

# Part IV

## Financial Statements



prosperity through mobility

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

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# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### General Review of the State of Financial Affairs

#### Important Policy Decisions and Strategic Issues Facing the Department

The provincial review of KwaZulu-Natal's Growth and Development Strategy has renewed a focus on the critical role that this province plays as a gateway to the rest of South Africa and our northern neighbours.

The fact that:

- the ports of Durban and Richards Bay handle some 75% of South Africa's cargo tonnage and account for 80% of the value of exports and imports on the current Balance of Payments, and
- 80% of goods and people are transported by roads

draws attention to the fact the state of our provincial and inter-provincial freight routes does significantly impact on the growth prospects of South Africa and our neighbours.

While our international standing as a Gateway Province is not disputed, how to deal with this reality is the subject of critical consideration. Thus, for example, the relatively low productivity rates in loading and offloading containers in the Durban port has led to a review of its management systems.

Our own review of the Provincial Growth and Development Strategy highlights the fact that our provincial economy has not performed to expectations or to its potential. Our economic growth rate is significantly lower than that of several other provinces in South Africa and falls well below our national average economic growth rate. Of particular concern has been the decline in the manufacturing and agricultural sectors. One consequence of this has been a continued loss of jobs in the formal sector.

The KwaZulu-Natal Department of Transport is on record for drawing attention to the critical importance of higher order investments into road networks which would allow our province to maintain its added advantage over all other provinces in South Africa. We have repeatedly drawn attention to the need to develop a more balanced road network which would meet the mobility needs of all our citizens.

Investment levels to secure a more balanced road network must necessarily take into account the fact that:

- Millions of citizens continue to live in relative isolation precisely because they lack adequate road access. This is part of the apartheid legacy of separate development.
- Our role as a Gateway Province has resulted in a disproportionate number of tolls being located within KwaZulu-Natal. This has resulted in high freight traffic volumes on our provincial roads which were never designed to accommodate this development.

Inadequate annual budgets have forced the Department to reprioritise funds between providing communities with new access and maintaining the established road network. In truth this has resulted in a situation where the timeframes to provide isolated communities with appropriate access are unreasonably protracted while the funds allocated to maintenance have been insufficient.

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## KwaZulu-Natal Department of Transport

### General Review of the State of Financial Affairs

We have consistently championed the view that unless higher order budgets are allocated to developing the economic infrastructure of our province, our status as a cost and freight efficient Gateway Province will be jeopardised.

Over the past several years the KwaZulu-Natal Department of Transport has successfully embarked on a two pronged approach to secure higher order investments for road development. We have successfully reduced our overheads while, at the same time, promoting through CARNS, the Road to Wealth and Job Creation Initiative and our other landmark studies, the critical importance of roads and transport systems to sustain economic growth and to realise economic potentials.

The successful implementation of the Road to Wealth and Job Creation Initiative has seen the Department “buck” the provincial trend of increased job losses. Thus our Zibambele programme has created some 14 800 sustainable opportunities for destitute families while our Vukuzakhe programme has indirectly created more than 20 000 jobs. Further, we have continued to refine our regulatory environment to support emerging contractors and merchants and we have been able to achieve significant black economic empowerment targets despite the presence of persistent barriers that constrain the performance of new market entrants within the construction industry in South Africa.

We believe that the Department is on track to secure a more balanced provincial road network that will, in turn, contribute to an improved economic performance for our province. Further, we have established a reputation for developing innovative programmes that, in essence, create new opportunities among the poor and have begun to place our stagnant rural economy on a labour absorptive growth path.

The fact that the minibus taxi industry is 99% owned and managed by black South Africans makes it a critical pillar of our black economic empowerment strategy. The democratisation process within the taxi industry has now been completed and a fully representative Provincial Taxi Council has been elected. This will now enable us to facilitate the growth and development of the minibus taxi industry in KwaZulu-Natal in such a way that it can diversify its investment and income interests. The further empowerment of the minibus taxi industry at a provincial level is necessarily dependent on the nationally driven recapitalisation of the minibus taxi industry in South Africa.

#### Significant Events

Presentation of the KwaZulu-Natal Department of Transport Budget	10 April 2002
KwaZulu-Natal Department of Transport Report Back Summit	7 May 2002
KwaZulu-Natal Department of Transport Prayer Day	19 May 2002
Launch of Public Transport Enforcement Unit	August 2002
Launch of CETA Learnerships for Vukuzakhe Contractors	September 2002



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## KwaZulu-Natal Department of Transport

### General Review of the State of Financial Affairs

Registration of KWANATACO (Provincial Taxi Council) as a public entity

#### African Renaissance Road Upgrading Programme (ARRUP)

Project	Project Value
• Nongoma Project – 117 km (Mtubatuba through Hlabisa and Nongoma to Vryheid and Pongola)	R321 million
• Ongoye KwaBulawayo Project – 47 km	R124 million
• Nkandla Project – 80 km (Kranskop to Eshowe)	R208 million
• St Faiths Project – 48 km (Highflats – St Faiths– Port Shepstone)	R141 million
• Osizweni Project – 27 km	R64 million
• Vulindlela Project – 13 km	R38 million
• Ndwedwe Project – 31 km	R87 million
• Ulundi Project – 95 km (Ulundi – Richards Bay)	R303 million
• New Germany / Inanda Project	R400 million

### Spending Trends

#### Under / (Over) Expenditure

##### Programme 1: Administration

Savings R5,532 Million

The purpose of this programme is to conduct the overall management of the department. The aim of this programme is to ensure policy correlation within the business units, and link budget spending to actual delivery and performance standards. There are two sub-programmes contained within this programme:

- Minister – Policy formulation by the minister and the department's management and
- Administration – Organising the department, managing its personnel and financial administration, determining working methods and procedures and exercising control and rendering administrative services.

The savings under this programme are as a result of delays experienced by the department in the commencement in the contract for the alterations to the Head Office Complex. The department has submitted a motivation to the Provincial Treasury for the roll-over of these funds to the 2003/04 financial year.

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## KwaZulu-Natal Department of Transport

### Spending Trends

#### Programme 2: Roads

Savings R168 000

The purpose of this programme is to conduct the overall management and administration of roads in the Province of KwaZulu-Natal. The programme is aimed at determining the need for infrastructure, implementing maintenance and promoting community development and eco-tourism.

This programme consists of six sub-programmes, namely:

- Technical Support Services;
- Construction;
- Community Access Roads;
- Maintenance;
- Subsidies; and
- Mechanical.

The objectives of these six sub-programmes are:

- The planning and designing of provincial roads;
- The departmental/ contractual construction of provincial roads;
- The provision of access roads to rural communities;
- The departmental / contractual maintenance of provincial roads;
- Assistance in respect of the fencing of main roads;
- Assistance to local authorities in respect of the maintenance of main roads, and traffic signals on provincial roads within local authorities; and
- The repair and preventative maintenance of departmental plant and equipment.

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

#### Programme 3: Road Traffic

Savings R101 000

The purpose of this programme is to regulate road traffic. The department's integrated road safety programme is aimed at facilitating road safety campaigns and measures, developing policy in consultation with all relevant authorities charged with the responsibility for road safety structures, and encouraging participation of all in road safety initiatives and awareness programmes. This programme consists of four sub-programmes:

- Transport Engineering;
- Law Enforcement;
- Vehicle Registration and Licensing; and
- Road Safety Education.

The services rendered by these sub-programmes are as follows:

- To render technical services relating to mass measuring bridges, and to conduct analysis and re-engineering of hazardous locations;
- To conduct road traffic law enforcement;

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### Spending Trends

- To register and licence vehicles; and
- To develop road safety educational programmes and train educators in traffic safety.

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

#### Programme 4: Public Transport

Savings R39 000

The purpose of this programme is the planning and regulation of public transport, the monitoring of bus subsidy contracts and payments.

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

#### Programme 5: Auxilliary and Associated Service

Savings R13 000

This programme is for the rendering of auxiliary services and services associated with the Department of Transport. The following three sub-programmes are contained therein:

- Radio Communication Services;
- Standard Stock Account; and
- Provincial Motor Transport.

The services rendered by these sub-programmes are the:

- Provision and maintenance of radio communication services;
- Capital augmentation; and
- The purchase of vehicles for departmental use.

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

### Unauthorised Expenditure for The Finacial Year

The department incurred unauthorised expenditure amounting to R30,831 million during the financial year under review. This unauthorised expenditure relates to debts owed to the department by the National Department of Transport, incurred during the financial years 1994/95 to 1997/98, which were written off in terms of the approved departmental debt write-off policy. This transaction is a book entry and was accounted for as an authorised loss during the financial year under review.

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### Services Rendered by The Department

#### 2.1 A list of services rendered.

Turning the vision of the Department into a reality can only be achieved by focusing the attention and energy of all employees and relevant stakeholders on the performance of core functions that are to produce results. The core functions are:

- Road construction, reconstruction, maintenance and repair

The construction of new roads, maintenance of existing roads and the repair of damaged roads, remain a permanent responsibility of the provincial department.

- Road Transportation

The planning and provision of urban and rural public transport facilities, conducting transport studies, the control of road transportation, provision of transport planning frameworks and the management of public transport services and public road network.

- Road Traffic

The registration and licensing of vehicles and drivers, the regulation of traffic on public roads, the maintenance and provision of visible road traffic signs and the implementation of road safety campaigns and awareness programmes.

To effectively perform these core functions and to effectively deliver and provide services to the public, the department needs technical and/or professional support in the following areas:

- Human Resource Management and Development;
- Financial Management;
- Communication;
- Monitoring and Evaluation;
- Procurement; and
- Legal Services



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### Capacity Constraints

Over the past several years the KwaZulu-Natal Department of Transport has systematically embarked on a programme to reduce its own capacity to directly provide public services and, at the same time, to increase the volumes of work and services that are outsourced. The Department has systematically developed an appropriate regulatory environment to guide the transformation of the road construction industry and transport sector of the province. The adoption of affirmative action procurement and other policies has resulted in the unbundling of a wide range of contracts. This, in turn, has created the need to oversee very large numbers of contracts with relatively small contract values.

The Department does not have an inhouse capacity to manage increasing volumes of outsourced work within the context of new policy dispensations. The ongoing transformation of the KwaZulu-Natal Department of Transport, as a public service provider, will for the foreseeable future require it to contract consultants to enhance its capacity to deliver.

