			
Non-current liabilities (recoverable after 12 months)		(6,274)	(4,360)
		<b>(6,274)</b>	<b>(4,360)</b>
<b>30 Deferred Government grants</b>			
Deferred Government grants received to be recognised in future accounting periods:			
Project funds Casidra		19,668	8,153
Closing balance		<b>19,668</b>	<b>8,153</b>
<b>Other government grants</b>			
The following grants are receivable in future:			
Dreamworld Film City Ltd		30,040	15,000
Novel Garments SA (Pty) Ltd		-	1,992
Closing balance		<b>30,040</b>	<b>16,992</b>
<b>Total Deferred Government Grants</b>		<b>49,708</b>	<b>25,145</b>
Non-current portion		(30,040)	(16,992)
Current portion		(19,668)	(8,153)

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

	Western Cape Province	
	31/03/2006	31/03/2005
	R'000	R'000
<b>31 Trade and other payables</b>	<b>71,424</b>	<b>62,258</b>
Trade creditors	19,371	28,315
Accruals	16,103	6,686
Commitments	184	230
Interest-free loan	1	-
Administered funds	35,767	27,027
<b>32 Income Received in Advance</b>	<b>32,885</b>	<b>19,811</b>
Opening Balance	19,811	5,562
Advances	19,231	19,811
Repayments	(6,157)	(5,562)
<b>33 Provisions</b>		
<b>Salary and related expense provision</b>		
Opening balance	10,785	10,829
Utilisation of provisions during the year	(2,499)	(3,992)
Unused amounts reversed during the year	(560)	(11)
Provisions made during the year	3,993	3,984
Less: current portion of provisions	(486)	(25)
Closing balance	<b>11,233</b>	<b>10,785</b>
Opening balance	930	2,818
Utilisation of provisions during the year	(528)	(87)
Unused amounts reversed during the year	-	(2,500)
Provisions made during the year	1,050	699
Closing balance	1,452	930
<b>Total Provisions</b>		
Opening balance	11,715	13,647
Utilisation of provisions during the year	(3,028)	(4,079)
Unused amounts reversed during the year	(560)	(2,511)
Provisions made during the year	5,043	4,683
Less: Total current portion of provisions	(486)	(25)
Closing balance	<b>12,684</b>	<b>11,715</b>
<b>34 Change in accounting policy</b>	<b>1,541</b>	<b>494</b>
Restatement of opening accumulated surplus/(Deficit)	1,541	494
<b>35 Reconciliation of surplus/(deficit) before taxation to cash generated from/(utilised in) operations</b>		
Surplus/(deficit) before taxation	3,069	696
Adjusted for:		
- Depreciation on property, plant and equipment	68,141	71,060
- impairment deficit on property, plant and equipment	2,054	395
Reversal of impairment deficit on held-to-maturity investments	14,712	741
Income from Associates and Joint Ventures	(199)	-
Recognised gains/(deficits) on changes in fair value of financial assets and liabilities	-	115
- Surplus/(deficit) on disposal of property, plant and equipment	(5,836)	(16,839)
- Investment income	(3,829)	(3,086)
- Interest expense	99	133
- Increase/(decrease) in provisions	(4,491)	(1,204)
- Deferred income	21,613	8,508
Operating cash flows before working capital changes	95,333	60,519
Working capital changes	(41,935)	(6,868)
- Decrease/(increase) in inventories	(13,114)	(13,434)
- Decrease/(increase) in receivables	(33,567)	(22,417)
- Increase/(decrease) in payables	4,746	28,983
<b>Cash generated from operations</b>	<b>53,398</b>	<b>53,651</b>
For the purpose of the cash flow statement		
Interest received	3,829	3,086
Interest paid	(99)	(133)
Dividends paid	(4,285)	-
	<b>(555)</b>	<b>2,953</b>
<b>Net cash inflows/ outflows from operating activities</b>	<b>52,843</b>	<b>56,604</b>
<b>36 Contingent liabilities</b>		
(Nature of Contingent liability, financial effect, uncertainties relating to it)	7,882	8,117
	<b>7,882</b>	<b>8,117</b>

