

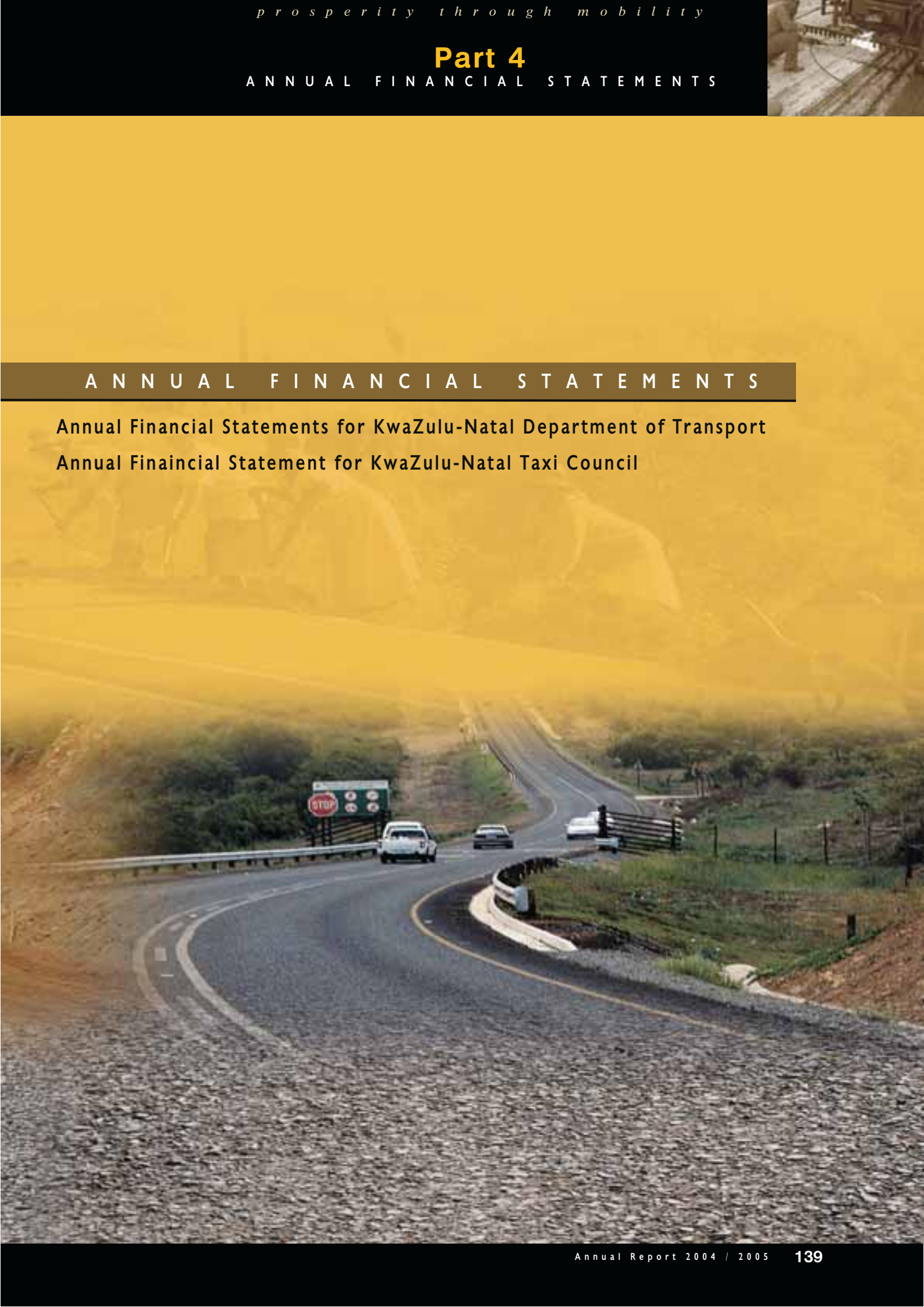
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ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for KwaZulu-Natal Department of Transport
Annual Financial Statement for KwaZulu-Natal Taxi Council



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ANNUAL FINANCIAL STATEMENTS FOR KWAZULU-NATAL DEPARTMENT OF TRANSPORT FOR THE YEAR ENDED 31 MARCH 2005

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MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2005 DEPARTMENT OF TRANSPORT

Report by the Accounting Officer to the Executive Authority and Provincial Legislature of the Province of KwaZulu-Natal, Republic of South Africa.

1. General Review of the State of Financial Affairs

Important Policy Decisions and Strategic Issues Facing the Department

The Department is serious about improving the quality of lives of people through our vision "Prosperity through Mobility", which is achieved by access, mobility, safety, affordability and prosperity - a requirement that must be fulfilled for every individual and every community of this Province.

The Department's mandated development goal is to construct and maintain a balanced road network that meets the mobility needs of all the citizens of KwaZulu-Natal and which supports our nation and provincial growth and development objectives. The budget allocations for road infrastructure have meant the Department had to strike a balance between the need to maintain existing road networks inherited from previous structures within the country and to develop new strategic corridors and provide communities with access roads.

During the 2004/05 financial year, the Department in its continued commitment to growth and development provided an effective, professional and consultative service to those previously disadvantaged and has created numerous job opportunities and an enabling environment for all to acquire expertise, skills and experience, especially the small enterprise sector in the rural areas.

The Department has also adopted a data driven approach to prioritizing road investments that is both consultative and proactive.

Programmes such as Zibambele, Vukuzakhe and Labour Intensive Road Construction, together with SETA and CETA learnerships, support the principles of the Expanded Public Works Programme (EPWP). This programme provides for the creation of short term employment and skills training opportunities, stimulating the SMME sector and generating new opportunities for self employment through the expansion of community livelihood opportunities. The successful implementation of the Road to Wealth and Job Creation Initiative – especially Zibambele and Vukuzakhe Programmes has stimulated even greater public demand for roads.

The African Renaissance Road Upgrading Programme (ARRUP) has created a new awareness within rural KwaZulu-Natal of how the upgrading of major transport corridors from gravel to blacktop can kick-start stagnant economies and create new opportunities on an unprecedented scale. This programme has made extensive use of local labour and local suppliers.

The Department, in partnership with the Vukuzakhe Provincial Council and Vukuzakhe Associations has supported the Vukuzakhe Programme to ensure that the contractors emerge and enter the market place as successful and competitive contractors. To this end the Department is in the advanced stage of investigating the implementation of a Public Private Partnership (PPP) for the maintenance and supply of major plant (such as graders and bulldozers) to both the Department and Vukuzakhe emerging contractors. The PPP is aimed at alleviating problems faced by emerging contractors in getting access to affordable and reliable plant, as this affects their performance, profit margins and credit worthiness.

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At the same time the Department is working closely with the eThekweni Municipality in planning their rural road network. The eThekweni Municipality has committed significant budgets to upgrade and develop its rural road network and has already adopted the Department's Zibambele and Vukuzakhe programmes.

The Department contributed to the revised PGDS during the year and continued to highlight the integral role of transport with regard to the various sectors targeted for key development initiatives in the province. These include the Tourism and Agricultural Sector, Trade and Industry, Spatial Development Initiatives and Urban Renewal Strategy and Integrated Sustainable Rural Development Programmes.

In line with PGDS, the Department has undertaken various programmes to achieve a balanced road network. To this end, the Department:

- Streamlined its capacity to respond to other sector demands for upgraded/new roads;
- Re-submitted to Treasury in 2003 an Implementation Plan outlining a strategy and budget requirement for conserving the existing road network over the new decade; and
- Contributed to the development of a National Road Infrastructure Strategic Framework for South Africa which is designed to secure appropriate budget levels to meet the road provision and maintenance needs of South Africa's road network.

The Department of Transport is in the process of finalizing its assessment of the payment of public transport subsidies in line with the White Paper on Transport and the National Land Transport Transition Act. The regulation of the Minibus Taxi Industry is an ongoing process which includes Taxi Recapitalisation and initiatives to diversify the economic base of the taxi industry through the establishment of Taxi Cities, Taxi Co-operatives and other enterprise developments and is currently preparing a strategy for the provincial implementation of the National Taxi Recapitalization Project.

In order to develop the Minibus Taxi Industry the Department enacted the KZN Interim Minibus Taxi Act, 1998 (Act No. 4 of 1998) which established a practical and enforceable regulatory framework to set standards and processes for the legitimization of taxi operations. The Act also ensured that members of the industry not complying with registration, licencing and permit requirements were excluded from the industry.

Projects such as Operation Shanela and the establishment of the Public Transport Enforcement Unit (PTEU) have already had a significant impact on the normalisation of the taxi industry in KwaZulu-Natal and will continue to operate as part of the Department's law enforcement operations. A Taxi Izimbizo was held during 2004 with leadership from both the taxi industry and enforcement agencies, with the aim of consolidating and diversifying the business interests of the taxi industry, disarming it and changing its mindset to ensure that the taxi industry in KwaZulu-Natal takes its rightful place as a critical pillar of the province's inter-modal transport system.

The Department of Transport is committed and challenged to build a People's Contract for a sustainable transport system that takes full cognizance of the fact that KwaZulu-Natal is the Gateway Province to South Africa's international trade. It is a national priority to develop an efficient freight system in support of a value added export economy. In light of this, the Department officially launched its White Paper on Freight Transport during October 2004. The White Paper deals with broad issues affecting all applicable modes of transport, in order to maintain and develop the freight transport system in KwaZulu-Natal.



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The Department has embraced the growing awareness that transport corridors, especially freight transport corridors, are also transmission corridors for communicable diseases. The Department has now included a communication and education component in its programme to raise awareness of appropriate preventative measures for avoiding the transmission of communicable diseases such as HIV and AIDS and TB.

The need to develop an integrated human resource development strategy which effectively aligns the demand and supply factors of the skills required in the transport, construction and civil engineering sectors have been realized through the acceleration of the Department's commitment towards targeting the Youth Empowerment Programme. This programme focuses on providing practical and experiential training for S3 students, as well as accommodating learnerships by providing a minimum of one hundred and fifty (150) placement opportunities per annum. The Department has continued to intensify the involvement of the youth in its activities and to provide training and temporary work for the unemployed youth to carry out economic activities that will lead to social upliftment.