The shortage of maintenance plant and equipment is another factor that impacts negatively on service delivery. Years of under investment on new equipment has resulted in an aging fleet of plant that requires large sums of money to maintain but whose availability is generally low. In many districts plant operators do not have plant to operate for a number of months in each year, compromising the effectiveness of maintenance operations.

Outsourcing of maintenance operations and hiring of plant has alleviated some of the department's own lack of plant. However there is a general shortage of plant in KwaZulu-Natal. Plant hire charges levied to emerging contractors, are very high. The Department in conjunction with Provincial Treasury and the private sector are evaluating various options to address the problem.

### Utilisation Of Donor Funds

No donor funds were received for the year ending 31 March 2003.

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## KwaZulu-Natal Department of Transport

### Public Entities

#### KwaZulu-Natal Local Roads Transportation Board

During the financial year under review the KwaZulu-Natal Local Roads Transportation Board was delisted from Schedule 3c of the Public Finance Management Act. The results of the activities of this Board for the 2002/03 financial year have been included in the results of operations for the KwaZulu-Natal Department of Transport.

#### KwaZulu-Natal Taxi Council

The KwaZulu-Natal Taxi Council is listed in Schedule 3c of the Public Finance Management Act as an entity that reports to the KwaZulu-Natal Minister of Transport:

The main objectives of the KwaZulu-Natal Taxi Council are: -

- To shape the taxi industry into an economically viable and reliable public transport;
- To facilitate the diversification of the taxi industry into other business sectors;
- To serve as a consultative structure and a collective voice of the taxi industry in its dealings with government and other institutions; and
- To support the Department of Transport in achieving its goals of formalising and restructuring the taxi industry.

### Other Organisations to whom Transfer Payments have been Made

Details of all transfer payments made by the Department can be found on Schedule 3B to the Annual Financial Statements. Transfer payments are made for the following purposes: -

- **Fencing Subsidies:** Payments are made to adjacent landowners on Provincial main roads for the maintenance and upkeep of fencing to prevent livestock from entering the road hereby improving Road Safety.
- **Local Municipalities:** Maintenance of Provincial Roads that traverse built up areas with Local municipalities.
- **Local Roads:** Paid to various organisations and farmers for maintenance of certain local roads.

### Public Private Partnership

No Public Private Partnerships have been entered into by the department during the financial year under review.

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## KwaZulu-Natal Department of Transport

### Corporate Governance Arrangement

The Department is an active partner in our provincial inter-departmental co-ordination forum for IDP's where medium term planning is progressively being linked across departments. The departmental input into the Provincial Growth and Development Strategy review will contribute, in the medium term to synergy in service delivery.

The linkage with National Department of Transport is ongoing through MINCOM (Ministerial Committee of Minister of Transport and MECs) and its Sub-committees, including COTO (Committee of Transport Officials) and this influences the department's activities on an ongoing basis.

The Department's business plans, especially with regard to the provision of road infrastructure and public safety, are linked to local government priorities at a district and regional community level through joint planning workshops with Rural Road Transport Forums and Community Road Safety Councils.

The KwaZulu-Natal Provincial Roads Act (Act 4 of 2001) recognises that the current declared Provincial Road Network and the current allocation of status of roads is a reflection of past government policy directives and priorities and is neither equitable nor just. The Act therefore provides for a two year window in which to review all provincial roads and to declare the Provincial Road Network.

The Department's programme to review the KwaZulu-Natal Provincial Road Network has made considerable progress. It has developed a uniform prioritisation methodology that defines the status of roads. The prioritisation methodology is both scientifically robust and transparent. It allows the Department, as the road authority; to defend its priority lists in circumstances where social need overwhelmingly exceeds financial resources. The Provincial Road Network, which will soon be declared, will enable the Department to finally break with the past and to reflect our future as a province. It will play a critical role in integrating our society, which was so brutally separated by apartheid and separate development, into the global village.

Rural Road Transport Forums, Community Road Safety Councils, Local Government and Traditional leaders are all actively involved in the review process to declare our Provincial Road Network. The identification of the Provincial Road Network will allow the Department to budget for and plan, more holistically, the development of a balanced road network, which accommodates intermodal transport systems and promotes safe and affordable public transport.

The product of these plans is further aligned in the Provincial IDP forum at which the Department participates. Further, in the medium term, the department's contribution to infrastructure planning in the Urban Renewal Programme (upgrading of P577 to link Inanda to eThekweni inner city, upgrading of the M4 North Coast Road, upgrading of John Ross Highway to link Empangeni and Richards Bay) and the Integrated Rural Development Strategy (seven ARRUP road upgrading projects) is anchored by our key involvement in planning with the relevant district councils and the Umcity in the Province.

### Discontinued Activities/ Activities to be Discontinued

No activities have been discontinued during the financial year under review.

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## KwaZulu-Natal Department of Transport

### Events After the Reporting Date

President Mbeki's announcement in his State of the Nation Address of:

- the relocation of Durban Airport to the King Shaka Airport and the development of the Dube transport node, and
- an accelerated Public Works programme to provide economic and community infrastructure and to create jobs

will undoubtedly impact on the KwaZulu-Natal Department of Transport.

The relocation of the Durban Airport and the development of the Dube transport node will require new financial resources to plan and develop appropriate intermodal transport systems to maximise air, maritime, rail and road freight transport efficiency.

The Road to Wealth and Job Creation Initiative is premised on higher order government investments in Public Works programmes to provide critical economic and community infrastructure and, at the same time, to create jobs and opportunities for wealth accumulation among the poor. The KwaZulu-Natal Department of Transport has an appropriate policy and institutional environment to take advantage of any accelerated Public Works programme.

### Progress with Financial Management Improvements

During the year the department continued with the process of implementing financial management improvements, major achievements during the year included:-

- The continuation of the phased implementation of Financial Management requirements in terms of the PFMA and in compliance with the Treasury Regulations;
- The completion of a detailed departmental risk assessment in conjunction with the Provincial Internal Audit Unit;
- The creation of posts for Regional Financial Managers, to assist the Regional Directors with all financial matters;
- The registration of the KwaZulu-Natal Taxi Council as a Public Entity in terms of the PFMA. The Taxi Council is currently in the process of setting up the infrastructure for operation as an entity separate from the department;
- The development of a Fixed Asset Management Framework for the department, in order to optimise the acquisition, maintenance, utilisation and disposal processes in use in the department; and
- Efficient procurement reforms in terms of revised procurement legislation of supporting previously disadvantaged individuals (PDI's) and small medium micro enterprises (SMME's).



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## KwaZulu-Natal Department of Transport

### Performance Information

The Department has dedicated budgets to conserve the asset value of our current road network and, at the same time, address known backlogs. Thus, for example, CARNS established the extent of need for community access roads and a priority order in which roads needs should be addressed to achieve the maximum social and economic impact on the rural economy. For the past several years the KwaZulu-Natal Department of Transport has allocated considerable budgets to provide rural communities with new road network access. In recent years – since the introduction of the MTEF – the Department has dedicated budgets to the African Renaissance Road Upgrading Programme (ARRUP).

The KwaZulu-Natal Department of Transport's flagship road infrastructure programmes – Roads for Rural Development, the Road to Wealth and Job Creation Initiative, Zibambele and Vukuzakhe – have all been independently evaluated and found to have overwhelming public support and to have considerable impact on the social and economic upliftment of resource poor communities.

We are well known for our Zero Tolerance enforcement programme and have made considerable progress in stamping out corruption in the registration and licensing of vehicles and drivers and reducing the carnage on our roads. This year the KwaZulu-Natal Department of Transport established a Public Transport Enforcement Unit, which is dedicated to ensuring that those of our public who are reliant on public transport can travel safely. Although this unit was only recently launched it has already had a profound and noticeable impact in reducing crime and corruption in public transport related industries and in removing unroadworthy buses and taxis from our roads.

Community buy-in to our Zero Tolerance programme and community education of road safety concerns is addressed through mass campaigns such as Siyabakhumbula and Asiphephe. Asiphephe has established CRSCs throughout KwaZulu-Natal to assist the Department in prioritising budgets and programmes at a community level in accordance with the Road to Safety Strategy 2001 – 2005. More than 60% of our road safety budget (other than enforcement) is now allocated, managed and monitored on a project by project basis. We are committed to introducing “Zibambele like” contracts into those road safety initiatives and programmes which can be most cost efficiently and cost effectively administered by local communities.

It is common cause that the vast majority of KwaZulu-Natal's citizens are dependent on public transport to meet their daily mobility needs. The minibus taxi industry is undoubtedly the most critical pillar of our public transport sector in that it accounts for some 65% of the daily transport needs of the KwaZulu-Natal public. We are all aware that the spatial planning that took place during apartheid as separate development resulted in communities having to travel long distances to workplaces and points of economic production. Such communities are vulnerable to increases in public transport costs. The inherited focus from the past government on bus and rail subsidies results in only some 35% of the commuting public being subsidised

We have now completed the conversion of bus contracts to tendered contracts, with the exception of the Durban area. This has considerably improved the extent of Black ownership and management in the public transport sector.



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## Performance Information

The KwaZulu-Natal Department of Transport is committed to going beyond issues of regulation in its administration of public transport. The democratisation of the process within the taxi industry has now been completed and a fully representative Provincial Taxi Council has been elected. This will now enable us to facilitate the growth and development of the taxi industry in KwaZulu-Natal in such a way that it can diversify its investment and income interests. The fact that the taxi industry is 99% owned and managed by Black South Africans makes it a critical pillar of any Black Economic Empowerment strategy, especially a strategy directed towards the empowerment of ordinary citizens.

## Approval

The annual financial statements set out on pages 129 to 157 have been approved by the Accounting Officer.



Dr K.B.Mbanjwa  
Head: Transport  
31 May 2003

**Report Of The Auditor-General To Members of the KwaZulu-Natal Provincial Legislature on the Financial Statements of Vote 12 - Department of Transport for the year ended 31 March 2003**

## 1. Audit Assignment

The financial statements as set out on pages 129 to 157, for the year ended 31 March 2003 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

## 2. Nature And Scope

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

An audit includes:

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

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

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

## 3. Audit Opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Transport at 31 March 2003, and the results of its operations and cash flows for the year then ended in accordance with the prescribed accounting practice.

## 4. Emphasis of Matter

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

### 4.1 Matters affecting the financial statements

#### 4.1.1 Inventory

Contrary to the Guide for the preparation of Annual Reports, issued by National Treasury, the department has incorrectly accounted for the purchase of inventory.