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

Western Cape Province  
31/03/2006                      31/03/2005  
R'000                              R'000

**37 Operating lease arrangements**

**The group as lessee**

At statement of financial position date the group had outstanding commitments under non-cancellable operating leases, which fall due as ff:

Up to 1 year	222,725	116,974
1 to 5 years	430,252	287,672
	<b>652,977</b>	<b>404,646</b>

**The group as lessor**

At the statement of financial position date the group had contracted with tenants for the following future minimum lease payments:

Up to 1 year	183	120
1 to 5 years	1,749	-
	1,932	120
	654,909	404,766

**38 Capital commitments**

Commitments for the acquisition of property, plant and equipment

- Contracted for but not provided in the financial statements

Total future capital commitments

18,140	10,578
<b>18,140</b>	<b>10,578</b>

**39 Senior Managers Emoluments**

Senior Manager's emoluments

**Executive management**

name of senior manager

(2,938)                      (2,866)

- Fees for services

(797)                      (770)

- Salary

(1,678)                      (1,949)

- Bonuses and performance payments

(185)                      (91)

- Expense allowances

(69)                      (3)

- Pension contributions

(67)                      (44)

- Other benefits

(142)                      (9)

name of senior manager

(4,730)                      (3,680)

- Fees for services

(758)                      (535)

- Salary

(3,370)                      (2,578)

- Bonuses and performance payments

(127)                      (82)

- Expense allowances

(142)                      (227)

- Pension contributions

(208)                      (110)

- Other benefits

(125)                      (148)

name of senior manager

(1,261)                      (989)

- Fees for services

(506)                      (467)

- Salary

(755)                      (522)

name of senior manager

(1,478)                      (941)

- Fees for services

(444)                      (416)

- Salary

(877)                      (525)

name of senior manager

(998)                      (1,000)

- Fees for services

(453)                      (458)

- Salary

(545)                      (542)

name of senior manager

(495)                      (483)

- Fees for services

(495)                      (483)

name of senior manager

(356)                      (381)

- Fees for services

(356)                      (381)

**Total - Executive Management**

**(12,256)                      (10,340)**

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

	Western Cape Province	
	31/03/2006	31/03/2005
	R'000	R'000
<b>Non-executive Management</b>		
name of senior manager	(878)	(772)
- Fees for services	(282)	(243)
- Salary	(499)	(476)
- Bonuses and performance payments	(35)	(16)
- Pension contributions	(49)	(28)
- Other benefits	(13)	(9)
name of senior manager	(186)	(60)
- Fees for services	(4)	(60)
- Salary	(178)	-
- Pension contributions	(2)	-
- Other benefits	(2)	-
name of senior manager	(268)	(535)
- Fees for services	(1)	(70)
- Salary	(232)	(383)
- Bonuses and performance payments	-	(36)
- Pension contributions	(21)	(37)
- Other benefits	(7)	(9)
name of senior manager	(110)	(440)
- Fees for services	(110)	(75)
- Salary	-	(298)
- Bonuses and performance payments	-	(36)
- Pension contributions	-	(28)
- Other benefits	-	(3)
name of senior manager	(78)	(479)
- Fees for services	(78)	(82)
- Salary	-	(334)
- Bonuses and performance payments	-	(27)
- Pension contributions	-	(33)
- Other benefits	-	(3)
name of senior manager	(140)	(20)
- Fees for services	(133)	(20)
name of senior manager	(152)	(32)
- Fees for services	(152)	(32)
name of senior manager	(39)	(22)
- Fees for services	(38)	(22)
name of senior manager	(31)	-
- Fees for services	(31)	-
name of senior manager	(4)	-
- Expense allowances	(4)	-
<b>Total Non-executive Managers</b>	<b>(1,882)</b>	<b>(2,360)</b>
Executive directors	(12,256)	(10,340)
Non-executive directors	(1,882)	(2,360)
<b>Total Senior Manager's emoluments</b>	<b>(14,138)</b>	<b>(12,700)</b>