Significant events

- The National Minister of Transport, Minister Jeff Radebe together with the MEC opened Road D1566 at Qhudeni in Nquthu;
- The MEC performed the official sod turning for the Pedestrian Bridge over the White uMfolozi River
- The official opening of one of the key African Renaissance Roads Upgrading Projects (ARRUP), Main Road P235 from Mtubatuba through Hlabisa and Nongoma to Vryheid;
- Opening of the Mpisi River Bridge in Maphumulo, near Stanger;
- The Department hosted an Interfaith Prayer Day for Road Safety which involved all religious leaders from different faiths;
- The Department hosted its Annual Report Back Summit in Pietermaritzburg;
- The Department officially launched a road safety partnership with the leaders of organised labour;
- Organisation and hosting of various Community Imbizo's to deal with subjects such as Taxi Violence, Community Safety and how the Department can improve its service delivery;
- 16 Days of Activism of Non-Violence Against Women;
- Summer Holiday Road Safety Plan;
- The graduation of the largest class of RTI Traffic Officers in the Province (96);

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Major Projects

Project value

Nongoma African Renaissance Road Upgrading Project	R 455 million
Ongoye African Renaissance Road Upgrading Project	R 226 million
Nkandla African Renaissance Road Upgrading Project	R 253 million
St Faiths African Renaissance Road Upgrading Project	R 221 million
Osizweni African Renaissance Road Upgrading Project	R 95 million
Ndwedwe African Renaissance Road Upgrading Project	R 112 million
Vulindlela African Renaissance Road Upgrading Project	R 55 million
Duffs Road (P577) Cabinet Projects	R 520 million
Ulundi-Empangeni (P700)	R 373 million

PROGRAMME 1: ADMINISTRATION

SAVINGS R28 000

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

Within the Department's organizational environment the major challenge that exists is in regards to human resource constraints. The availability of sufficiently skilled professional and managerial staff in the marketplace willing to work for Government has meant that the Department has had to be innovative in ensuring that the professional and managerial skills required for delivery are available.

PROGRAMME 2: ROAD INFRASTRUCTURE

OVER EXPENDITURE R639 000

The budget of this programme was overspent as a result of the expenditure on the construction of roads for the IEC. This placed an enormous strain on the budget and the Department was forced to implement stringent controls to ensure that the over expenditure was minimised.

The challenge facing the Department since 1994 has been to remedy road network inequalities that arose out of the Apartheid Government Policy of separate development, while at the same time maintaining the primary road network at an appropriate level. Inadequate funding levels for road infrastructure created a condition whereby the Department consciously chose to fund a road programme that would minimize the further deterioration of the primary road network while at the same time maximize the allocations needed to provide isolated rural communities with appropriate access. At the same time a conscious decision was taken to promote a proper awareness of the importance of road investments for the development of South Africa's economy. Clearly funding is the single largest constraint to the Department's successful delivery on its objectives. In order to address this, the Department continues to motivate to Treasury for additional funding to improve the allocation of funds for the maintenance of the network to ensure optimal usage of the available funds.

PROGRAMME 3: TRANSPORTATION

SAVINGS R2 000

The expenditure in this programme was in line with the adjusted budget and the Department's expectations. The challenge facing the Department since 1997, when it was devolved this function from the National sphere, has been the normalization of an industry that had operated in a largely unplanned, unregulated and un-enforced environment characterized by often violent conflict between Government and operators and between operators themselves. The result of this is an industry which has an innate distrust of Government and each other. It often operates in an



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unsustainable manner and often does not look after the interests and needs of the travelling public. The Department faces the challenge of the negative impact freight transport has on the road network. The impact of this movement of freight on the provincial economy is enormous both in terms of income generated and damage done to the provincial road network. The challenge for the Department is to formulate a structured provincial approach to freight transport in order to reduce the negative impact of road freight overloading on the road system whilst promoting BEE and development in a deregulated industry.

The country's successful bid for the 2010 Soccer World Cup places a great challenge on the public transport sector. The need for an integrated, efficient and user friendly public transport service is vital for the success of the Soccer World Cup.

PROGRAMME 4: TRAFFIC MANAGEMENT

SAVINGS R225 000

The expenditure in this programme was in line with the adjusted budget and the Department's expectations. The challenge facing the Department in regards to traffic management is ensuring the safe and efficient operation of road network. With the recovery of the South African economy since 1994 and the deregulation of the road freight industry in the 1980s the growth of freight and passenger trips on the road network in the province has grown significantly. Although the growth of traffic has been less severe on the provincial road network there has been a marked increase in traffic over the last 5 years.

Clearly the challenge in ensuring a consistent and sustained decrease in accidents is developing an integrated engineering, enforcement and educational strategy on a province wide basis based on identified needs in a consultative and data driven manner.

PROGRAMME 5: COMMUNITY BASED PROGRAMME

SAVINGS R51 000

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

2. Services rendered by the Department

2.1 List of Services

The services rendered by the Department are outlined in the programmes below:

PROGRAMME 1: ADMINISTRATION

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.

This programme has been central in transforming the Department's approach to service delivery in order to bring about greater integration, efficiency, effectiveness and sustainability. The Public Finance Management Act governs the financial management and corporate support services of the Department.

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In order to improve procurement of goods and services in the Department a supply chain management system is to be implemented. This will ensure that delays in the procurement process are minimized and that objectives of the Department in terms of procurement, such as Broad Based Black Economic Empowerment are attained.

PROGRAMME 2: ROAD INFRASTRUCTURE

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 needs for development of infrastructure, implementing maintenance programmes and providing access roads for communities to unlock economic potential, and promote community development and eco-tourism.

The objectives of this programme are: -

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

The policy of the Department since 1994 has been to remedy road network inequalities that arose out of the Apartheid Government Policy of separate development while at the same time maintaining the primary road network at an appropriate level.

In the report entitled "Implementation Plan for Conserving the Road Network" that was submitted to Treasury, the Department indicated that it required additional funding to address backlogs in the road network. This report had a two fold purpose, namely, securing a minimal equity road network and restoring the network to its true asset value by increasing the level of maintenance expenditure.

PROGRAMME 3: TRANSPORTATION

The purpose of this programme is to plan, regulate, enforce and develop public transport and freight transport in order to ensure balanced, equitable, safe and sustainable public and freight transport services.

The main function of this programme includes the development of policies and plans for public and freight transport service and supporting infrastructure; the regulation of public and freight transport services; and the enforcement of legislation in respect of public transport.

The expenditure for this programme was in line with the adjusted budget and the Department's expectation.

PROGRAMME 4: TRAFFIC MANAGEMENT

The purpose of this programme is to regulate traffic on all roads in the Province. The Department's integrated road safety programme is aimed at facilitating road safety campaigns and measures,



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developing policy in consultation with all relevant authorities charged with the responsibility for road safety and encouraging participation of all in road safety initiatives and awareness programmes.

The services rendered by this programme are as follows:

- To conduct road traffic law enforcement;
- To develop road safety educational programmes and train educators in traffic safety;
- To register and licence vehicles;
- To render technical services relating to mass measuring bridges;
- To conduct analysis and re-engineering of hazardous locations;

The major constraint experienced by the Department is the enforcement of road traffic legislators. In order to improve the effective utilization of enforcement officers the Department is developing a Scientific Officer Deployment Model. This model will allocate enforcement officers according to identified priority enforcement areas and high incident locations.

PROGRAMME 5: COMMUNITY BASED PROGRAMME

This programme caters for the development of programmes designed to empower and transfer skills to historically disadvantaged communities, thereby facilitating the process of active participation in the economy of the country. These include the development and management of programmes such as Zibambele, Vukuzakhe, Labour Based and Labour Intensive Construction.

The Department's flagship road infrastructure programmes have overwhelming public support and impacts on the social and economic upliftment of resource poor communities. The Vukuzakhe emerging contractor programme has developed a growing reputation within rural communities as a source of hope for work.

In order to improve the performance of the Staged Advancement Programme the Department is partnering with CETA to provide learnerships to Vukuzakhe contractors. These include programmes to improve credit worthiness and the procurement of supplies and plant.

2.2 Tariff Policy

Motor vehicle licence fees in the province are lower than those levied in various other provinces and international best practice. In order to address this, the motor vehicle registration and licencing fees increase by a factor which takes into account the current inflation rate, increases in other provinces and the discrepancies to the rates charged by other provinces. These increases are approved by the MEC for Transport and the Provincial Treasury. This policy will continue until such time as motor vehicle licence fees are better aligned to other provinces and international best practice.

2.3 Free Services

None

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2.4 Inventories

Value of Inventories on hand at year end is R10 695 221 and is made up as follows:

Fuel	R 5 000 000
Maintenance Material	R 3 078 085
Maintenance & Repairs	R 1 774 805
Others	R 842 331

3. Capacity Constraints

The historical performances and activities of the Department have led to an accumulation of learning over the years, leading the Department to recognise that there are two main factors that have extensive impact on delivery, and that influence the strategic Departmental outputs, namely:

- A budgetary allocation that is insufficient to deal with the infrastructure backlog and equitable transport infrastructure development; and
- The impact that HIV and AIDS has on the Department.

The greatest challenge facing the Department of Transport since 1994 has been the need to remedy road network inequalities that arose out of the Apartheid Government Policy of separate development, while at the same time maintaining the primary road network at an appropriate level. Inadequate funding levels for road infrastructure led the Department to consciously choose to fund a road programme that will minimise the further deterioration of the primary road network, while maximising the allocations needed to provide isolated rural communities with appropriate access. At the same time, a decision was taken to promote a proper awareness of the importance of road investments for the development of South Africa's economy.

To achieve this, since 1994, the Department has worked diligently to restructure its organisation and revolutionise the way it executes its mandate. The Department has committed itself to the provision of a balanced road network that is both equitable, sustainable, in line with the PGDS (Provincial Growth and Development Strategy), and will maximise social and economic development where it is currently needed most.

The impact of the movement of freight on the provincial economy is enormous, both in terms of income generated by the industry and damage done to the road network. This is compounded by the continued movement of freight transport from rail to road-based modes. The challenge is to formulate a structured provincial approach to freight transport in order to reduce the negative impact of road freight overloading on the road system, while promoting Black Economic Empowerment (BEE) and development in a deregulated industry. The need for a structured provincial approach to freight planning, regulation, enforcement and development is thus vital.

One of the major constraints facing the Department is the lack of appropriate information technology systems to assist the Department in making data driven decisions. The ability of the Department to develop appropriate strategies for the attainment of its objectives is greatly influenced by the availability of reliable and comprehensive data to inform strategic planning. Such information is currently inadequate, as is the ability of the Department to use the information that are available. In order to address this, the Department is developing systems and capacity for strategic planning and delivery management, and is working in partnership with the Provincial Treasury to improve infrastructure delivery management in the Department.



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One of the major constraints is the lack of appropriate information technology systems to assist the Department in making data driven decisions. Specifically there is a need for integrated project management and financial management systems. In order to address this, the Department is developing systems and capacity for strategic planning and delivery management. The Department is working in partnership with Treasury in order to improve infrastructure delivery management within the Department.

4. Utilisation of Donor funds

No donor funds were received for the year ending 31 March 2005.

5. Trading entities and public entities

The KwaZulu-Natal Taxi Council listed on Schedule 3C of the Public Finance Management Act reports to the KwaZulu-Natal Minister of Transport.

6. Organisations to whom transfer payments have been made

Transfer Subsidies are made for the following purposes:

- The KZN Taxi Council
- The District Municipalities for the Regional Services Council (RSC) levies
- 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.
- Municipalities: Maintenance of Provincial Roads that traverse built up areas with Local Municipalities.
- Local Roads: Paid to various organizations and farmers for maintenance of certain local roads.
- eThekweni Metropolitan Council: Contribution made to the eThekweni Transport Authority.