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Inventory purchased and on hand is disclosed in the balance sheet and only expensed, in the income statement and appropriation account, when consumed. This has resulted in the department's expenditure being understated by R1 046 000.

### 4.2 Matters not affecting the financial statements

#### 4.2.1 Overall control environment

The following is a summary of the more significant audit observations raised during the course of the audit which indicates a lack of control in these areas:-

##### 4.2.1.1 Expenditure

Our review over the control and payment of expenditure revealed various shortcomings. The most significant findings in this regard were as follows:-

- Supporting documents were not always stamped "paid" thereby increasing the risk of duplicate payments being made.
- For the plant and equipment hire transactions, documentation substantiating the delivery of services were not attached to the supporting documentation when payment was authorised. There exists no audit trail to trace these payments to specific contracts/projects.
- Based on the sample selected for testing, three payments amounting to R772 130 were incurred either prior to contracts being finalised or after the respective contracts had expired.
- Various irregular procurement practices, in contravention with the department's procurement policy, were identified at the Stanger District Office. The department has indicated that a full investigation will be undertaken, the results of which and the actions taken will be evaluated once completed.

##### 4.2.1.2 Reconciliation of face value forms

Following our review of the control over face value forms at the Road Traffic Inspectorate (RTI) offices, it was noted that although registers for the face value forms are maintained, a daily reconciliation of the face value forms issued to actual receipts for the day is not performed. This matter was reported in the prior year.

##### 4.2.1.3 Loss control

Delays in the finalisation of cases were again identified this year and based on the sample selected for testing it has resulted in losses amounting to R143 131. The delay in finalising cases should be addressed in an attempt to increase the level of recovery arising from thefts and losses.

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### 4.2.1.4 Journal adjustments

In certain instances, it was noted that insufficient supporting documentation is attached to journals authorised for processing. I was therefore unable to verify the validity and correctness of those journal adjustments processed. Instances were also noted where alterations made on journals were not adequately authorised.

### 4.2.1.5 Asset management

The department does not perform an asset reconciliation reconciling purchases and disposals as recorded on the Financial Management System (FMS) to the subsidiary asset registers. I was therefore unable to verify the completeness and accuracy of the asset registers produced.

The annual physical verification of the provincial vehicle fleet took place during the year. At the date of this report, the final asset register and the report following the verification process had not yet been finalised.

### 4.2.2 Unauthorised expenditure

The total actual expenditure of the department exceeded the total budgeted expenditure by R30 830 450.58. The overspending is due to the department authorising the write off of losses and irrecoverable debts without incurring savings to fund the write offs. This is reported as unauthorised expenditure in Note 12 to the financial statements.

Furthermore, the prior year unauthorised expenditure of R15 283 800.48 had not yet been approved at 31 March 2003.

### 4.2.3 Computer assisted audit technique exceptions

Computer assisted audit techniques were again applied this year to the data downloaded from the Motor Licensing Bureau's National Traffic Information System (NATIS). The following is a summary of the observations raised in this regard:

- 18739 (2002: 20 144) records were identified with duplicate engine numbers.
- 35 (2002: 43) records were identified where the chassis numbers were considered to be invalid due to the field either not containing any data or containing invalid characters.
- 40 170 (2002: 46 436) records were identified with duplicate chassis numbers.
- 364 (2002: 10 619) records were identified where the engine numbers, chassis numbers and motor vehicle state code were the same, however the registration numbers of the vehicles were different.

The majority of the above errors have resulted when the data was initially transferred to the NATIS system. Some progress in rectifying the errors has taken place during the year. Our major area of concern is the duplicate chassis numbers, which is currently the most important vehicle identifier.

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### 4.2.4 Follow-up information systems audit of the general controls surrounding the National Traffic Information System (NATIS)

A follow-up information systems audit of the general controls surrounding the NATIS system was completed on 17 April 2003 and the findings were brought to the attention of the accounting officer.

The audit indicated that some progress had been made in addressing the weaknesses previously identified. However, a number of significant control weaknesses still existed in the control environment.

The most significant weaknesses identified were as follows:

- A detailed security policy had not been established, the control over backups were still found to be inadequate, the disaster recovery plan had not yet been tested and a business continuity plan did not exist.
- The off-site backup arrangements were not adequate.
- The accuracy and correctness of invoices received from the National Department of Transport for NATIS maintenance could not be determined as a copy of the contract between the National Department of Transport and the NATIS contractor was not available.

In his comments the accounting officer referred to various corrective measures taken or envisaged. The effectiveness of these measures will be evaluated in due course.

### 4.2.5 Performance Audit

Considerable progress has been made with a follow up performance audit of the construction and maintenance of roads at the Department. The key findings and effects arising from the follow up performance audit as well as corrective steps implemented or envisaged to be implemented, will be reported on in a separate report of the Auditor-General.

## 5. APPRECIATION

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



B.R. Wheeler  
For Auditor-General  
Pietermaritzburg  
31/07/2003



# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### Statement of Accounting Policies and Related Matters for the Year Ended 31 March 2003

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

#### 1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

#### 2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National / Provincial Expenditure. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the Provincial Revenue Fund.

#### 3. Donor aid

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

#### 4. Current expenditure

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

#### 5. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

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

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

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

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined.

#### 6. Debts written off

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

#### 7. Capital expenditure

Expenditure for physical items on hand, excluding inventories, on 31 March 2003 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets (fixed assets and movable assets) acquired are expensed i.e. written off in the income statement when the payment is made.

#### 8. Inventory

Expenditure for inventory on hand on 31 March 2003 to be consumed in the following financial year, is capitalised and is only accounted for as expenditure in the income statement when used in production.

#### 9. Investments

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

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

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

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

#### 10. Investments in controlled entities

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

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

#### 11. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

#### 12. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to either the Provincial/National Revenue Fund or another party.

#### 13. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

#### 14. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

#### 15. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, OR an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed.

#### 16. Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

# FINANCIAL STATEMENTS

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### Statement of Accounting Policies and Related Matters for the Year Ended 31 March 2003

#### Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

#### Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

#### Medical benefits

The department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

#### 17. Capitalisation reserve

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

#### 18. Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. Repayments are transferred to the Revenue Fund as and when the repayment is received.

#### 19. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

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

	Note	2002/03 R'000	2001/02 R'000
<b>REVENUE</b>			
<b>Voted funds</b>			
Charge to National/Provincial Revenue Fund	1	1,196,632	1,113,716
Statutory appropriation	2	1,196,106	1,113,190
Appropriation for unauthorised expenditure		526	526
		-	-
<b>Non voted funds</b>			
Other revenue to be surrendered to the revenue fund	3	485,856	405,539
		485,856	405,539
<b>TOTAL REVENUE</b>		<b>1,682,488</b>	<b>1,519,255</b>
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	4	437,992	337,582
Administrative		197,062	149,057
Inventories	5	55,624	41,681
Machinery and Equipment	6	15,164	16,071
Land and buildings	7	679	3,928
Professional and special services	8	4,557	6,246
Transfer payments	9	124,852	114,520
Miscellaneous	10	2,497	2,830
Special functions: authorised losses	11	773	968
		36,784	2,281
<b>Capital</b>			
Person	4	789,471	780,050
Administrative		121,627	140,288
Inventories	5	13,848	13,765
Machinery and Equipment	6	59,255	51,676
Land and buildings	7	64,223	61,779
Professional and special services	8	29,407	12,061
Miscellaneous	10	501,111	500,480
		-	1
<b>TOTAL EXPENDITURE</b>		<b>1,227,463</b>	<b>1,117,632</b>
<b>NET SURPLUS /(DEFICIT)</b>		<b>455,025</b>	<b>401,623</b>
Add back unauthorised and fruitless and wasteful expenditure disallowed	12.1	30,831	15,283
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	13	<b>485,856</b>	<b>416,906</b>



# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

at 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Unauthorised and fruitless and wasteful expenditure	12	50,112	19,328
Cash and cash equivalents	14	155	173
Receivables	15	10,981	51,864
Inventories	16	4,178	3,132
Amounts owing by controlled entities	23	-	-
<b>Non-current assets</b>			
Investments in controlled entities	17	-	-
<b>TOTAL ASSETS</b>		<b>65,426</b>	<b>74,497</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered	18	-	-
Revenue funds to be surrendered	19	-	-
Payables	20	10,168	2,882
Other Payables	21	55,258	71,615
Amounts owing to controlled entities	22	-	-
<b>TOTAL LIABILITIES</b>		<b>65,426</b>	<b>74,497</b>
<b>NET ASSETS/LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>EQUITY</b>			
Capitalisation reserve		-	-
Recoverable revenue		-	-
<b>TOTAL EQUITY</b>		<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	24	1,258,447	1,179,708
Cash generated (utilised) to (increase) / decrease working capital	25	16,339	(20,290)
Voted funds and Revenue funds surrendered	26	(485,856)	(416,906)
Unauthorised expenditure approved		-	-
<b>Net cash flow available from operating activities</b>		<b>788,930</b>	<b>742,512</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(789,471)	(780,050)
Proceeds from sale of equipment	3	14,087	12,245
Proceeds from sale of land and buildings	3	7	177
Proceeds from sale of inventories	3	2,786	4,826
<b>Net cash flows from operating and investing activities</b>		<b>16,339</b>	<b>(20,290)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>16,339</b>	<b>(20,290)</b>
Cash and cash equivalents at beginning of period		(71,442)	(51,152)
Cash and cash equivalents at end of period	27	(55,103)	(71,442)

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

#### 1 Charge to the National/Provincial Revenue Fund

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

Programmes	Total Appropriation 2002/03	Actual	Variance over/(under)	Total Appropriation 2001/02
Administration	102,416	96,884	5,532	88,656
Roads	877,931	877,764	167	839,258
Road Traffic	188,131	187,893	238	159,929
Public Transport	19,778	19,739	39	16,670
Auxillary and Associated Services	7,850	7,837	13	8,677
<b>TOTAL</b>	<b>1,196,106</b>	<b>1,190,117</b>	<b>5,989</b>	<b>1,113,190</b>

1.2 A roll-over request has been submitted to the Provincial Treasury, for the roll-over of the R5,5 million saving under Programme 1 Administration. This saving resulted from delays experienced in the commencement of the alteration to the head office complex.