During the year the entity and its controlled entities, in the ordinary course of business, entered into the following transactions with related parties:

Related party & Nature of relationship	Transaction type		
Department of Economic Development and Tourism (Executive Authority)	Grant received	23,943	20,032
City of Cape Town (Core Funder)	Grant received	31,750	22,250
Cape Town Tourism (Funded Organisation)	Programme expenses	9,350	7,068
		<b>65,043</b>	<b>49,350</b>

**40 The major classes of assets and liabilities comprising the operations**

Property, plant and equipment	6,769	-
<b>Non-Current assets as held for sale</b>	<b>6,769</b>	<b>-</b>
<b>Total assets classified as held for sale</b>	<b>6,769</b>	<b>-</b>

**41 CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds on disposal of property, plant and equipment	8,878	20,183
Acquisition of property, plant and equipment	(52,779)	(82,271)
Acquisition of investment property	(8)	-
Acquisition of intangible assets	-	(7,563)
	<b>(43,909)</b>	<b>(69,651)</b>

**Western Cape Province Public and Trading Entities**  
**Notes to the Annual Consolidated Financial Information**  
**for the year ended 31 March 2006**

		Western Cape Province	
		31/03/2006	31/03/2005
		R'000	R'000
<b>42 CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>19,479</b>	<b>33,756</b>
Repayments of borrowings		15,824	31,493
New loans raised		5,165	4,103
Increase/(decrease) in non-current financial instruments		(1,510)	(1,840)
<b>43 Rental Income (Other)</b>		<b>550</b>	<b>549</b>
House rent private		213	239
Staff Accommodation		337	310
<b>44 Transfers and Subsidies Received (Other)</b>		<b>1,533</b>	<b>1,705</b>
Capital fund reserve		762	(1,557)
Office RentalSubsidy from Provincial Department		811	-
Refunds		-	18
Sahra		(40)	80
Transfer from Western Cape Tourism Board		-	3,164
<b>45 Other Income (Other)</b>		<b>4,873</b>	<b>5,269</b>
Interest Received		917	387
Interest Income		1,117	1,042
Rental Income		1,809	1,791
Donations		199	-
GMT recoveries other sales		831	2,049
<b>46 Marketing Costs (Other)</b>		<b>(45,577)</b>	<b>(47,910)</b>
Leisure Marketing and Marketing Intelligence		(9,609)	(12,579)
Visitor Services		(13,994)	(10,263)
DMO Establishment		-	(2,712)
Joint and Strategic Services		(8,001)	(7,365)
E-business		(2,702)	(3,427)
Conventions and Major Events		(8,130)	(6,778)
Advertising		(763)	(800)
Publishing Costs		(1,126)	(1,070)
Advertising and Promotions		(124)	(57)
Recruitment		(144)	(199)
Marketing		(464)	(1,711)
Advertising Agencies		(125)	(406)
Printing		(395)	(543)
<b>47 Audit Fees (Other)</b>		<b>(213)</b>	<b>-</b>
Internal Audit		(213)	-
<b>48 Project Expenses (Other)</b>		<b>(1,442)</b>	<b>(1,246)</b>
Rural Development		(250)	(220)
Workshops and Seminars		(787)	(1,026)
Exporter Development Programme		(405)	-
<b>49 Capital and Reserves (Other)</b>		<b>263,381</b>	<b>245,305</b>
Balance at 1 April as originally stated		245,305	202,475
Depreciation Expensed for the year		(762)	(589)
Surplus payable to PAWC		-	(64)
Government grants and own funds		-	2,211
Increase due to purchase of vehicles		42,312	74,213
Increase due depreciation		63,277	128,994
Decrease due to disposal of vehicles and depreciation		(66,636)	(92,525)
Decrease due to vehicles purchased		(25,280)	(73,513)
Transfer from the Department of Health		5,165	4,103
<b>50 Cash and bank balances (Other)</b>		<b>32,459</b>	<b>23,696</b>
Project cash and bank balances (Other) - Casidra		32,459	23,696