7. Public Private Partnerships (PPP)

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

The KwaZulu-Natal Department of Transport has completed a feasibility study and is awaiting Treasury approval to continue with the process to enter into a PPP for the provision of plant for the Department's internal use as well as for the use of emerging contractors participating in its Vukuzakhe program.

8. Corporate Governance Arrangements

The Department operates in compliance with the Constitution of the Republic of South Africa, the Public Finance Management Act, the Public Service Act and all other relevant legislation governing its operations.

9. Discontinued activities

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

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10 New/proposed activities

No new activities were undertaken by the Department during the financial year under review.

11 Events after the reporting date

No significant events have occurred after the reporting date which will influence the interpretation of the results under review.

12 Performance information

The following are the key services delivered by the Department during the financial year under review:

Service delivery measures – Programme 2: Road Infrastructure

Outputs	Performance Measures	Performance targets	
		2004/05 Estimate	2004/05 Actual
Surfaced Roads			
1. Rehabilitation of surfaced roads	<ul style="list-style-type: none"> No. of square metres: Light rehabilitation No. of square metres: Heavy rehabilitation 	550 000 330 000	462 558 438 546
2. Maintain surfaced roads	<ul style="list-style-type: none"> No. of square metres: Tared roads resealed No. of square metres: Blacktop patching 	750 000 90 000	679 942 107 826
3. Upgrade to surfaced roads	<ul style="list-style-type: none"> Kilometres upgraded: ARRUP roads Kilometres upgraded: P700 Ulundi-Richards Bay Road Kilometres upgraded: Agricultural roads 	41 10 15	42 11 20
Gravel Roads			
4. Construct local access roads	<ul style="list-style-type: none"> Kilometres of gravel roads constructed Kilometres constructed IEC roads 	420 220	430 230
5. Maintain local roads - Zibambele	Kilometres maintained using Zibambele contractors	13 400	15 243
6. Maintain gravel roads	<ul style="list-style-type: none"> Kilometres of road: blading Kilometres of road: regravelling Kilometres of road: betterment and gravelling 	75 000 420 380	79 009 431 475
General			
7. Construction of causeways and bridges	<ul style="list-style-type: none"> Number of causeways constructed Number of bridges constructed Number of pedestrian bridges constructed 	58 6 2	57 11 2

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Service delivery measures – Programme 3: Traffic Management

Outputs	Performance measures	Performance targets	
		2004/05 Estimate	2004/05 Actual
1. Provide a safe road environment through community outreach and development	• Number of awareness campaigns	22	42
	• Number of Community Road Safety Councils (CRSCs) trained	35	35
2. Overloading control enforcement	• Number of vehicles weighed	220 000	109 224
3. Promote safe use of public roads	• Number of vehicles timed for speed	6 000 000	6 058 884
	• Number of vehicles checked in road side checks	620 000	645 223
	• Number of kilometres patrolled	2 700 000	2 976 480

13. SCOPA Resolutions

The following resolutions were made by the Standing Committee on Public Accounts with regard to the Auditor-General's report on the Departments 2003/04 financial statements.

SCOPA Resolution

Resolution 59/2004:

Documents not stamped "Paid"

Management Comment

- Training of departmental staff by the Internal Compliance section has been undertaken during the year to improve compliance to internal controls in the Department

Resolution 36/2004:

Irregular procurement practices at cost centres

- Training of departmental staff by the Internal Compliance section has been undertaken during the year to improve compliance to internal controls in the Department
- Appointment of Regional Financial Managers with an accounting qualification in each region to enhance financial management and internal controls in the regions
- Extensive training with regard to procurement regulations has been undertaken by the Procurement staff to improve procurement practices in the Department

Resolution 37/2004:

Weak control environment

- Training of departmental staff by the Internal Compliance section has been undertaken during the year to improve compliance to internal controls in the Department
- Appointment of Regional Financial Managers with an accounting qualification in each region to enhance financial management and internal controls in the regions

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- Extensive training with regard to procurement regulations has been undertaken by the Procurement staff to improve procurement practices in the Department
- Implementation and training on Provincial Practice Notes.
- The phased implementation of a Provincial Asset Management System in conjunction with the Provincial Treasury
- Appointment of Zibambebe supervisors in the regions to improve controls over these contractors
- The finalisation of the regional organisational structures and the appointment of additional administrative staff to improve organisational efficiency.


Resolution 104/2004

Unauthorised expenditure in the 2003/04 financial year

- The Standing Committee on Public Accounts has recommended that this unauthorised expenditure be approved.

Approval

The attached Annual Financial Statements have been approved by the Accounting Officer.



Dr KB Mbanjwa
HEAD: TRANSPORT
31 May 2005



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A N N U A L F I N A N C I A L S T A T E M E N T S

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 12-DEPARTMENT OF TRANSPORT FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 158 to 198 for the year ended 31 March 2005 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 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

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REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2005

3. QUALIFICATION

3.1 Asset management

a) Fixed assets

The Department does not have a proper asset management system in place for furniture and equipment to ensure the effective, economical and transparent use of the Department's assets. The Department's records did not permit the application of adequate alternative procedures.

Consequently, the existence and completeness of the Department's assets could not be verified.

b) Inventory

My audit of inventory revealed numerous shortcomings relating to the recording and control of stock, and the reconciliation of physical stock to the subsidiary stock records. Consequently the existence and completeness of inventory could not be verified.

The above is in contravention with Treasury Regulation 10.1, issued in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Department of Transport at 31 March 2005 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the PFMA.

5. EMPHASIS OF MATTER

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

5.1 Personnel expenditure

The department does not have a documented policy and procedure for the reconciliation of the total monthly salary expenditure as recorded on the Basic Accounting System (BAS) to PERSAL. An unexplained difference of R5 451 594 was noted between the amounts paid per PERSAL and the amounts recorded in the financial statements.



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REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2005

5.2 Prior year error

During the audit an error relating to the incorrect clearing of control accounts on the bank reconciliation was identified. An investigation revealed that departmental revenue had been materially overstated in the prior year. The effect of the adjustments processed on the comparative amounts in the financial statements was as follows:-

	R
Decrease revenue	8 442 790
Increase bank overdraft	8 442 790
Decrease departmental revenue to be surrendered to the revenue fund	8 442 790

5.3 Financial management

During the audit various control weaknesses were identified and reported which indicate that the laid down routine controls were not adequately developed or monitored to ensure that it operated as designed at all Regional Offices and that the delegated responsibilities had been properly discharged.

5.4 Provincial vehicle fleet

The Department conducted the annual physical verification of the provincial vehicle fleet in order to ensure that an accurate Provincial Vehicle Asset Register is maintained. This exercise was not successful due to the lack of co-operation from departments resulting in only 62 per cent of the Department's and 73 per cent of the provincial fleet being verified.

5.5 Computer assisted audit technique exceptions

Computer assisted audit techniques were again applied this year to the data downloaded from the Motor Licencing Bureau's National Traffic information System (NATIS). Some progress in rectifying the errors identified in prior years has taken place during the year. A major area of concern is still the duplicate chassis numbers, which is currently the most important vehicle identification number.

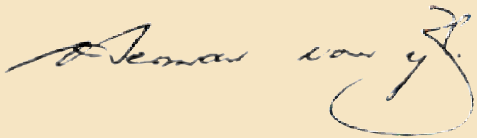
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ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2005

6. APPRECIATION

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



H van Zyl for Auditor-General

Pietermaritzburg

29 July 2005



AUDITOR - GENERAL



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Part 4**A N N U A L F I N A N C I A L S T A T E M E N T S****ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2005**

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual 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 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice, have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. 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**Appropriated funds**

Voted funds are the amounts appropriated to a Department in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial Revenue Fund, unless otherwise stated.

Departmental revenue***Tax revenue***

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Part 4**A N N U A L F I N A N C I A L S T A T E M E N T S****ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2005*****Interest, dividends and rent on land***

Interest and dividends received are recognised upon receipt of the funds and no provision 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 Statement of Financial Performance of the Department and then transferred to the Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the Statement of Financial Performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets is recognised as Revenue in the Statement of Financial Performance on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is re-issued the payment is made from Revenue.

3. Expenditure***Compensation of employees***

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

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

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

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Part 4**A N N U A L F I N A N C I A L S T A T E M E N T S****ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2005*****Long-term employee benefits and other post employment benefits******Termination benefits***

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The Department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the Department.

Post employment retirement benefits

The Department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the Department. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services was used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the Department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

Part 4**A N N U A L F I N A N C I A L S T A T E M E N T S****ACCOUNTING POLICIES*****Unauthorised expenditure***

Unauthorised expenditure, is defined as:

- 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.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure, is defined as :

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

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

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

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

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.



Part 4**A N N U A L F I N A N C I A L S T A T E M E N T S****ACCOUNTING POLICIES****6. Investments**

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the

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ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Department; or a present obligation that arises from past events but is not recognised because:

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

Contingent liabilities are not recognised in the Statement of Financial Position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

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

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the Department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.



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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Appropriation per Programme						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1. ADMINISTRATION									
Current payment	87 416	(6 909)	-	80 507	81 975	(1 468)	101,8%	81 512	83 072
Transfers and subsidies	311	-	-	311	1 638	(1 327)	526,7%	249	-
Expenditure for capital assets	20 653	(5 000)	-	15 653	12 830	2 823	82,0%	21 550	3 441
2. ROAD INFRASTRUCTURE									
Current payment	310 425	-	12 000	322 425	363 309	(40 884)	112,7%	161 186	140 396
Transfers and subsidies	19 996	-	(12 000)	7 996	2 583	5 413	32,3%	5 179	855
Expenditure for capital assets	1 053 428	-	-	1 053 428	1 018 596	34 832	96,7%	1 011 272	1 038 257
3. TRANSPORTATION									
Current payment	24 825	-	-	24 825	24 931	(106)	100,4%	23 848	26 584
Transfers and subsidies	5 644	-	-	5 644	5 631	13	99,8%	5 363	5 300
Expenditure for capital assets	500	-	-	500	405	95	81,0%	-	-
4. TRAFFIC MANAGEMENT									
Current payment	233 051	6 909	-	239 960	237 612	2 348	99,0%	212 903	214 427
Transfers and subsidies	1 358	-	-	1 358	260	1 098	19,1%	303	-
Expenditure for capital assets	20 000	5 000	-	25 000	28 022	(3 022)	112,1%	5 456	16 707
5. COMMUNITY BASED									
Current payment	27 009	-	-	27 009	32 259	(5 250)	119,4%	31 956	24 533
Transfers and subsidies	31	-	-	31	32	(1)	103,2%	30	-
Expenditure for capital assets	5 000	-	-	5 000	(302)	5 302	(60%)	-	7 091
Current payment	-	-	-	-	481	(481)	0,0%	-	4 835
Subtotal	1 809 647	-	-	1 809 647	1 810 262	(615)	100,0%	1 560 807	1 565 498
Statutory Appropriation									
Total	1 809 647	-	-	1 809 647	1 810 262	(615)	100,0%	1 560 807	1 565 498
Departmental receipts				614 211				564 659	
Actual amounts per Statement of Financial Performance (Total Revenue)				2 423 858				2 125 466	
Actual amounts per Statement of Financial Performance Expenditure					1 810 262				1 565 498