	Note	2002/03 R'000	2001/02 R'000
<b>1.3 Conditional grants</b>			
Total grants received	Annexure 1 A	<u>132,449</u>	<u>68,179</u>
<b>2 Statutory appropriation</b>			
MEC Salary		<u>526</u>	<u>526</u>
		<b>526</b>	<b>526</b>

In terms of Provincial Treasury Circular no. PT3 of 2003/04, the statutory allocation for the MEC's Salary was increased through Proclamation no. 8 of 2002 after the publication of the 2002/03 Adjustments Estimate, this has resulted in the department incurring unauthorised expenditure in the amount of R36 000, for the 2002/03 financial year.

#### 3 Other revenue to be surrendered to the revenue fund

Description	Note	2002/03 R'000	2001/02 R'000
Material losses recovered	3.1	-	-
Gifts donations and sponsorships received	3.2	-	-
Abnormal load permits		3,248	2,626
Dividends received		-	-
Fines and forfeitures		21,557	16,947
Interest received		337	236
Loss control		1,971	3,817
Proceeds from sale of equipment		14,087	12,245
Proceeds from sale of land and buildings		7	177
Proceeds on sale of inventories		2,786	4,826
Road Traffic Act		438,850	361,899
Other		3,013	2,766
		<u>485,856</u>	<u>405,539</u>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>4 Personnel</b>			
<b>4.1 Current expenditure</b>			
Appropriation to Executive and Legislature		562	526
Basic salary costs		125,573	95,489
Pension contributions		18,710	14,125
Medical aid contributions		11,759	9,160
Other salary related costs		40,458	29,757
		<b>197,062</b>	<b>149,057</b>
Average number of employees		1,684	1,489
<b>4.2 Capital expenditure</b>			
Basic salary costs		90,082	103,229
Pension contributions		13,302	15,339
Medical aid contributions		3,701	4,923
Other salary related costs		14,542	16,797
		<b>121,627</b>	<b>140,288</b>
Average number of employees		2,763	3,182
<b>Total Personnel Costs</b>		<b>318,689</b>	<b>289,345</b>
<b>5 Inventories</b>			
<b>5.1 Current expenditure</b>			
<b>Inventories consumed during the year</b>			
Fuel		360	5,789
Printing		1,421	1,612
Publications		2,507	663
Stationery		4,534	3,179
Uniforms and protective clothing		1,438	1,334
Other		4,904	3,494
		<b>15,164</b>	<b>16,071</b>
<b>5.2 Capital expenditure</b>			
<b>Inventories consumed during the year</b>			
Uniforms and protective clothing		1,138	717
Civil material		15,885	11,025
Fuel		23,826	20,228
Oil		1,442	1,290
Mechanical material		14,209	14,377
Other		2,755	4,039
		<b>59,255</b>	<b>51,676</b>
<b>Total cost of inventories</b>		<b>74,419</b>	<b>67,747</b>
<b>5.3</b> Inventories on hand at year end are disclosed as an asset on the face of the Balance Sheet			
<b>6 Machinery and Equipment</b>			
Current (Rentals, maintenance and sundry net of cash discounts)		679	3,928
Capital	6.1	64,223	61,779
Total current and capital expenditure		<b>64,902</b>	<b>65,707</b>
<b>6.1 Capital machinery and equipment analysed as follows:</b>			
Computer equipment		6,703	5,733
Furniture and office equipment		5,433	3,672
Mechanical plant purchased		20,030	15,008
Mechanical plant hired for use on construction projects		18,551	22,022
Road traffic equipment		3,794	4,105
Transport - Official vehicles		9,127	10,302
Other machinery and equipment		585	937
		<b>64,223</b>	<b>61,779</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>7 Land and buildings</b>			
Current expenditure (Net of cash discounts)			
Maintenance		3,718	1,237
Rental		839	5,009
Total current expenditure		4,557	6,246
Capital expenditure	7.1	29,407	12,061
Total current and capital expenditure		<b>33,964</b>	<b>18,307</b>
<b>7.1 Capital land and building expenditure analysed as follows:</b>			
Land		1,204	755
Non-residential buildings		27,097	9,948
Other structures (infrastructure assets)		1,106	1,358
		<b>29,407</b>	<b>12,061</b>
<b>8 Professional and special services</b>			
<b>8.1 Current expenditure</b>			
Auditors' remuneration		2,126	1,238
Contractors		33,858	24,055
Consultants and advisory services		83,006	78,810
Commissions and committees		880	582
Computer services		22	5,296
Other		4,960	4,539
		<b>124,852</b>	<b>114,520</b>
<b>8.2 Capital expenditure</b>			
Contractors		418,487	447,955
Consultants and advisory services		65,523	37,479
Commissions and committees		1,355	2,996
Computer services		9,991	7,681
Other		5,755	4,369
		<b>501,111</b>	<b>500,480</b>
<b>Total Professional and special services</b>		<b>625,963</b>	<b>615,000</b>
<b>9 Transfer payments</b>			
Transfers to municipalities	Annexure 1 B	243	334
Fencing subsidies		127	146
Maintenance subsidies		97	120
Transfer to KwaZulu-Natal Taxi Council		2,030	2,230
		<b>2,497</b>	<b>2,830</b>
<b>10 Miscellaneous</b>			
<b>10.1 Current Expenditure</b>			
Remissions, refunds and payments made as an act of grace	10.3	1	104
Gifts, donations and sponsorships made	10.4	-	109
Claims against the State		374	348
Levies: Drivers application fees		352	399
Interest and penalties		-	-
Other (stabilisation fund)		46	8
		<b>773</b>	<b>968</b>
<b>10.2 Capital Expenditure</b>			
Other (stabilisation fund)		-	1
		-	1
<b>Total miscellaneous expenditure</b>		<b>773</b>	<b>969</b>



# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>10.3 Remissions, refunds and payments made as an act of grace</b>			
<i>Nature and purpose</i>			
Losses incurred by emerging contractor due to unseasonal flooding		-	100
Other		1	4
		<u>1</u>	<u>104</u>
<b>10.4 Gifts, donations and sponsorships paid in cash and kind by the department (items expensed during the current year)</b>			
<i>Current</i>			
<i>Nature and purpose</i>			
Computers purchased for Bhekizwe HP School resource centre		-	81
Kwanaloga sponsorship		-	28
		<u>-</u>	<u>109</u>
<b>11 Special functions: Authorised losses</b>			
Other material losses written off	11.1	35,925	2,106
Debts written off	11.2	859	175
		<u>36,784</u>	<u>2,281</u>
<b>11.1 Other material losses written off in income statement in current period</b>			
<i>Nature</i>			
Firearms		-	6
Land and Buildings		-	1
Removal		27	38
Supplies and equipment deficits		218	201
Vehicle collisions and damages		1,443	1,310
Vehicle theft		161	509
Claims by the State		3,050	30
Miscellaneous		31,026	11
		<u>35,925</u>	<u>2,106</u>
<b>11.2 Debts written off</b>			
<i>Nature</i>			
Breach of contract		15	9
Salary overpayment		614	66
Tax debt		42	25
Other staff related write-off		188	75
		<u>859</u>	<u>175</u>
<b>12 Unauthorised and fruitless and wasteful expenditure disallowed</b>			
Unauthorised expenditure	12.2	46,114	15,283
Thefts and losses awaiting approval	12.3	3,998	4,045
		<u>50,112</u>	<u>19,328</u>
<b>12.1 Reconciliation of unauthorised expenditure balance</b>			
Opening balance		19,328	2,450
Unauthorised expenditure current year		30,831	15,283
Transfer to receivables for recovery		(47)	1,595
Closing balance		<u>50,112</u>	<u>19,328</u>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>12.2 Unauthorised expenditure</b>			
<i>Incident</i>			
Authorised losses in excess of savings on the Vote		30,831	-
Overspending of Programme 2: Roads - 2001/02		11,838	11,838
Overspending of Programme 4: Public Transport - 2001/02		3,034	3,034
Overspending of Programme 5: Auxiliary and Associated Services - 2001/02		411	411
		<u>46,114</u>	<u>15,283</u>
Overexpenditure on programmes during 2001/02 not yet approved by the Provincial Legislature.			
<b>12.3 Thefts and losses awaiting approval</b>			
<i>Case type</i>			
Vehicle collisions and damage		2,183	2,036
Vehicle thefts and losses		363	334
Supplies and equipment losses		265	256
Claims by the State		984	1,154
Other		203	265
		<u>3,998</u>	<u>4,045</u>
<b>13 Analysis of surplus</b>			
Voted funds to be surrendered to the National/Provincial Revenue Fund		5,953	(1,635)
Unauthorised expenditure		30,831	15,283
Non voted funds		449,072	403,258
Other revenue to be surrendered to the Revenue Fund		485,856	405,539
Authorised losses		(36,784)	(2,281)
Total		<u>485,856</u>	<u>416,906</u>
<b>14 Cash and cash equivalents</b>			
Cash on hand			
- Official imprest and petty cash		<u>155</u>	<u>173</u>
<b>15 Receivables - current</b>			
Amounts owing by other departments		8,499	49,623
Staff debtors	15.3	1,711	1,946
Other debtors	15.4	771	295
Advances	15.4	-	-
		<u>10,981</u>	<u>51,864</u>
<b>15.1 Amounts of R Nil (2002 : R 30,960 million) included above may not be recoverable, but has not been written off in the income statement.</b>			
<b>15.2 Age analysis – receivables current</b>			
Less than one year		9,790	19,105
One to two years		340	969
More than two years			
- Amount due from National Dept of Transport for the maintenance of National Roads		-	24,491
- Amount due from National Dept of Transport for national taxi projects implemented		-	6,469
- Other - Debtor debt		851	830
		<u>10,981</u>	<u>51,864</u>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>15.3 Staff debtors</b>			
Breach of study contract		4	92
Debt: BOC 100% Housing		-	37
Debt control bursary		-	(11)
Debt control persal other		83	250
Debt control state guarantee		-	(3)
Debt control tax debt		40	58
Debt control telephone		-	(8)
Debt control vehicle accident		4	(9)
Debt: Employee miscellaneous		(3)	309
Debt: Personal		-	137
Debtor debt (new debtors system)		1,542	967
Deduction disallowance accounts		13	28
Housing guarantee payment		17	291
Pension receipts		(369)	(756)
Persal disallowance control: Current		3	21
Persal disallowance control: Previous		-	(27)
S&T control account		92	182
Salary reversal control account		285	388
		<u>1,711</u>	<u>1,946</u>
<b>15.4 Other debtors</b>			
Abnormal load permits		-	4
Dishonoured cheques		170	198
Inter responsibility clearing account		-	1
Receipts suspense		598	89
Subsidised transport insurance		2	2
Suppliers disallowance control		1	1
		<u>771</u>	<u>295</u>
<b>16 Inventories</b>			
Value of inventories on hand		8,080	6,993
(Profit) / Loss on stores issues for the year		-	41
less: Capital funds		(3,902)	(3,902)
Stock: Transport		<u>4,178</u>	<u>3,132</u>
<b>17 Investments in controlled entities</b>			
Total investments in controlled entities	Annexure 2	-	-
<b>18 Voted funds to be surrendered</b>			
Opening balance		-	-
Transfer from income statement		-	11,367
Paid during the year		-	(11,367)
Closing balance		-	-
<b>19 Revenue funds to be surrendered</b>			
Opening balance		-	-
Transfer from income statement for revenue to be surrendered		485,856	405,539
Paid during the year		(485,856)	(405,539)
Closing balance		-	-
<b>20 Payables - current</b>			
<b>Description</b>			
Amounts owing to other departments		599	291
Advances received	20.1	9,518	2,272
Sundry payables	20.2	51	319
		<u>10,168</u>	<u>2,882</u>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	Note	2002/03 R'000	2001/02 R'000
<b>20.1 Advances received</b>			
<i>Received from</i>	<i>Purpose</i>		
National Department of Transport	Arrive Alive	106	524
	Bus subsidies	7,332	-
	Driver licence testing centers	1,137	-
	Freight projects	539	-
	National overloading control fund	404	1,748
		<b>9,518</b>	<b>2,272</b>
<b>20.2 Sundry payables</b>			
<i>Description</i>			
Abnormal load permit payovers		24	-
Abnormal load permit deposits		13	319
Tax - Committee members and casual labour		2	-
Inter responsibility clearing account		12	-
		<b>51</b>	<b>319</b>
<b>21 Other Payables</b>			
Department of Transport's portion of the provincial bank account		<b>55,258</b>	<b>71,615</b>
<b>22 Amounts owing to controlled entities</b>			
KwaZulu-Natal Taxi Council	Annexure 2	-	-
<b>23 Amounts owing by controlled entities</b>			
KwaZulu-Natal Taxi Council	Annexure 2	-	-
<b>24 Net cash flow generated by operating activities</b>			
Net surplus as per Income Statement		485,856	416,906
Adjusted for items separately disclosed		772,591	762,802
Proceeds from sale of equipment		(14,087)	(12,245)
Proceeds from sale of land and buildings		(7)	(177)
Proceeds from sale of inventory		(2,786)	(4,826)
Capital expenditure		789,471	780,050
Net cash flow generated by operating activities		<b>1,258,447</b>	<b>1,179,708</b>
<b>25 Cash generated (utilised) to (increase)/decrease working capital</b>			
(Increase) / decrease in unauthorised and fruitless and wasteful expenditure		(30,784)	(16,878)
(Increase) / decrease in receivables		40,883	3,803
(Increase) / decrease in inventories		(1,046)	(601)
Increase / (decrease) in payables		7,286	(6,614)
		<b>16,339</b>	<b>(20,290)</b>
<b>26 Voted funds and Revenue funds surrendered</b>			
Voted funds surrendered		-	11,367
Revenue funds surrendered		485,856	405,539
		<b>485,856</b>	<b>416,906</b>
<b>27 Cash and cash equivalents at end of period</b>			
Cash and cash equivalents		155	173
Other payables - Provincial Treasury		(55,258)	(71,615)
		<b>(55,103)</b>	<b>(71,442)</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

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

		Note	2002/03 R'000	2001/02 R'000
<b>28</b>	<b>Contingent liabilities</b>			
	<b>Liable to</b>			
	Motor vehicle guarantees	Employees	-	192
	Housing loan guarantees	Employees	3,695	3,716
	Claims		4,503	5,759
			<b>8,198</b>	<b>9,667</b>
<b>29</b>	<b>Commitments</b>			
	<b>Current expenditure</b>			
	Approved and contracted/ordered		-	-
	Approved but not yet contracted		2,195	1,606
			<b>2,195</b>	<b>1,606</b>
	<b>Capital expenditure</b>			
	Approved and contracted/ordered		6,569	6,462
	Approved but not yet contracted		8,369	22,500
			<b>14,938</b>	<b>28,962</b>
	Total Commitments		<b>17,133</b>	<b>30,568</b>
<b>30</b>	<b>Accruals</b>			
	<i>Listed by standard item</i>			
	Personnel		27	36
	Administrative		4,378	602
	Inventories		3,198	34
	Machinery and Equipment		2,956	498
	Land and buildings		2,348	-
	Professional and special services		16,232	914
	Miscellaneous		36	1
			<b>29,175</b>	<b>2,085</b>
	<i>Listed by programme</i>			
	Administration		3,575	374
	Roads		21,302	501
	Road Traffic		3,501	1,122
	Public Transport		552	88
	Auxillary and Associated Services		245	-
			<b>29,175</b>	<b>2,085</b>
<b>31</b>	<b>Employee benefits</b>			
	Leave entitlement		66,886	65,692
	Thirteenth cheque		8,241	8,967
			<b>75,127</b>	<b>74,659</b>



# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2003

	2002/03 R'000	2001/02 R'000
<b>32 Related party transactions</b>		
All transactions entered into by the department are concluded on an arm's length basis on terms and conditions reasonably expected in an open market.		
<b>33 Key management personnel</b>		
<b>33.1 Remuneration</b>		
Aggregate remuneration of the key management of the department	8,264	7,171
Number of individuals receiving remuneration within this category	22	19
<b>33.2 Other remuneration and compensation provided to key management and close members of the family of key management personnel</b>		
The total amount of all other remuneration and compensation provided to key management during the reporting period provided to: -		
• Minister	111	55
• Head: Transport	59	-
• Other members of key management	733	307
	<b>903</b>	<b>362</b>
<b>33.3 Loans that are not widely available (and/or widely known) to persons outside the key management</b>		
No loans, which are not widely available, were advanced to key management during the financial year.		

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1 Administration</b>	<b>102,416</b>	-	<b>102,416</b>	<b>96,884</b>	<b>5,532</b>	<b>94.6%</b>	<b>88,656</b>	<b>76,387</b>
Current	88,252	-	88,252	86,551	1,701	98.1%	2,581	2,591
Capital	14,164	-	14,164	10,333	3,831	73.0%	86,075	73,796
<b>2 Roads</b>	<b>877,931</b>	-	<b>877,931</b>	<b>877,764</b>	<b>167</b>	<b>100.0%</b>	<b>839,258</b>	<b>851,096</b>
Current	117,537	-	117,537	121,141	(3,604)	103.1%	116,841	106,182
Capital	760,394	-	760,394	756,623	3,771	99.5%	722,417	744,914
<b>3 Road Traffic</b>	<b>188,131</b>	-	<b>188,131</b>	<b>187,893</b>	<b>238</b>	<b>99.9%</b>	<b>159,929</b>	<b>158,550</b>
Current	179,510	-	179,510	181,206	(1,696)	100.9%	149,943	152,468
Capital	8,621	-	8,621	6,687	1,934	77.6%	9,986	6,082
<b>4 Public Transport</b>	<b>19,778</b>	-	<b>19,778</b>	<b>19,739</b>	<b>39</b>	<b>99.8%</b>	<b>16,670</b>	<b>19,704</b>
Current	19,778	-	19,778	19,739	39	99.8%	16,670	19,704
Capital	-	-	-	-	-	0.0%	-	-
<b>5 Auxillary and Associated Services</b>	<b>7,850</b>	-	<b>7,850</b>	<b>7,837</b>	<b>13</b>	<b>99.8%</b>	<b>8,677</b>	<b>9,088</b>
Current	-	-	-	-	-	0.0%	-	-
Capital	7,850	-	7,850	7,837	13	99.8%	8,677	9,088
<b>Sub-total</b>	<b>1,196,106</b>	-	<b>1,196,106</b>	<b>1,190,117</b>	<b>5,989</b>	<b>99.5%</b>	<b>1,113,190</b>	<b>1,114,825</b>
<b>Special Functions - Authorised Losses</b>	-	-	-	<b>36,784</b>	<b>(36,784)</b>	<b>100.0%</b>	-	<b>2,281</b>
Current	-	-	-	36,784	(36,784)	100.0%	-	2,281
Capital	-	-	-	-	-	0.0%	-	-
<b>Statutory Allocation</b>	<b>526</b>	-	<b>526</b>	<b>562</b>	<b>(36)</b>	<b>106.8%</b>	<b>526</b>	<b>526</b>
Current	526	-	526	562	(36)	106.8%	526	526
Capital	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>1,196,632</b>	-	<b>1,196,632</b>	<b>1,227,463</b>	<b>(30,831)</b>	<b>102.6%</b>	<b>1,113,716</b>	<b>1,117,632</b>

Direct charge against the National Revenue Fund	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Provinces Equitable Share	1,063,657	-	1,063,657	1,057,668	5,989	99.4%	1,045,011	1,046,646
Conditional Grant	132,449	-	132,449	132,449	-	100.0%	68,179	68,179
<b>Sub-total</b>	<b>1,196,106</b>	-	<b>1,196,106</b>	<b>1,190,117</b>	<b>5,989</b>	<b>99.5%</b>	<b>1,113,190</b>	<b>1,114,825</b>
Authorised Losses	-	-	-	36,784	(36,784)	100.0%	-	2,281
Statutory allocation	526	-	526	562	(36)	106.8%	526	526
<b>Total</b>	<b>1,196,632</b>	-	<b>1,196,632</b>	<b>1,227,463</b>	<b>(30,831)</b>	<b>102.6%</b>	<b>1,113,716</b>	<b>1,117,632</b>