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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Appropriation per Economic Classification							2003/04	
	2004/05							Final Appropriation R'000	Actual Payment R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation		
Current payments									
Compensation to employees	342 286	-	-	342 286	367 959	(25 673)	107.5%	216 772	226 400
Goods and services	340 440	-	12 000	352 440	372 107	(19 667)	105.6%	294 633	261 894
Interest and rent on land	-	-	-	-	18	(18)	0.0%	-	718
Financial transactions in assets and liabilities	-	-	-	-	481	(481)	0.0%	-	4 835
Transfers & subsidies									
Provinces & municipalities	19 746	-	-	7 746	1 408	6 338	18.2%	5 162	741
Departmental agencies & Accounts	5 764	-	(12 000)	5 764	6 498	(734)	112.7%	5 300	5 300
Public corporations & private enterprises	-	-	-	-	139	(139)	0.0%	-	-
Households	1 830	-	-	1 830	1 851	(21)	101.1%	520	114
Gifts and donations	-	-	-	-	249	(249)	0.0%	142	-
Payment on capital assets									
Buildings & other fixed structures	1 047 660	-	-	1 047 660	1 010 107	37 553	96.4%	996 190	1 024 111
Machinery & equipment	51 921	-	-	51 921	49 375	2 546	95.1%	42 088	41 385
Software & other intangible assets	-	-	-	-	70	(70)	0.0%	-	-
Total	1 809 647	-	-	1 809 647	1 810 262	(615)	100.0%	1 560 807	1 565 498

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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT

Detail per programme 1 - ADMINISTRATION

for the year ended 31 March 2005

Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
1.1 OFFICE OF THE MEC	3 563	-	-	3 563	3 439	124	96,5%	3 433	3 471
Current payment	-	-	-	-	29	(29)	0,0%	-	-
Transfers and subsidies	-	-	-	-	111	(111)	0,0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
1.2 MANAGEMENT	9 439	-	-	9 439	8 541	898	90,5%	8 340	14 020
Current payment	164	-	-	164	282	(118)	172,0%	142	-
Transfers and subsidies	-	-	-	-	737	(737)	0,0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
1.3 CORPORATE SUPPORT	59 364	(6 909)	-	52 455	52 987	(532)	101,0%	55 570	58 308
Current payment	7 743	(5 000)	-	2 743	882	(882)	0,0%	-	-
Transfers and subsidies	-	-	-	-	1 244	1 499	45,4%	8 206	1 366
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
1.4 PROGRAMME SUPPORT OFFICE	15 050	-	-	15 050	17 008	(1 958)	113,0%	14 169	7 273
Current payment	147	-	-	147	445	(298)	302,7%	107	-
Transfers and subsidies	12 910	-	-	12 910	10 738	2 172	83,2%	13 344	2 075
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
Total	108 380	(11 909)	-	96 471	96 443	28	100,0%	103 311	86 513
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
Current payments	36 976	(5 181)	-	31 795	35 940	(4 145)	113,0%	43 780	31 475
Compensation to employees	50 440	(1 728)	-	48 712	46 017	2 695	94,5%	37 732	51 597
Goods and services	-	-	-	-	18	(18)	0,0%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers & subsidies	147	-	-	147	122	25	83,0%	107	-
Provinces & municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies & accounts	164	-	-	164	898	(734)	547,6%	-	-
Public corporations & private enterprises	-	-	-	-	138	(138)	0,0%	-	-
Households	-	-	-	-	262	(262)	0,0%	-	-
Gifts and donations	-	-	-	-	218	(218)	0,0%	142	-
Payments for capital assets	12 910	-	-	12 910	10 805	2 105	83,7%	13 344	2 075
Buildings & other fixed structures	7 743	(5 000)	-	2 743	2 025	718	73,8%	8 206	1 366
Machinery & equipment	-	-	-	-	-	-	-	-	-
Total	108 380	(11 909)	-	96 471	96 443	28	100,0%	103 311	86 513

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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT

Detail per programme 2 - ROAD INFRASTRUCTURE
for the year ended 31 March 2005

Programme per subprogramme	2004/05				2003/04				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
2.1 PROGRAMME SUPPORT OFFICE									
Current payment	105 056	-	-	105 056	83 384	21 672	79.4%	31 351	22 998
Transfers and subsidies	5 460	-	-	5 460	1 174	4 286	21.5%	859	-
Expenditure for capital assets	-	-	-	-	24 839	(24 839)	0.0%	-	-
2.2 PLANNING									
Current payment	29 643	-	-	29 643	7 222	22 421	24.4%	8 729	9 795
Transfers and subsidies	-	-	-	-	(1)	1	0.0%	-	-
Expenditure for capital assets	-	-	-	-	6 523	(6 523)	0.0%	13 565	16 107
2.3 DESIGN									
Current payment	9 766	-	-	9 766	-	9 766	0.0%	9 300	2 290
Expenditure for capital assets	-	-	-	-	13 215	(13 215)	0.0%	-	-
2.4 CONSTRUCTION									
Current payment	-	-	-	-	400	(400)	0.0%	-	1 361
Transfers and subsidies	-	-	-	-	31	(31)	0.0%	-	-
Expenditure for capital assets	641 327	-	-	641 327	693 078	(51 751)	108.1%	501 303	427 978
2.5 MAINTENANCE									
Current payment	165 960	-	12 000	177 960	272 116	(94 156)	152.9%	111 806	100 485
Transfers and subsidies	412 101	-	-	412 101	1 327	(1 327)	0.0%	-	-
Expenditure for capital assets	-	-	-	-	280 188	131 913	68.0%	496 404	594 172
2.6 FINANCIAL ASSISTANCE									
Current payment	14 536	-	(12 000)	2 536	187	(1 87)	0%	-	3 467
Transfers and subsidies	-	-	-	-	52	2 484	2.1%	4 320	855
Expenditure for capital assets	-	-	-	-	753	753	0.0%	-	-
Total	1 383 849	-	-	1 383 849	1 384 488	(639)	100.0%	1 177 637	1 179 508

Economic classification	2004/05				2003/04				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
Current									
Compensation to employees	153 570	-	-	153 570	169 506	(15 936)	110.4%	50 537	77 403
Goods and services	156 855	-	12 000	168 855	193 801	(24 946)	114.8%	110 649	62 275
Interest and rent on land	-	-	-	-	-	-	0.0%	-	718
Transfers & subsidies									
Provinces & municipalities	18 166	-	(12 000)	6 166	1 171	4 995	19.0%	4 659	741
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Households	1 830	-	-	1 830	1	(1)	0.0%	-	-
Gifts and donations	-	-	-	-	31	(31)	0.0%	520	114
Capital									
Buildings & other fixed structures	1 025 750	-	-	1 025 750	993 745	32 005	96.9%	982 846	1 013 091
Machinery & equipment	27 678	-	-	27 678	24 789	2 889	89.6%	28 426	25 166
Software & other intangible assets	-	-	-	-	63	(63)	0.0%	-	-
Total	1 383 849	-	-	1 383 849	1 384 488	(639)	100.0%	1 177 637	1 179 508

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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT Detail per programme 3 - TRANSPORTATION for the year ended 31 March 2005

Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
3.1 PROGRAMME SUPPORT OFFICE	967	-	-	967	1 623	(656)	167.8%	764	2 000
Current payment	44	-	-	44	31	13	70.5%	63	-
Transfers and subsidies	-	-	-	-	29	(29)	0.0%	-	-
Expenditure for capital assets	18 122	-	-	18 122	13 702	4 420	75.6%	17 647	19 189
3.2 PLANNING	500	-	-	500	355	145	71.0%	-	-
Current payment	-	-	-	-	-	-	0.0%	5 437	5 395
Expenditure for capital assets	5 600	-	-	5 600	5 600	-	100.0%	5 300	5 300
3.3 EMPOWERMENT AND INSTITUTIONAL MANAGEMENT	5 736	-	-	5 736	9 606	(3 870)	167.5%	-	-
Current payment	-	-	-	-	21	(21)	0.0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
Total	30 969	-	-	30 969	30 967	2	100.0%	29 211	31 884
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
Current	9 269	-	-	9 269	9 580	(311)	103.4%	5 556	5 049
Compensation to employees	15 556	-	-	15 556	15 351	205	98.7%	18 292	21 535
Goods and services	44	-	-	44	31	13	70.5%	63	-
Transfers & subsidies	5 600	-	-	5 600	5 600	-	100.0%	5 300	5 300
Provinces & municipalities	-	-	-	-	42	(42)	0.0%	-	-
Dept agencies & accounts	-	-	-	-	360	140	72.0%	-	-
Capital	-	-	-	-	3	(3)	0.0%	-	-
Buildings & other fixed structures	500	-	-	500	500	-	100.0%	-	-
Machinery & equipment	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	-	-
Total	30 969	-	-	30 969	30 967	2	100.0%	29 211	31 884

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APPROPRIATION STATEMENT

Detail per programme 4 - TRAFFIC MANAGEMENT

for the year ended 31 March 2005

Programme per subprogramme	2004/05					2003/04				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000	
4.1 PROGRAMME SUPPORT OFFICE										
Current payment	9 142	-	-	9 142	12 215	(3 073)	133,6%	9 697	4 384	
Transfers and subsidies	1 358	-	-	1 358	625	733	46,0%	303	-	
Expenditure for capital assets	-	-	-	-	188	(188)	0,0%	-	-	
4.2 SAFETY ENGINEERING										
Current payment	10 134	-	-	10 134	-	10 134	0,0%	9 651	3 390	
Expenditure for capital assets	5 000	-	-	5 000	3 570	1 430	71,4%	-	1 896	
4.3 TRAFFIC LAW ENFORCEMENT										
Current payment	123 881	-	-	123 881	137 802	(13 921)	111,2%	104 179	113 960	
Transfers and subsidies	-	-	-	-	(389)	389	0,0%	-	-	
Expenditure for capital assets	8 000	-	-	8 000	9 426	(1 426)	117,9%	2 573	8 755	
4.4 ROAD SAFETY EDUCATION										
Current payment	33 806	-	-	33 806	34 942	(1 136)	103,4%	36 958	31 605	
Expenditure for capital assets	5 000	-	-	5 000	5 317	(317)	106,3%	-	-	
4.5 TRANSPORT ADMINISTRATION AND LICENCING										
Current payment	55 828	6 909	-	62 737	50 610	12 127	80,7%	52 168	61 088	
Transfers and subsidies	-	-	-	-	24	(24)	0,0%	-	-	
Expenditure for capital assets	2 000	5 000	-	7 000	9 521	(2 521)	136,0%	2 883	6 066	
4.6 OVERLOAD CONTROL										
Current payment	260	-	-	260	2 043	(1 783)	785,8%	250	-	
Total	254 409	11 909	-	266 318	265 894	424	99,8%	218 662	231 134	
Economic classification										
Current										
Compensation to employees	132 751	5 181	-	137 932	144 507	(6 575)	104,8%	107 728	111 390	
Goods and services	100 300	1 728	-	102 028	93 105	8 923	91,3%	105 175	103 037	
Transfers & subsidies										
Provinces & municipalities	1 358	-	-	1 358	52	1 306	3,8%	303	-	
Households	-	-	-	-	208	(208)	0,0%	-	-	
Capital										
Buildings & other fixed structures	5 000	-	-	5 000	5 875	(875)	117,5%	-	1 896	
Machinery & equipment	15 000	5 000	-	20 000	22 143	(2 143)	110,7%	5 456	14 811	
Software & other intangible assets	-	-	-	-	4	(4)	0,0%	-	-	
Total	254 409	11 909	-	266 318	265 894	424	99,8%	218 662	231 134	