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>405,077</b>	-	<b>405,077</b>	<b>408,692</b>	<b>(3,615)</b>	<b>100.9%</b>	<b>354,668</b>	<b>349,057</b>
Personnel	199,262	-	199,262	196,500	2,762	98.6%	170,319	148,531
Transfer payments	741	3,943	4,684	2,497	2,187	53.3%	641	600
Other	205,074	(3,943)	201,131	209,695	(8,564)	104.3%	183,708	199,926
<b>Capital</b>	<b>791,029</b>	-	<b>791,029</b>	<b>781,425</b>	<b>9,604</b>	<b>98.8%</b>	<b>758,522</b>	<b>765,768</b>
Transfer payments	-	-	-	-	-	0.0%	-	-
Acquisition of capital assets	791,029	-	791,029	781,425	9,604	98.8%	758,522	765,768
<b>Sub-total</b>	<b>1,196,106</b>	-	<b>1,196,106</b>	<b>1,190,117</b>	<b>5,989</b>	<b>99.5%</b>	<b>1,113,190</b>	<b>1,114,825</b>
Authorised Losses	-	-	-	36,784	(36,784)	0.0%	-	2,281
Statutory allocation	526	-	526	562	(36)	106.8%	526	526
<b>Total</b>	<b>1,196,632</b>	-	<b>1,196,632</b>	<b>1,227,463</b>	<b>(30,831)</b>	<b>102.6%</b>	<b>1,113,716</b>	<b>1,117,632</b>

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	327,245	-	327,245	318,127	9,118	97.2%	294,603	288,819
Administrative	74,184	(600)	73,584	69,471	4,113	94.4%	63,133	56,099
Inventories	75,390	(25)	75,365	74,419	946	98.7%	67,313	67,748
Equipment	65,498	(6)	65,492	64,902	590	99.1%	58,034	65,707
Land and buildings	37,206	-	37,206	33,964	3,242	91.3%	32,550	18,307
Professional and special services	614,332	(3312)	611,020	625,964	(14,944)	102.4%	595,703	616,576
Transfer payments	741	3943	4,684	2,497	2,187	53.3%	641	600
Miscellaneous	1,510	-	1,510	773	737	51.2%	1,213	969
<b>Sub-total</b>	<b>1,196,106</b>	-	<b>1,196,106</b>	<b>1,190,117</b>	<b>5,989</b>	<b>99.5%</b>	<b>1,113,190</b>	<b>1,114,825</b>
Authorised Losses	-	-	-	36,784	(36,784)	0.0%	-	2,281
Statutory allocation	526	-	526	562	(36)	106.8%	526	526
<b>Total</b>	<b>1,196,632</b>	-	<b>1,196,632</b>	<b>1,227,463</b>	<b>(30,831)</b>	<b>102.6%</b>	<b>1,113,716</b>	<b>1,117,632</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### DETAIL PER PROGRAMME 1: ADMINISTRATION FOR THE YEAR ENDED 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1 Minister</b>	<b>2,735</b>	-	<b>2,735</b>	<b>2,173</b>	<b>562</b>	<b>79.5%</b>	<b>2,581</b>	<b>2,591</b>
Current	2,435	-	2,435	2,173	262	89.2%	2,581	2,591
Capital	300	-	300	-	300	100.0%	-	-
<b>2 Management</b>	<b>99,681</b>	-	<b>99,681</b>	<b>94,711</b>	<b>4,970</b>	<b>95.0%</b>	<b>86,075</b>	<b>73,796</b>
Current	85,817	-	85,817	84,378	1,439	98.3%	86,633	68,113
Capital	13,864	-	13,864	10,333	3,531	74.5%	17,442	5,683
<b>Total</b>	<b>102,416</b>	-	<b>102,416</b>	<b>96,884</b>	<b>5,532</b>	<b>94.6%</b>	<b>88,656</b>	<b>76,387</b>

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>88,252</b>	-	<b>88,252</b>	<b>86,551</b>	<b>1,701</b>	<b>98.1%</b>	<b>71,214</b>	<b>70,704</b>
Personnel	40,088	-	40,088	40,533	(445)	101.1%	35,798	32,502
Transfer payments	-	-	-	-	-	0.0%	-	-
Other	48,164	-	48,164	46,018	2,146	95.5%	35,416	38,202
<b>Capital</b>	<b>14,164</b>	-	<b>14,164</b>	<b>10,333</b>	<b>3,831</b>	<b>73.0%</b>	<b>17,442</b>	<b>5,683</b>
Transfer payments	-	-	-	-	-	0.0%	-	-
Acquisition of capital assets	14,164	-	14,164	10,333	3,831	73.0%	17,442	5,683
<b>Total</b>	<b>102,416</b>	-	<b>102,416</b>	<b>96,884</b>	<b>5,532</b>	<b>0.0%</b>	<b>88,656</b>	<b>76,387</b>

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	40,088	-	40,088	40,533	(445)	101.1%	35,798	31,976
Administration	20,555	-	20,555	13,547	7,008	65.9%	15,422	10,465
Inventories	3,606	-	3,606	2,510	1,096	69.6%	2,290	1,906
Equipment	5,033	-	5,033	5,946	(913)	118.1%	3,395	3,151
Land and buildings	14,244	-	14,244	9,235	5,009	64.8%	16,744	8,016
Professional and special services	17,833	-	17,833	24,692	(6,859)	138.5%	14,853	20,305
Transfer payments	-	-	-	-	-	0.0%	-	-
Miscellaneous	1,057	-	1,057	421	636	39.8%	154	568
<b>Total</b>	<b>102,416</b>	-	<b>102,416</b>	<b>96,884</b>	<b>5,532</b>	<b>94.6%</b>	<b>88,656</b>	<b>76,387</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### DETAIL PER PROGRAMME 2: ROADS FOR THE YEAR ENDED 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1 Technical Support Services</b>	<b>37,378</b>	-	<b>37,378</b>	<b>34,928</b>	<b>2,450</b>	<b>93.4%</b>	<b>28,812</b>	<b>27,156</b>
Current	23,900	-	23,900	20,385	3,515	85.3%	28,812	27,156
Capital	13,478	-	13,478	14,543	(1,065)	107.9%	-	-
<b>2 Construction</b>	<b>122,391</b>	-	<b>122,391</b>	<b>134,213</b>	<b>(11,822)</b>	<b>109.7%</b>	<b>88,325</b>	<b>95,640</b>
Current	-	-	-	2,934	(2,934)	100.0%	18,375	20,992
Capital	122,391	-	122,391	131,279	(8,888)	107.3%	69,950	74,648
<b>3 Community Access Roads</b>	<b>210,502</b>	-	<b>210,502</b>	<b>207,054</b>	<b>3,448</b>	<b>98.4%</b>	<b>224,927</b>	<b>182,539</b>
Current	-	-	-	839	(839)	100.0%	-	366
Capital	210,502	-	210,502	206,215	4,287	98.0%	224,927	182,173
<b>4 Maintenance</b>	<b>422,050</b>	-	<b>422,050</b>	<b>416,365</b>	<b>5,685</b>	<b>98.7%</b>	<b>413,653</b>	<b>462,631</b>
Current	62,035	-	62,035	61,457	578	99.1%	69,014	57,068
Capital	360,015	-	360,015	354,908	5,107	98.6%	344,639	405,563
<b>5 Subsidies</b>	<b>740</b>	-	<b>740</b>	<b>467</b>	<b>273</b>	<b>63.1%</b>	<b>640</b>	<b>600</b>
Current	740	-	740	467	273	63.1%	640	600
Capital	-	-	-	-	-	100.0%	-	-
<b>6 Mechanical</b>	<b>84,870</b>	-	<b>84,870</b>	<b>84,736</b>	<b>134</b>	<b>99.8%</b>	<b>82,901</b>	<b>82,530</b>
Current	30,862	-	30,862	35,058	(4,196)	113.6%	-	-
Capital	54,008	-	54,008	49,678	4,330	92.0%	82,901	82,530
<b>Total</b>	<b>877,931</b>	-	<b>877,931</b>	<b>877,763</b>	<b>168</b>	<b>100.0%</b>	<b>839,258</b>	<b>851,096</b>

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>117,537</b>	-	<b>117,537</b>	<b>121,141</b>	<b>(3,604)</b>	<b>103.1%</b>	<b>116,841</b>	<b>106,182</b>
Personnel	64,094	-	64,094	63,393	701	98.9%	53,140	36,927
Transfer payments	740	-	740	467	273	63.1%	640	600
Other	52,703	-	52,703	57,281	(4,578)	108.7%	63,061	68,655
<b>Capital</b>	<b>760,394</b>	-	<b>760,394</b>	<b>756,623</b>	<b>3,771</b>	<b>99.5%</b>	<b>722,417</b>	<b>744,914</b>
Transfer payments	-	-	-	-	-	100.0%	-	-
Acquisition of capital assets	760,394	-	760,394	756,623	3,771	99.5%	722,417	744,914
<b>Total</b>	<b>877,931</b>	-	<b>877,931</b>	<b>877,764</b>	<b>167</b>	<b>100.0%</b>	<b>839,258</b>	<b>851,096</b>

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Personnel</b>	<b>192,077</b>	-	<b>192,077</b>	<b>185,021</b>	<b>7,056</b>	<b>96.3%</b>	<b>177,424</b>	<b>177,214</b>
Administrative	28,412	-	28,412	31,697	(3,285)	111.6%	28,407	25,120
Inventories	66,008	-	66,008	64,022	1,986	97.0%	60,263	60,883
Equipment	43,036	-	43,036	43,925	(889)	102.1%	39,688	46,673
Land and buildings	22,502	-	22,502	22,842	(340)	101.5%	12,130	9,134
Professional and special services	525,155	-	525,155	529,790	(4,635)	100.9%	519,806	531,471
Transfer payments	741	-	741	467	274	63.0%	640	600
Miscellaneous	-	-	-	-	-	100.0%	900	1
<b>Total</b>	<b>877,931</b>	-	<b>877,931</b>	<b>877,764</b>	<b>167</b>	<b>100.0%</b>	<b>839,258</b>	<b>851,096</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### DETAIL PER PROGRAMME 3: ROAD TRAFFIC FOR THE YEAR ENDED 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1 Transport Engineering	7,248	-	7,248	10,078	(2,830)	139.0%	11,424	6,240
Current	-	-	-	-	-	0.0%	4,938	-
Capital	7,248	-	7,248	10,078	(2,830)	139.0%	6,486	6,240
2 Law Enforcement	97,955	-	97,955	101,612	(3,657)	103.7%	99,698	82,467
Current	97,112	-	97,112	95,048	2,064	97.9%	96,198	76,294
Capital	843	-	843	6,564	(5,721)	778.6%	3,500	6,173
3 Vehicle Registration & Licensing	45,126	-	45,126	44,706	420	99.1%	39,641	42,238
Current	44,596	-	44,596	44,584	12	100.0%	39,641	42,238
Capital	530	-	530	122	408	23.0%	-	-
4 Road Safety Education	37,802	-	37,802	31,497	6,305	83.3%	9,166	27,605
Current	37,802	-	37,802	31,497	6,305	83.3%	9,166	27,605
Capital	-	-	-	-	-	100.0%	-	-
<b>Total</b>	<b>188,131</b>	<b>-</b>	<b>188,131</b>	<b>187,893</b>	<b>238</b>	<b>99.9%</b>	<b>159,929</b>	<b>158,550</b>

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	179,510	-	179,510	181,206	(1,696)	100.9%	149,943	152,468
Personnel	91,724	-	91,724	89,838	1,886	97.9%	79,031	76,888
Transfer payments	1	-	1	-	1	0.0%	1	-
Other	87,785	-	87,785	91,368	(3,583)	104.1%	70,911	75,580
Capital	8,621	-	8,621	6,687	1,934	77.6%	9,986	6,082
Transfer payments	-	-	-	-	-	0.0%	-	-
Acquisition of capital assets	8,621	-	8,621	6,687	1,934	77.6%	9,986	6,082
<b>Total</b>	<b>188,131</b>	<b>-</b>	<b>188,131</b>	<b>187,893</b>	<b>238</b>	<b>99.9%</b>	<b>159,929</b>	<b>158,550</b>

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	91,724	-	91,724	89,838	1,886	97.9%	79,031	76,889
Administrative	23,256	-	23,256	22,004	1,252	94.6%	18,705	18,127
Inventories	5,455	-	5,455	7,595	(2,140)	139.2%	4,606	4,799
Equipment	10,801	-	10,801	8,350	2,451	77.3%	7,383	8,277
Land and buildings	460	-	460	1,887	(1,427)	410.2%	3,676	1,157
Professional and special services	55,982	-	55,982	57,867	(1,885)	103.4%	46,368	48,901
Transfer payments	-	-	-	-	-	0.0%	1	-
Miscellaneous	453	-	453	352	101	77.7%	159	400
<b>Total</b>	<b>188,131</b>	<b>-</b>	<b>188,131</b>	<b>187,893</b>	<b>238</b>	<b>99.9%</b>	<b>159,929</b>	<b>158,550</b>



# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### DETAIL PER PROGRAMME 4: PUBLIC TRANSPORT FOR THE YEAR ENDED 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1 Public Transport</b>								
Current	19,778	-	19,778	19,739	39	99.8%	16,670	19,704
Capital	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>19,778</b>	<b>-</b>	<b>19,778</b>	<b>19,739</b>	<b>39</b>	<b>0.0%</b>	<b>16,670</b>	<b>19,704</b>

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>19,778</b>	<b>-</b>	<b>19,778</b>	<b>19,739</b>	<b>39</b>	<b>99.8%</b>	<b>16,670</b>	<b>19,704</b>
Personnel	3,356	-	3,356	2,735	621	81.5%	2,350	2,739
Transfer payments	-	3,943	3,943	2,030	1,913	51.5%	-	2,230
Other	16,422	(3,943)	12,479	14,974	(2,495)	120.0%	14,320	14,735
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>
Transfer payments	-	-	-	-	-	0.0%	-	-
Acquisition of capital assets	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>19,778</b>	<b>-</b>	<b>19,778</b>	<b>19,739</b>	<b>39</b>	<b>99.8%</b>	<b>16,670</b>	<b>19,704</b>

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	3,356	-	3,356	2,735	621	81.5%	2,350	2,739
Administrative	1,961	(600)	1,361	2,223	(862)	163.3%	599	1,734
Inventories	308	(25)	283	292	(9)	103.2%	142	159
Equipment	218	(6)	212	271	(59)	127.8%	69	278
Land and buildings	-	-	-	-	-	0.0%	-	-
Professional and special services	13,935	(3,312)	10,623	12,188	(1,565)	114.7%	13,510	12,564
Transfer payments	-	3,943	3,943	2,030	1,913	51.5%	-	2,230
Miscellaneous	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>19,778</b>	<b>-</b>	<b>19,778</b>	<b>19,739</b>	<b>39</b>	<b>99.8%</b>	<b>16,670</b>	<b>19,704</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### DETAIL PER PROGRAMME 5: AUXILLARY AND ASSOCIATED SERVICES FOR THE YEAR ENDED 31 MARCH 2003

Programme per subprogramme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1 Radio Communication Services	1,427	-	1,427	1,427	-	100.0%	1,166	1,759
Current	-	-	-	-	-	0.0%	-	-
Capital	1,427	-	1,427	1,427	-	100.0%	1,166	1,759
2 Standard Stock Account	13	-	13	-	13	0.0%	12	-
Current	-	-	-	-	-	0.0%	-	-
Capital	13	-	13	-	13	0.0%	12	-
3 Provincial Motor Transport	6,410	-	6,410	6,410	-	100.0%	7,499	7,329
Current	-	-	-	-	-	0.0%	-	-
Capital	6,410	-	6,410	6,410	-	100.0%	7,499	7,329
<b>Total</b>	<b>7,850</b>	<b>-</b>	<b>7,850</b>	<b>7,837</b>	<b>13</b>	<b>99.8%</b>	<b>8,677</b>	<b>9,088</b>

Economic classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	-	-	-	-	-	0.0%	-	-
Personnel	-	-	-	-	-	0.0%	-	-
Transfer payments	-	-	-	-	-	0.0%	-	-
Other	-	-	-	-	-	0.0%	-	-
Capital	7,850	-	7,850	7,837	13	0.0%	8,677	9,088
Transfer payments	-	-	-	-	-	0.0%	-	-
Acquisition of capital assets	7,850	-	7,850	7,837	13	99.8%	8,677	9,088
<b>Total</b>	<b>7,850</b>	<b>-</b>	<b>7,850</b>	<b>7,837</b>	<b>13</b>	<b>0.0%</b>	<b>8,677</b>	<b>9,088</b>

Standard item classification	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	-	-	-	-	-	0.0%	-	-
Administrative	-	-	-	-	-	0.0%	-	-
Inventories	13	-	13	-	13	0.0%	12	-
Equipment	6,410	-	6,410	6,410	-	100.0%	7,499	7,329
Land and buildings	-	-	-	-	-	0.0%	-	-
Professional and special services	1,427	-	1,427	1,427	-	100.0%	1,166	1,759
Transfer payments	-	-	-	-	-	0.0%	-	-
Miscellaneous	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>7,850</b>	<b>-</b>	<b>7,850</b>	<b>7,837</b>	<b>13</b>	<b>99.8%</b>	<b>8,677</b>	<b>9,088</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### Notes to the Appropriation Statement for the year ended 31 March 2003

1. Detail of current and capital transfers as per Appropriation Act (after Virement):  
The department transfers funds to municipalities during the year for the maintenance of Provincial roads running through the Municipal boundary. Detail of these transactions can be viewed in note 11 (Transfer payments) to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):  
Detail of these transactions can be viewed in note 1 (Charge to National/Provincial Revenue Fund) to the annual financial statements.

3. Detail of special functions (theft and losses)  
Detail of these transactions per programme can be viewed in note 12.5 (Details of special functions) to the annual financial statements.

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

4.1 Per programme:

*Programme 1: Administration*

The savings under this programme are as a result of delays experienced by the department in the commencement in the contract for the alterations to the Head Office Complex. The department has submitted a motivation to the Provincial Treasury for the roll-over of these funds to the 2003/04 financial year.

*Programme 2: Roads*

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

*Programme 3: Road Traffic*

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

*Programme 4: Public Transport*

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

*Programme 5: Auxillary and Associated Services*

The expenditure in this programme was in line with the adjusted budget and the department's expectations.

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### Notes to the Appropriation Statement for the year ended 31 March 2003

#### 4.2 Per standard item:

##### *Personnel and Administrative:*

The underexpenditure in this standard item is as a result of problems being experienced, by the department, in the appointment of staff as a result of Resolution 7 imposed upon the department by the Department of Public Service and Administration, and the lack of suitably qualified technical staff in the Engineering field.

##### *Inventories:*

The expenditure in this standard item is in line with the budget and the department's expectations.

##### *Equipment:*

The expenditure in this standard item is in line with the budget and the department's expectations.

##### *Land and buildings:*

The savings under this standard item are as a result of delays experienced by the department in the commencement in the contract for the alterations to the Head Office Complex.

##### *Professional and special services:*

The increased expenditure in this standard item is as a result of the adverse price of fuel and plant hire costs during the year. It should also be noted that the inflation rate in the construction industry was higher than the CPIX which is used as an inflation benchmark.

#### 5 Reconciliation of appropriation statement to income statement:

	2002/03 R'000	2001/02 R'000
Total expenditure per Appropriation Statement	1,227,463	1,117,632
Less: Investments acquired and capitalised during the current financial year - expensed for appropriation purposes	-	-
Add: Local and foreign aid assistance (including RDP funds)	-	-
Actual Expenditure per Income Statement	1,227,463	1,117,632

# FINANCIAL STATEMENTS

KwaZulu-Natal Department of Transport

## ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS RECEIVED BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2003

NAME OF DEPARTMENT (List each Grant per department)	GRANT ALLOCATION			EXPENDITURE			ANALYSIS		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual R'000	Unspent R'000	% of Available Spent R'000	Capital R'000	Current R'000
National Treasury - Infrastructure Grant	132,449	132,449	-	132,449	132,449	-	100%	132,449	-
<b>Total</b>	<b>132,449</b>	<b>132,449</b>	<b>-</b>	<b>132,449</b>	<b>132,449</b>	<b>-</b>	<b>100%</b>	<b>132,449</b>	<b>-</b>



# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### ANNEXURE 1B STATEMENT OF TRANSFERS TO MUNICIPALITIES BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2003