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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT

Detail per programme 5 - COMMUNITY BASED PROGRAMME
for the year ended 31 March 2005

Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
5.1 PROGRAMME SUPPORT OFFICE	17 769	-	-	17 769	32 259	(14 490)	181,5%	22 426	21 050
Current payment	31	-	-	31	32	(1)	103,2%	30	-
Transfers and subsidies	-	-	-	-	(302)	302	0,0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
5.2 COMMUNITY DEVELOPMENT	2 000	-	-	2 000	-	2 000	0,0%	-	-
Current payment	-	-	-	-	-	-	-	-	-
5.3 EMERGING CONTRACTOR DEVELOPMENT	7 240	-	-	7 240	-	7 240	0,0%	9 530	3 488
Current payment	5 000	-	-	5 000	-	5 000	0,0%	-	7 091
Expenditure for capital assets	-	-	-	-	-	-	-	-	-
Total	32 040	-	-	32 040	31 989	51	99,8%	31 986	31 624

Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
Current	9 720	-	-	9 720	8 426	1 294	86,7%	9 171	1 083
Compensation to employees	17 289	-	-	17 289	23 833	(6 544)	137,9%	22 785	23 450
Goods and services	31	-	-	31	32	(1)	103,2%	30	-
Transfers & subsidies	-	-	-	-	-	-	-	-	-
Provinces & municipalities	-	-	-	-	-	-	-	-	-
Capital	4 000	-	-	4 000	(360)	4 360	(90%)	-	7 049
Buildings & other fixed structures	1 000	-	-	1 000	58	942	5,8%	-	42
Machinery & equipment	-	-	-	-	-	-	-	-	-
Total	32 040	-	-	32 040	31 989	51	99,8%	31 986	31 624

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ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT Detail per programme 6 - SPECIAL FUNCTIONS for the year ended 31 March 2005

Programme per subprogramme	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
6.1 Authorised Losses	-	-	-	-	481	(481)	0.0%	-	4 835
Current payment	-	-	-	-	481	(481)	0.0%	-	4 835
Total	-	-	-	-	481	(481)	0.0%	-	4 835
Economic classification	2004/05						2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation	Final Appropriation R'000	Actual Payment R'000
Current	-	-	-	-	481	(481)	0.0%	-	4 835
Financial transactions in assets and liabilities	-	-	-	-	481	(481)	0.0%	-	4 835
Total	-	-	-	-	481	(481)	0.0%	-	4 835



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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**
Detail of these transactions can be viewed in Note 8 (Transfers and subsidies) and Annexure 1 (A-K) 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 (Annual Appropriation) to the Annual Financial Statements.
3. **Detail on financial transactions in assets and liabilities**
Detail of these transactions per programme can be viewed in Note 6 (Details of special functions (theft and losses)) to the Annual Financial Statements.
4. **Explanations of material variances from Amounts Voted (after Virement):**

4.1 Per programme:

	Voted Funds after virement R'000	Actual Expenditure R'000	R'000	%
ADMINISTRATION	96 471	96 443	28	0.03%
	No material variance			
ROAD INFRASTRUCTURE	1 383 849	1 384 488	(639)	(0.05%)
	Over-expenditure due to IEC roads constructed during March/April 2004, the over-expenditure was limited by holding back payments during March 2005.			
TRANSPORTATION	30 969	30 967	2	0.01%
	No material variance			
TRAFFIC MANAGEMENT	266 318	265 894	424	0.16%
	The saving in this programme was used to fund the over-expenditure in Programme 2: Road Infrastructure.			
COMMUNITY BASED PROGRAMME	32 040	31 989	51	0.16%
	No material variance			
SPECIAL FUNCTIONS	0	481	(481)	100.00%
	This relates to authorised losses which are not budgeted for.			

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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

4.2 Per economic classification:	2004/05 R'000
Current expenditure	
Compensation of employees	(25 673)
Goods and services	(19 667)
Interest and rent on land	(18)
Financial transactions in assets and liabilities	(481)
Transfers and subsidies	
Provinces and municipalities	6 338
Departmental agencies and accounts	(734)
Public corporations and private enterprises	(139)
Households	(21)
Payments for capital assets	
Buildings and other fixed structures	37 553
Machinery and equipment	2 546
Software and other intangible assets	(70)



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ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2005

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1.	1 809 647	1 560 807
Departmental revenue	2.	614 211	564 659
TOTAL REVENUE		2 423 858	2 125 466
EXPENDITURE			
Current expenditure			
Compensation of employees	3.	367 959	226 400
Goods and services	4.	372 107	261 894
Interest and rent on land	5.	18	718
Financial transactions in assets and liabilities	6.	481	4 835
Total current expenditure		740 565	493 847
Transfers and subsidies	8.	10 145	6 155
Expenditure for capital assets			
Buildings and other fixed structures	9.	1 010 107	1 024 111
Machinery and Equipment	9.	49 375	41 385
Software and other intangible assets	9.	70	-
Total expenditure for capital assets		1 059 552	1 065 496
TOTAL EXPENDITURE		1 810 262	1 565 498
NET SURPLUS/(DEFICIT)		613 596	559 968
Add back unauthorised expenditure	7.	639	4 691
NET SURPLUS/(DEFICIT) FOR THE YEAR		614 235	564 659
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	13.	24	-
Departmental revenue to be surrendered to Revenue Fund	14.	614 211	564 659
NET SURPLUS/(DEFICIT) FOR THE YEAR		614 235	564 659

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ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets			
Unauthorised expenditure	7.	54 668	54 029
Cash and cash equivalents	10.	182	177
Prepayments and advances	11.	124	84
Receivables	12.	31 695	231 646
TOTAL ASSETS		86 669	285 936
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	13.	24	-
Departmental revenue to be surrendered to the Revenue Fund	14.	(21 290)	10 998
Bank overdraft	15.	89 252	231 262
Payables	16.	18 171	43 422
TOTAL LIABILITIES		86 157	285 682
NET ASSETS		512	254
Represented by:			
Recoverable revenue		512	254
TOTAL		512	254

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ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2005

	Note	2004/05 R'000	2003/04 R 000
Recoverable revenue			
Opening balance		254	-
Debts written off	6.4	(371)	(699)
Debts raised		629	953
Closing balance		<u>512</u>	<u>254</u>
TOTAL		<u><u>512</u></u>	<u><u>254</u></u>

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ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		2 621 755
Annual appropriated funds received		1 809 647
Departmental revenue received		612 197
Net decrease in working capital		199 911
Surrendered to Revenue Fund		(646 499)
Current payments		(765 816)
Transfers and subsidies paid		(10 145)
Net cash flow available from operating activities	17.	<u>1 199 295</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		(1 059 552)
Proceeds from sale of capital assets	2.	2014
Net cash flows from investing activities		<u>(1 057 538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in loans received		258
Net cash flows from financing activities		<u>258</u>
Net increase in cash and cash equivalents		142 015
Cash and cash equivalents at beginning of year		(231 085)
Cash and cash equivalents at end of year		<u><u>(89 070)</u></u>

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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share)

	Final Appropriation 2004/05 R'000	Actual Funds Received 2004/05 R'000	Variance over/(under) 2004/05 R'000	Total Appropriation 2003/04 R'000
Administration	96 471	96 443	28	103 311
Road Infrastructure	1 383 849	1 384 488	(639)	1 177 637
Transportation	30 969	30 967	2	29 211
Traffic Management	266 318	265 894	424	218 662
Community Based Programme	32 040	31 989	51	31 986
Special Functions	-	481	(481)	-
TOTAL	1 809 647	1 810 262	(615)	1 560 807

1.2 Conditional grants

	Note	2004/05 R'000	2003/04 R'000
Total grants received	ANNEXURE 1A	282 594	200 121

It should be noted that the Conditional Grants are included in the amounts per the Total Appropriation in Note 1.1

2. Departmental revenue to be surrendered to revenue fund

Tax revenue	520 216	496 951
Sales of goods and services other than capital assets	68 916	8 479
Fines, penalties and forfeits	21 611	23 352
Interest, dividends and rent on land	1 038	350
Sales of capital assets	2 014	32 264
Financial transactions in assets and liabilities	21 416	3 263
Total revenue collected	614 211	564 659
Departmental revenue collected	614 211	564 659

The prior year Tax Revenue has been restated to adjust for revenue duplicated against the bank account in the prior accounting period.

2.1 Financial transactions in assets and liabilities

Nature of loss recovered

Cheques written back	132	-
Material losses recovered	1 447	-
Other	(1 163)	3 263
	416	3 263

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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

3. Compensation of employees

	Note	2004/05 R'000	2003/04 R'000
3.1 Salaries and wages			
Basic salary		185 272	140 176
Performance award		4 181	2 195
Service Based		13 957	11 343
Compensative/circumstantial		30 275	22 698
Periodic payments		10 878	5 681
Other non-pensionable allowances		83 815	10 324
		328 378	192 417
3.2 Social contributions			
3.2.1 Short term employee benefits			
Pension		26 287	20 851
Medical		13 194	12 371
UIF		-	718
Bargain council		80	42
Insurance		20	1
		39 581	33 983
Total compensation of employees		367 959	226 400
Average number of employees		4 111	4 207
Capitalised Compensation of Employees not included above (per Note 9)		100 415	120 234
Total compensation of employees		468 374	346 634

4. Goods and services

Advertising		15 905	5 971
Attendance fees (including registration fees)		837	-
Bank charges and card fees		-	22
Bursaries (employees)		1 117	566
Communication		14 346	14 745
Computer services		4 880	69
Commission		-	535
Consultants, contractors and special services		99 625	135 763
Courier and delivery services		131	2 432
Drivers licences and permits		68	412
Entertainment		2 587	1 598
External audit fees	4.1	1 654	1 427
Equipment less than R5 000		4 747	-
Freight service		63	97
Government motor transport		-	5 179
Inventory	4.2	43 339	28 005
Legal fees		3 683	1 128
Licence agency fees		-	9
Housing		-	5 312
Maintenance, repair and running costs		112 889	3 155
Medical services		242	-
Operating leases		10 204	10 966
Personnel agency fees		5 205	-
Photographic services		181	-
Plant flowers and other decorations		194	-
Printing and publications		3 663	2 509
Resettlement costs		1 553	2 340
Roadworthy tests		21	-
Subscriptions		256	7
Taking over of contractual obligations		9 774	-
Owned and leasehold property expenditure		10 481	5 773
Translations and transcriptions		22	-
Transport provided as part of the departmental activities		-	9 392
Travel and subsistence	4.3	19 564	18 610