NAME OF MUNICIPALITY (List each Grant per Municipality)	GRANT ALLOCATION			EXPENDITURE			SPENT			Analysis		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Actual amount spent by Municipality R'000	Amount Unspent R'000	% of Transferred Spent R'000	Capital R'000	Current R'000
Utrecht Municipality	45	-	-	45	45	-	100%	45	-	100%	-	45
Umvoti Municipality	21	-	-	21	21	-	100%	21	-	100%	-	21
Umlomene Municipality	49	-	-	49	49	-	100%	49	-	100%	-	49
Elhekwiini Municipality	40	-	-	40	35	5	88%	35	5	88%	-	35
Danhauser Municipality	8	-	-	8	8	-	100%	8	-	100%	-	8
Kokstad Municipality	19	-	-	19	39	(20)	205%	39	(20)	205%	-	39
Edumbe Municipality	6	-	-	6	6	-	100%	6	-	100%	-	6
Abaqulusi Municipality	48	-	-	48	-	48	0%	-	48	0%	-	-
Umlalazi Municipality	24	-	-	24	24	-	100%	24	-	100%	-	24
Hlabiscus Coast	6	-	-	6	-	6	0%	-	6	0%	-	-
Matatielle Municipality	10	-	-	10	10	-	100%	10	-	100%	-	10
Mtonjaneni (Mtonzini)	6	-	-	6	6	-	100%	6	-	100%	-	6
Mndenj Municipality	1	-	-	1	-	1	0%	-	1	0%	-	-
To be determined	11	-	-	11	-	11	0%	-	11	0%	-	-
Total	294	-	-	294	243	51	83%	243	51	11	-	243

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### ANNEXURE 2 STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2003

Name of public Entity	Nature of public entities business	Relevant Act	Entity's PFMA Schedule type	% Held	Number of shares held		Cost of investment		Profit / Loss for the year		Are the losses guaranteed	Amt of losses guaranteed	Amounts owing to		Amounts owing by		AO Value of Investments	Audit Report Status		
					2002/03	2001/02	2002/03	2001/02	2002/03	2001/02			2002/03	2001/02	2002/03	2001/02				
KwaZulu-Natal Taxi Council	Provincial democratically elected taxi representative body to regulate and monitor the affairs of the taxi industry	Interim Minibus Taxi Act - Act 4 of 1998	3C	0%	-	-	-	-	-	-	No	-	-	-	-	-	R000's	U/Q/A/D	Unqualified	

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### ANNEXURE 3

#### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2003

DOMESTIC/ FOREIGN (provide separate returns for Domestic and Foreign)

Guaranteed institution	Original Guaranteed capital amount	Opening balance as at 01/04/2002	Guarantees issued during the year		Guarantees Paid/ Cancelled/ Reduced during the year	Closing Balance 31/03/2003	Realised losses i.r.o. claims paid out
			New	Paid			
	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Motor Vehicle Guarantees</b>							
Stannic	223	192	-	(192)	-	-	
<b>Housing Guarantees</b>							
ABSA Bank Limited	6,120	1,046	179	(170)	1,095	5	
BOE Bank Limited	1,164	551	-	(95)	205	-	
Cash Bank	-	16	-	-	-	-	
Peoples Bank FBC Fidelity Bank Limited	150	30	-	(12)	30	-	
FNB a division of Firststrand Bank Limited	4,959	518	13	(66)	907	-	
Ithala Bank Limited	37	7	-	-	7	-	
Nedbank Limited	730	85	183	(20)	141	-	
Permanent Bank a division of Nedcor Bank Limited	3,186	611	-	(78)	598	-	
Saambou Bank Limited	1,204	381	-	(44)	216	-	
Standard Bank of Southern Africa Limited	2,705	471	177	(147)	496	-	
	<b>20,255</b>	<b>3,716</b>	<b>552</b>	<b>(632)</b>	<b>3,695</b>	<b>5</b>	
<b>Total</b>	<b>20,478</b>	<b>3,908</b>	<b>552</b>	<b>(824)</b>	<b>3,695</b>	<b>5</b>	

# FINANCIAL STATEMENTS

## KwaZulu-Natal Department of Transport

### ANNEXURE 4

#### PHYSICAL ASSET MOVEMENT SCHEDULE (NOT INCLUDING INVENTORIES)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>LAND AND BUILDINGS</b>	-	743,799	-	-	-	742,595
Land	-	1,204	-	-	-	1,204
Dwellings	-	-	-	-	-	-
Non-Residential Buildings	-	27,097	-	-	-	27,097
Investment Properties	-	-	-	-	-	-
Other structures (Infrastructure Assets)	-	715,498	-	-	-	715,498
Mineral & Similar Non Regenerative Resources	-	-	-	-	-	-
Capital work in Progress	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	45,672	-	-	-	45,672
Computer equipment	-	6,703	-	-	-	6,703
Furniture and office equipment	-	5,433	-	-	-	5,433
Other machinery and equipment	-	24,409	-	-	-	24,409
Specialised military assets	-	-	-	-	-	-
Transport assets	-	9,127	-	-	-	9,127
	-	789,471	-	-	-	788,267
<b>PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02</b>						
	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>LAND AND BUILDINGS</b>	-	740,292	-	-	-	739,537
Land	-	755	-	-	-	755
Dwellings	-	-	-	-	-	-
Non-Residential Buildings	-	9,948	-	-	-	9,948
Investment Properties	-	-	-	-	-	-
Other structures (Infrastructure Assets)	-	729,589	-	-	-	729,589
Mineral & Similar Non Regenerative Resources	-	-	-	-	-	-
Capital work in Progress	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	39,758	-	-	-	39,758
Computer equipment	-	5,733	-	-	-	5,733
Furniture and office equipment	-	3,672	-	-	-	3,672
Other machinery and equipment	-	20,051	-	-	-	20,051
Specialised military assets	-	-	-	-	-	-
Transport assets	-	10,302	-	-	-	10,302
	-	780,050	-	-	-	779,295

# FINANCIAL STATEMENTS

## KwaZulu-Natal Taxi Council

COMMITTEE	MJ Lekokotla SG Manyathi LT Mtumi T Ndabana BC Ngiba (Chairman) VL Gumede SO Kubheka AM Mzelemu M E Mkhize	MJ Mthiyane A Sangweni BB Zondi MC Cele (Deceased June 2002) HR Majola PE Gumede (contract terminated) BV Molefe MJ Mabika (appointed 1/12/2002) M Mvelase (appointed 1/09/2002)
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NATURE OF BUSINESS Control and monitor the affairs of the taxi industry

AUDITORS Auditor-General

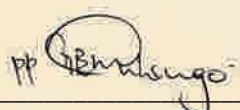
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DURBAN  
4000

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### APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been approved by the committee on 31 May 2003.

Signed on behalf of the committee by:



B C Ngiba (Chairman)



### Report of the Auditor-General to the members of the KwaZulu-Natal Provincial Legislature on the Financial Statements of the KwaZulu-Natal Taxi Council for the year ended 31 March 2003

#### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 160 to 164 for the year ended 31 March 2003 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No.12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

#### 2. NATURE AND SCOPE

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

An audit includes:

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

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

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

#### 3. UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the KwaZulu-Natal Taxi Council at 31 March 2003, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.

#### 4. APPRECIATION

The assistance rendered by the officials of the KwaZulu-Natal Taxi Council during the audit is sincerely appreciated.

for AUDITOR-GENERAL  
PIETERMARITZBURG  
31/07/2003



# FINANCIAL STATEMENTS

## KwaZulu-Natal Taxi Council

### INCOME STATEMENT for the year ended 31 March 2003 (Statement of Financial Performance)

	NOTE	2003 R	2002 R
<b>INCOME</b>		2,194,049	<b>2,384,725</b>
Funds received from the Department of Transport		2,194,049	2,384,725
<b>EXPENSES</b>		<b>2,194,049</b>	<b>2,384,725</b>
Administrative expenditure	2	558,088	656,519
Inventory	3	2,187	1,729
Equipment	4	-	222
Professional and special services	5	1,633,774	1,726,255
<b>NET SURPLUS / ( DEFICIT ) FOR THE YEAR</b>		<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Taxi Council

### BALANCE SHEET at 31 March 2003 (Statement of Financial Position)

	NOTE	2003 R	2002 R
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable	6	344,307	180,563
<b>Total assets</b>		<u>344,307</u>	<u>180,563</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	7	344,307	180,563
<b>Total liabilities</b>		<u>344,307</u>	<u>180,563</u>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Taxi Council

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

	2003 R	2002 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	-	-
Cash paid to suppliers and employees	(2,194,049)	(2,384,725)
Funds received from the Department of Transport	2,194,049	2,384,725
Movement on receivables and payables	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at beginning of period</b>	-	-
<b>Cash and cash equivalents at end of period</b>	-	-

# FINANCIAL STATEMENTS

## KwaZulu-Natal Taxi Council

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

#### 1. Basis of accounting

The financial statements have been, unless otherwise indicated, prepared on the historical cost basis in accordance with the under mentioned policies which have been applied consistently in all material respects.

##### 1.1. Underlying assumptions

The financial statements have been prepared on the accrual basis of accounting except where stated otherwise. Under the accrual basis of accounting transactions and other events are recognised as and when they occur.

However, where appropriate and meaningful, additional information has been disclosed to enhance Finance Management Act, Act 1 of 1999 , as amended by the Act.

The financial statements have been prepared on the historical cost basis and reliance is placed upon the fact that the entity is a going concern.

##### 1.2. Revenue

Revenue comprises transfer payments received from the Department of Transport and is recognised in the period in which the transaction giving rise to the revenue occurs.

##### 1.3. Expenditure

Expenditure includes both current and capital expenditure and these are recognised when incurred.

	2003 R	2002 R
<b>2. Administrative expenditure</b>		
Subsistence and Transport	495,130	509,440
Telephone repairs	-	-
Private motor transport	-	4,850
Departmental entertainment		9,130
RSC Levies	2,663	2,491
Training courses/ seminars	60,296	130,608
	<u>558,088</u>	<u>656,519</u>
<b>3. Inventory</b>		
Stationery	<u>2,187</u>	<u>1,729</u>

# FINANCIAL STATEMENTS

## KwaZulu-Natal Tax Council

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

	2003 R	2002 R
<b>4 Equipment</b>		
Hire: Other Equipment	<u>-</u>	<u>222</u>
<b>5. Professional and special services</b>		
Consultants and advisory services	743,791	898,830
Other - Security	59,350	-
State Attorney Costs	63,343	-
Board and committee members	767,290	827,425
	<u>1,633,774</u>	<u>1,726,255</u>
<b>6. Accounts receivable</b>		
Department of Transport	<u>344,307</u>	<u>180,563</u>
<b>7. Accounts payable</b>		
Various suppliers	<u>344,307</u>	<u>180,563</u>