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

	Note	2004/05 R'000	2003/04 R'000
Venues and facilities		820	-
Protective, special clothing & uniforms		18	1 553
Training & staff development		4 038	4 319
		372 107	261 894
4.1 External audit fees			
Regulatory audits		1 186	1 427
Other audits		468	-
Total external audit fees		1 654	1 427
4.2 Inventory			
Domestic Consumables		3 096	3 885
Learning and teaching support material		168	-
Fuel, oil and gas		9 573	400
Laboratory consumables		651	-
Other consumables		160	-
Parts and other maintenance material		20 786	14 852
Stationery and Printing		8 896	8 868
Road construction and supplies		(1)	-
Medical Supplies		9	-
Weapons and armaments		1	-
Total Inventory		43 339	28 005
4.3 Travel and subsistence			
Local		19 438	18 560
Foreign		126	50
Total travel and subsistence		19 564	18 610
5. Interest and rent on land			
Rent on land		18	718
Total interest and rent on land		18	718
6. Financial transactions in assets and liabilities			
Other material losses written off	6.1	109	4 136
Debts written off	6.2	372	699
		481	4 835
6.1 Other material losses written off in Statement of Financial Performance			
Nature of losses			
Supplies and equipment deficits		-	329
Vehicle collisions and damages		109	2 135
Vehicle theft		-	1 168
Claims by the state		-	470
Miscellaneous		-	34
		109	4 136

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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

	Note	2004/05 R'000	2003/04 R'000
6.2 Bad debts written-off			
Nature of debts written-off			
Breach of contract		88	105
Salary overpayment		93	185
Tax debt		1	6
Other staff related write-off		190	403
		372	699
6.3 Details of theft and losses			
Supplies / equipment deficits		191	-
Vehicle collisions, damages and theft		1 454	-
Claims by the state		39	-
		1 684	-
6.4 Recoverable revenue debts written-off			
Breach of contract		(87)	(105)
Salary overpayment		(93)	(185)
Tax debt		(1)	(6)
Other staff related write-off		(190)	(403)
		(371)	(699)
7. Unauthorised expenditure			
7.1 Reconciliation of unauthorised expenditure			
Opening balance		54 029	49 338
Unauthorised expenditure – current year		639	4 691
Unauthorised expenditure awaiting authorisation		54 668	54 029
7.2 Unauthorised expenditure			
Incident	Disciplinary steps taken/criminal proceedings		Total
2003/04	Overspending of programmes 3, 4 and authorised losses		4 691
2002/03	Authorised losses		30 838
Other	Overspending of programmes 1997/98/99 & 2001/02		18 500
			54 029
8. Transfers and subsidies	Note	R'000	R'000
Provinces and municipalities	ANNEXURE 1C	1 408	741
Departmental agencies and accounts	ANNEXURE 1D	6 498	5 300
Public corporations and private enterprises	ANNEXURE 1F	139	-
Households	ANNEXURE 1I	1 851	114
Gifts and donations		249	-
		10 145	6 155
9. Expenditure for capital assets			
Buildings and other fixed structures	ANNEXURE 4	1 010 107	1 024 111
Machinery and equipment	ANNEXURE 4	49 375	41 385
Software and other intangible assets	ANNEXURE 5	70	-
Total		1 059 552	1 065 496
The following amount for Compensation of employees has been included in expenditure for capital assets		100 415	120 234



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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

10. Cash and cash equivalents	Note	2004/05 R'000	2003/04 R'000
Cash receipts		181	-
Disbursements		2	-
Cash on hand		(1)	177
		182	177

11. Prepayments and advances	Description	2004/05	2003/04
	Travel and subsistence	124	84
		124	84

12. Receivables		Less than one year	One to three years	Older than three years	2004/05	2003/04
	Amounts owing by other entities	29 323	-	-	29 323	225 362
	Staff debtors	1 378	741	102	2 221	5 679
	Other debtors	151	-	-	151	605
		30 852	741	102	31 695	231 646

Amounts of R Nil (2004: R Nil) included above may not be recoverable, but has not been written off in the Statement of Financial Performance

12.1 Staff debtors

Debtor Debt	1 800	1 183
Debt suspense	-	(3)
Tax debt	41	34
Thefts and losses awaiting approval	37	4 322
Salary Disallowance	68	16
Pension receipts	-	(55)
Salary income tax	275	-
Salary Reversal Control	-	191
Miscellaneous	-	(9)
	2 221	5 679

12.2 Other debtors

Dishonoured cheques	44	347
Re-issued cheques	-	1
Subsidised transport insurance	1	2
Abnormal load payovers	-	4
First Auto	-	46
BAS Conversion account	-	198
Study loan deductions	-	1
Medical Aid deductions	2	6
Bargaining councils	95	-
Third party transactions	9	-
	151	605

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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

	Note	2004/05 R'000	
13. Voted Funds to be surrendered to the Revenue Fund			
Transfer from Statement of Financial Performance		24	
Closing balance		<u>24</u>	
14. Departmental revenue to be surrendered to revenue fund			
Opening balance		10 998	-
Transfer from Statement of Financial Performance		614 211	564 659
Paid during the year		(646 499)	(553 661)
Closing balance		<u>(21 290)</u>	<u>10 998</u>
15. Bank overdraft			
Paymaster General Account		89 252	231 262
		<u>89 252</u>	<u>231 262</u>
The prior year Bank Overdraft has been restated to adjust for revenue duplicated in the prior accounting period.			
16. Payables – current			
Description		2004/05	2003/04
		Total	Total
		R'000	R'000
Amounts owing to other departments	ANNEXURE 7	-	40 801
Advances received	16.1	13 091	2 270
Other payables	16.2	-	351
		<u>13 091</u>	<u>43 422</u>
16.1 Advances received			
National Department of Transport		17 167	2 259
Other		240	-
National Department of Home Affairs		-	11
		<u>17 407</u>	<u>2 270</u>
16.2 Other payables			
Description			
Abnormal load permit deposits		-	22
Tax - Committee members and casual labour		-	4
Tax RSA		-	238
Tender deposits		1	-
Regional service council		98	-
Finance other institutions		1	-
Pension recoverable		170	-
Pension deductions		5	13
Persal ACB Recalls		237	74
		<u>512</u>	<u>351</u>

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ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

17. Reconciliation of net cash flow from operating activities to surplus/(deficit)	Note	2004/05 R'000
Net surplus/(deficit) as per Statement of Financial Performance		614 235
(Increase)/decrease in receivables – current		199 951
(Increase)/decrease in prepayments and advances		(40)
(Increase)/decrease in other current assets		(639)
Increase/(decrease) in payables – current		(25 251)
Proceeds from sale of equipment		(2 014)
Capital expenditure		1 059 552
Net cash flow generated by operating activities		<u><u>1 199 295</u></u>
18. Appropriated funds and departmental revenue surrendered		
Departmental revenue surrendered		(646 499)
		<u><u>(646 499)</u></u>

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ANNUAL FINANCIAL STATEMENTS

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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

		Note	2004/05 R'000	2003/04 R'000	
19. Contingent liabilities					
	Liable to	Nature			
	Housing loan guarantees	Employees	ANNEXURE 3	2 540	3 092
	Claims			13 868	7 541
	Other departments (unconfirmed balances)		ANNEXURE 7	2 175	-
	Capped Leave Commitments			66 804	65 835
				<u>85 387</u>	<u>76 468</u>
20. Commitments					
	Current expenditure				
	Approved and contracted			2 879	8 970
				<u>2 879</u>	<u>8 970</u>
	Capital expenditure				
	Approved and contracted			93 889	170 039
	Approved but not yet contracted			88 956	51 004
				<u>182 845</u>	<u>221 043</u>
	Total Commitments			<u>185 724</u>	<u>230 013</u>
21. Accruals					
			2004/05	2003/04	
	By economic classification	30 Days	30+ Days	Total	Total
				R'000	R'000
	Compensation of employees	425	-	425	623
	Goods and services	40 783	-	40 783	8 037
	Interest and rent on land	4	-	4	-
	Transfers and subsidies	315	-	315	-
	Buildings and other fixed structures	14 196	-	14 196	113 943
	Machinery and Equipment	14 433	-	14 433	-
	Software and other intangible assets	2	-	2	-
	Transactions in assets and liabilities	28 564	-	28 564	-
				<u>98 722</u>	<u>122 603</u>
	Listed by programme level				
	Administration			5 714	743
	Road Infrastructure			53 929	110 699
	Transportation			845	393
	Traffic Management			8 679	10 768
	Community Based Programme			991	-
	Assets and Liabilities			28 564	-
				<u>98 722</u>	<u>122 603</u>
	Confirmed balances with other departments		ANNEXURE 7	4	-
				<u>4</u>	<u>-</u>

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ANNUAL FINANCIAL STATEMENTS

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

22. Employee benefits	2004/05 R'000	2003/04 R'000
Leave entitlement	11 950	10 767
Thirteenth cheque	9 793	13 778
Performance awards	6 333	-
	<u>28 076</u>	<u>24 545</u>

23. Related party transactions

No related party transactions were entered into, except those between government departments.

24. Senior management personnel

	2004/05 R'000	2003/04 R'000
- The Minister, Deputy Ministers, Director-General	1 589	1 648
- Deputy Director Generals	1 505	1 406
- General Managers	2 025	1 690
- Other	11 591	9 983
	<u>16 710</u>	<u>14 727</u>

The number of individuals in this category 33 (2004: 31)

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

**ANNEXURE 1 A
STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION				SPENT			2003/04	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Amount received by department R'000	Amount spent by department R'000	% of Available funds spent	Division of Revenue Act R'000	Amount spent by departments R'000
Provincial Infrastructure Grant	282 594	-	-	282 594	282 594	282 594	100,0%	200 121	200 121
	282 594	-	-	282 594	282 594	282 594		200 121	200 121



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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 1C STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality	Division of Revenue Act R'000	
Non-Conditional Grant - Regional Service Council Levy (RSCL)											
Ethekewini DC21 Ugu District Municipality	153	-	-	153	189	123.5%	189	189	100.0%	-	-
DC22 uMgungundlovu District Municipality	53	-	-	53	66	124.5%	66	66	100.0%	-	-
DC23 Uthukela District Municipality	806	-	-	806	542	67.2%	542	542	100.0%	-	-
DC24 Urmziyathi District Municipality	81	-	-	81	144	177.8%	144	144	100.0%	-	-
DC25 Amajuba District Municipality	65	-	-	65	83	127.7%	83	83	100.0%	-	-
DC26 Zululand District Municipality	45	-	-	45	12	26.7%	12	12	100.0%	-	-
DC27 Umkhanyakude District Municipality	103	-	-	103	127	123.3%	127	127	100.0%	-	-
DC28 uThungulu District Municipality	42	-	-	42	52	123.8%	52	52	100.0%	-	-
DC29 Ilembe District Municipality	108	-	-	108	136	125.9%	136	136	100.0%	-	-
Maintenance Subsidies											
KZ211 Vukamehlo	185	-	-	185	-	-	-	-	-	29	12
KZ212 Umndoni	12	-	-	12	-	-	-	-	-	-	-

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

**ANNEXURE 1C
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES (continued)**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2003/04 Division of Revenue Act R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality
KZ216 Hibiscus Coast	6	-	-	6	-	-	-	-	-	6
KZ241 Endumeni	41	-	-	41	-	-	-	-	-	39
KZ245 Umvoti	21	-	-	21	-	-	-	-	-	21
KZ253 Utrecht	35	-	-	35	-	-	-	-	-	35
KZ254 Dannhauser	8	-	-	8	-	-	-	-	-	8
KZ261 eDumbe	6	-	-	6	-	-	-	-	-	6
KZ263 Aboqulusi	39	-	-	39	-	-	-	-	-	-
KZ284 Umlalazi	20	-	-	20	-	-	-	-	-	20
KZ5a2 Kwa Sani	2	-	-	2	-	-	-	-	-	2
KZ5a3 Matatiele	11	-	-	11	-	-	-	-	-	11
KZ5a4 Kokstad	19	-	-	19	18	94,7%	18	18	100,0%	18
Metropolitan Transport Authority										
Ethekewini	12 000		(12 000)	1 100						2 000
KZ225 Msunduzi	1 100									-
Unallocated			4 750	4 750						-
	14 996	-	(7 250)	7 746	1 408		1 408	1 408		2 207



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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 1D STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER			2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Final Appropriation Act R'000	
KZN Taxi Council	5 600	-	-	5 600	5 600	100.0%	5 300	
Compensation Commissioner	-	-	-	-	898	0.0%	-	
	5 600	-	-	5 600	6 498		5 300	

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

NAME OF PUBLIC CORPORATION /PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE				2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Capital R'000	Current R'000	Total Available R'000	
Public Corporations										
Claims against the State	-	-	-	-	15	-	-	15	-	-
Subtotal	-	-	-	-	15	-	-	15	-	-
Private Enterprises										
Claims against the State	-	-	-	-	123	-	-	123	-	-
Non Life Insurance Premiums	-	-	-	-	1	-	-	1	-	-
Sub-Total	-	-	-	-	124	-	-	124	-	-
TOTAL	-	-	-	-	139	-	-	139	-	-

ANNEXURE 1 F
STATEMENT OF TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 11 STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION					EXPENDITURE		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred	Final Appropriation Act R'000	
Transfers								
Claims against the State	-	-	-	-	32	-	-	-
Payments as Act of Grace	-	-	-	-	59	-	-	-
Retirement/severance/leave gratuity payments	-	-	-	-	1 680	100%	-	-
	-	-	-	-	1 771	-	-	-
Subsidies								
Fencing Subsidies	-	-	-	-	80	100%	-	-
	-	-	-	-	80	-	-	-
	-	-	-	-		-	-	-
Total	-	-	-	-	1 851	-	-	-

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 2A
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2005
(Only Public and Private Entities)

Name of Public Entity	Nature of business	Relevant Act	Entity's PFMA Schedule type	% Held 04/05	% Held 03/04	Number of shares held		Cost of investment R'000		Profit/(Loss) for the year R'000		Are the losses guaranteed Yes/No
						2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	
Controlled entities												
KwaZulu-Natal Taxi Council	Democratic representative body to regulate and monitor the affairs of the taxi industry	KwaZulu-Natal Interim Minibus Taxi Act 4 of 198	3C	-	-			-	-	181	217	No
Subtotal								-	-	181	217	
Total								-	-	181	217	

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 3 STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor institution	Guarantee in respect of:	Original Guaranteed capital amount R'000	Opening Balance 01/04/2004 R'000	Guarantees issued during the year R'000	Guarantees released during the year R'000	Guaranteed interest outstanding as at 31 March 2005 R'000	Closing Balance 31/03/2005 R'000	Realised losses i.r.o. claims paid out R'000
ABSA Bank Limited	Housing	4 159	975	62	260	-	777	-
BOE Bank Limited	Housing	80	16	-	-	-	16	-
Peoples Bank FBC Fidelity Limited	Housing	65	30	-	-	-	30	-
FNB a division of Firststrand Bank Limited	Housing	4 078	850	45	156	-	739	-
lthala Bank Limited	Housing	190	-	34	-	-	34	-
Nedbank Limited	Housing	1 051	193	13	59	-	147	-
Peoples Bank NBS	Housing	272	79	-	-	-	79	-
Old Mutual (Nedbank/Permanent Bank)	Housing	1 563	410	31	138	-	303	-
FNB - former Saambou Bank Limited	Housing	273	85	-	37	-	48	-
Standard Bank of South Africa Limited	Housing	1 886	454	46	133	-	367	-
Total		13 617	3 092	231	783	-	2 540	-

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 4 PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions	Disposals	Transfers in	Transfers Out
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	1 010 107	-	-	-
Non-residential buildings	14 265			
Other structures (Infrastructure assets)	995 842			
MACHINERY AND EQUIPMENT	49 375	-	-	-
Computer equipment	6 455			
Furniture and office equipment	5 432			
Other machinery and equipment	22 467			
Transport assets	15 021			
TOTAL	1 059 482	-	-	-

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 4 (continued)

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Additions	Disposals	Transfers in	Transfers Out
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	1 024 111	-	-	-
Non-residential buildings	16 383	-	-	-
Other structures (Infrastructure assets)	1 007 728	-	-	-
MACHINERY AND EQUIPMENT	41 385	-	-	-
Computer equipment	4 989	-	-	-
Furniture and office equipment	2 397	-	-	-
Other machinery and equipment	30 078	-	-	-
Transport assets	3 921	-	-	-
TOTAL	1 065 496	-	-	-

ANNEXURE 5

SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions	Disposals	Transfers In	Transfers Out
	R'000	R'000	R'000	R'000
Computer software	70			
	70	-	-	-

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 6 INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance		Unconfirmed balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
NATIONAL DEPARTMENTS				
Correctional Services	-	-	17	-
Education	-	-	1	-
Government - Employees Pension Fund	-	-	9	-
Government Communications	-	4	10	4
Home Affairs	-	6	102	2
Independent Complaints Commission	-	-	18	5
Judicial Inspectorate of Prisons	-	-	1	-
Justice	-	698	3 445	1 048
Labour	-	-	53	12
Land Affairs	-	-	26	7
Office of the President	-	-	21	-
Public Prosecution	-	-	9	-
Public Services Commission	-	-	1	-
SA Human Rights	-	-	5	-
Social Welfare	-	-	1	-
South African Police	-	-	14	-
Sport, Arts and Culture	-	-	1	-
Statistics South Africa	-	-	1	-
Transport	-	-	2	9
Transport - Bus subsidies	-	-	-	1 723
Water Affairs and Forestry	-	-	2	-
PROVINCIAL DEPARTMENTS				
Agriculture	-	663	992	1 012
Economic Affairs	-	-	4	5
Education	-	14 985	2 041	354
Health	9 200	5 926	3 041	3 272
Housing	2	-	258	35
Office of the Premier	-	691	122	58
Provincial Legislature	-	-	1	190
Provincial Taxi Office	-	-	293	-
Provincial Treasury	-	21	3	533
Provincial Treasury - Bus subsidies	-	-	-	167 550
Provincial Treasury - Conversion account	-	-	-	8 285
Provincial Treasury - Inventory	-	-	4 178	4 178
Royal Household	-	57	61	30
Safety and Security	3	10	168	-
Social Welfare	1 597	2 724	110	3 889
Traditional and Local Government	288	1 948	200	1 488
Works	1 432	463	-	-
Other	-	-	1 143	-
PUBLIC ENTITIES				
Major Public Entities	-	-	-	11
National Public Entities	-	-	439	3 466
	12 522	28 196	16 793	197 166
Other Government Entities				
Claims Recoverable : Departments - other provinces	-	-	8	-
	-	-	8	-
TOTAL	12 522	28 196	16 801	197 166

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ANNUAL FINANCIAL STATEMENTS

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 7 INTER-DEPARTMENTAL PAYABLES – CURRENT

GOVERNMENT ENTITY	Confirmed balance		Unconfirmed balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Amounts not included in Statement of Financial Position				
Current				
Office of the Premier	4	-	-	-
KwaZulu-Natal Works	-	-	2175	-
Total	4	-	2175	-
Amounts included in statement of financial position				
Current				
National Departments	-	677	-	-
Provincial Departments	252	40 124	-	-
Total	252	40 801	-	-

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A N N U A L F I N A N C I A L S T A T E M E N T S

**KWAZULU-NATAL TAXI COUNCIL
REGISTRATION NUMBER: 2001/020297/08**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005**



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ANNUAL FINANCIAL STATEMENTS

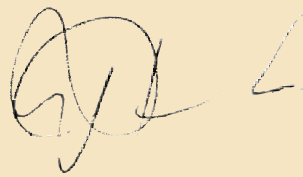
KWAZULU-NATAL TAXI COUNCIL ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been approved by the committee on 10 August 2005.

Signed on behalf of the committee by:



for Chairman: B C Ngiba

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ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL TAXI COUNCIL FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 208 to 219 for the year ended 31 March 2005 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 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). 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.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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 KwaZulu-Natal Taxi Council at 31 March 2005, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.



Part 4**A N N U A L F I N A N C I A L S T A T E M E N T S**

**REPORT OF THE AUDITOR-GENERAL
ON THE FINANCIAL STATEMENTS OF THE
KWAZULU-NATAL TAXI COUNCIL
FOR THE YEAR ENDED 31 MARCH 2005**

4. EMPHASIS OF MATTER

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

4.1 Non compliance with policy**4.1.1 Quotations for expenditure**

Based on a sample of expenditure vouchers selected for testing, the required three quotations for expenditure totalling R236 304 were not obtained. This is contrary to subsection 2.2.2 of the Internal Control Policy, adopted by the KwaZulu-Natal Taxi Council in terms of Section 51(1)(iii) of the Public Finance Management Act, Act 1 of 1999 (PFMA).

4.2 Financial Management

During the audit various control weaknesses were identified and reported to management which indicate that certain laid down routine controls were not adequately developed or monitored to ensure that it operated as designed and that the delegated responsibilities had been properly discharged.

4.3 Non compliance with the PFMA and Treasury Regulations**4.3.1 Internal audit**

The entity has not established an internal audit function in accordance with section 51(a)(ii) of the PFMA.

4.3.2 Treasury Regulations (TR)

- The reporting responsibilities contained in TR 26 were not complied with by the accounting authority. These include quarterly reporting to the Executive Authority on income and expenditure projections and compliance with the PFMA and regulations.
- In terms of TR 30.1, the strategic plan of the Taxi Council did not include multi year projections of revenue and the materiality/significant framework referred to in TR 28.1.5.
- The accounting authority did not establish procedures for quarterly reporting to the Executive Authority in order to facilitate effective performance monitoring, evaluation and corrective action in accordance with TR 30.2.
- In terms of TR 31.2.1, the entity did not obtain approval from the National Treasury for the bank account in use.
- In terms of TR 33.1.1, the entity does not have a policy/procedure as well as a copy of the disciplinary code to ensure that alleged financial misconduct is adequately investigated.

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ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL TAXI COUNCIL FOR THE YEAR ENDED 31 MARCH 2005

4.4 Financial position

The Council recorded a net loss of R85 000 for the financial year ended 31 March 2005. This decreased the accumulated profit at 31 March 2004 from R217 000 to R132 000 at 31 March 2005.

4.5 Performance information

The Taxi Council has not disclosed its performance information in the Director's Report which is contrary to the financial statement preparation guide issued by National Treasury and section 55(2)(a) of the PFMA.

5. PROGRESS WITH SCOPA RESOLUTIONS

Further to the matters specifically reported above, my audit findings on the progress made with SCOPA Resolutions, is attached as annexure A of this report.

6. APPRECIATION

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



R. Rabichand

Pietermaritzburg

29 July 2005



AUDITOR - GENERAL

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ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL TAXI COUNCIL FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE A

PROGRESS MADE WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

Reference to SCOPA resolution	Subject	Findings
SCOPA resolutions 51/2005	Role and Function of the KwaZulu-Natal Taxi Council.	According to the Chairperson of the Transport Portfolio Committee, this matter is on the agenda for the next meeting.
SCOPA resolution 52/2005	Employee tax	The employees of the Taxi Council are now registered with SARS to pay tax and all taxes were being paid monthly, however negotiations were underway with SARS not to level penalties.
SCOPA resolution 53/2005	Asset management	The asset register has been prepared for all assets in the Durban office of the taxi council and the Department of Transport was assisting the council in adopting the asset management system, which was being implemented in all departments of the province.
SCOPA resolution 54/2005	Council members Cheque signatures	The council members are still signatories to cheque payments.
SCOPA resolution 55/2005	Appointment of chief financial officer.	The chief financial officer has been seconded to the Taxi Council with effect from 1 May 2005.
SCOPA resolution 56/2005	Payroll records Staff salaries Subsistence and travel claims Amounts paid to consultants, advisory services and security services.	The payroll records have been prepared and submitted. This matter is resolved. Details of staff salaries and subsistence claims were submitted to the Department of Transport as per a request dated 18 February 2005. Amounts paid to consultants: Details were submitted to the Department of Transport as per a request dated 18 February 2005.

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ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE KWAZULU-NATAL TAXI COUNCIL FOR THE YEAR ENDED 31 MARCH 2005

SCOPA resolution 57/2005	Non-Compliance with the Department of Transport and the Public Finance Management Act, 1999-Audit committee.	Non-Compliance with the Department of Transport and the Public Finance Management Act, 1999-Audit committee.
SCOPA resolution 58/2005	Non-Compliance with the Department of Transport and the Public Finance Management Act, 1999-Internal Audit.	The internal audit function has not been established, however the provincial internal audit was approached to conduct the audit, but the request was declined verbally. A suggestion to outsource the function was made instead. Subsequently a tender has been prepared and advertised.
SCOPA resolution 59/2005	Non-Compliance with the Department of Transport and the Public Finance Management Act, 1999-Appointment of financial consultants.	The services of the consultants were terminated and new consultants appointed during March 2005.
SCOPA resolution 60/2005	Disclosure of remuneration of board members on the financial statements	The remuneration of the board members was disclosed on the 2004/2005 annual financial statements.
SCOPA resolution 61/2005	Autonomy of the Taxi Council from the Department of Transport	The Department has, in a letter dated 18 February 2005, taken steps to address concerns raised by the Committee. This will be followed up during the 2005-2006 audit.

Part 4

A N N U A L F I N A N C I A L S T A T E M E N T S

KWAZULU-NATAL TAXI COUNCIL DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

The Committee Members have pleasure in submitting their Report together with the audited Annual Financial Statements for the year ended 31 March 2005.

General review

The company continued to engage in the monitoring of the affairs of the taxi industry. No matter, which is material to the financial affairs of the company, has occurred between 31 March 2005 and the date of approval of the financial statements.

Statements of responsibility

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The Committee Members are also responsible for the company's system of internal financial controls. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that, the company has adequate resources in place to continue in operation for the foreseeable future, provided funding from the Department of Transport continues.

Financial results

The financial results show a net loss of R 85 000. Full details of the financial results are set out on pages 208 to 219.

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2005

Directors

The Management Committee of the company are:

B C Ngiba
M J Mthiyane
A M Mchunu
M J Lekokotla
Y Khaliva
M A Mzelemu
T Ndabana
L T Mtumi
L V Gumede
M J Mabika
H R Majola
S G Manyathi
M E Mkhize
B V Molefe
M Velase
M X Njongwe
A Sangweni
F Z Ngcobo

Business Address

83 Chapel Street
Pietermaritzburg
3201

Postal Address

83 Chapel Street
Pietermaritzburg
3201



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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

		2004/05	2003/04
	Notes	R	R
Continuing operations			
Grants and transfers	2	5 600 000	5 059 000
Other income	3	-	28 000
		<u>5 600 000</u>	<u>5 087 000</u>
Administrative expenses	4	2 287 000	1 392 000
Staff costs	5	2 251 000	1 689 000
Other operating expenses	6	1 070 000	1 779 000
Depreciation	7	79 000	10 000
		<u>(87 000)</u>	<u>217 000</u>
(Loss)/Profit from operations			
Income from investments	8	2 000	-
		<u>(85 000)</u>	<u>217 000</u>
(Loss)/Profit before tax			
		<u>(85 000)</u>	<u>217 000</u>
(Loss)/Profit after tax			
		<u>(85 000)</u>	<u>217 000</u>
Net (loss)/profit for the year		<u>(85 000)</u>	<u>217 000</u>

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL BALANCE SHEET AS AT 31 MARCH 2005

ASSETS	Notes	2004/05 R	2003/04 R
Non-current assets			
Property, plant and equipment	9	242 000	176 000
Intangible assets	10	5 000	-
		<u>247 000</u>	<u>176 000</u>
Current Assets			
Trade and other receivables	11	-	138 000
Cash and cash equivalents	12	23 000	41 000
Staff debtors		118 000	-
		<u>140 000</u>	<u>179 000</u>
Total Assets		<u><u>388 000</u></u>	<u><u>355 000</u></u>
EQUITY AND LIABILITIES			
Capital and reserves	13	<u>132 000</u>	<u>217 000</u>
Current Liabilities			
Trade and other payables	14	84 000	138 000
Other current liabilities	15	172 000	-
		<u>256 000</u>	<u>138 000</u>
Total Equity and liabilities		<u><u>388 000</u></u>	<u><u>355 000</u></u>

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2005

	Accumulated profit/loss R	Total R
Balance at 1 April 2003	-	-
Net profit for the year	217 000	217 000
Balance at 1 April 2004	<u>217 000</u>	<u>217 000</u>
Net loss for the year	(85 000)	(85 000)
Balance at 31 March 2005	<u><u>132 000</u></u>	<u><u>132 000</u></u>

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

		2004/05	2003/04
	Notes	R	R
Operating activities			
Cash generated from/(utilised in) operations	16	131 000	227 000
Net cash from/(used in) operating activities		<u>131 000</u>	<u>227 000</u>
Net cash from/(used in) investing activities	17	(149 000)	(186 000)
Net increase/(decrease) in cash and cash equivalents		<u>(18 000)</u>	<u>41 000</u>
Cash and cash equivalents at the beginning of the year		<u>41 000</u>	-
Cash and cash equivalents at the end of the year		<u><u>23 000</u></u>	<u><u>41 000</u></u>

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. Accounting Policies

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

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

1.1 Basis of Preparation

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

1.2 Revenue

Revenue comprises government grants received from the Department of Transport and is recorded at the date of the transaction.

1.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight line method. The expected useful lives are as follows :

Computer Equipment	3 years
Office equipment	5 years
Furniture and Fittings	6 years

1.4 Financial Instruments

1.4.1 Recognition

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

1.4.2 Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below :

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A N N U A L F I N A N C I A L S T A T E M E N T S

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1.4.3 Financial liabilities

The entity's principle financial liability comprises:

- Accounts payable.
- Trade payables
- Trade and other payables are stated at their nominal value.

1.5 Government grants

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

1.6 Comparative figures

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



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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

2. Grants and Transfers

	2004/05	2003/04
	R	R
Provincial Departments	5 600 000	5 059 000
Total	5 600 000	5 059 000

3. Other Income

Sundry Income	-	28 000
Total	-	28 000

4. Administrative Expenses

General and Administrative expenses	619 000	466 000
Director's emoluments	1 433 000	204 000
Travel and Subsistence	50 000	646 000
Other	10 000	-
Rentals in respect of Operating Leases (minimum lease payments)	175 000	76 000
– Buildings	156 000	72 000
– Plant, machinery and equipment	19 000	4 000
Total	2 287 000	1 392 000

5. Staff Costs

Wages and Salaries	2 244 000	1 689 000
Basic Salaries	1 930 000	1 689 000
Other non-pensionable Allowance	259 000	-
Leave Pay Provision	55 000	-
Social Contributions (Employer's contributions)	7 000	-
UIF	7 000	-
Total	2 251 000	1 689 000

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

6. Other Operating Expenses

	2004/05	2003/04
	R	R
Staff Training and Development	1 000	131 000
Consultants, Contractors and Special Services	597 000	1 132 000
Legal Fees	16 000	173 000
Maintenance, Repairs and Running Costs	20 000	49 000
– Other maintenance, repairs and running costs	20 000	49 000
Amortisation of Intangibles	1 000	-
– Computer Software	1 000	-
Entertainment Expense	65 000	45 000
Taxi Regional Centres - Fixed assets purchased	271 000	-
Other	99 000	249 000
Total	1 070 000	1 779 000

7. Depreciation

– Computer Equipment and Peripherals	45 000	2 000
– Office Furniture and Fittings	19 000	6 000
– Office Equipment	15 000	2 000
Total	79 000	10 000

8. Income from Investments

Interest Income	2 000	-
– Bank deposits	2 000	-

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

9. Property, Plant and Equipment

Year ended 31/3/2004

	Computer equipment and peripherals R	Office Furniture and fittings R	Office Equipment R	Total R
Opening net carrying amount	-	-	-	-
Gross carrying amount				
Accumulated depreciation	-	-	-	-
Accumulated impairment losses				
Additions	18 000	118 000	50 000	186 000
Depreciation charge	(2 000)	(6 000)	(2 000)	(10 000)
Net carrying amount at 31 March 2004	16 000	112 000	48 000	176 000

Year ended 31/3/2005

Opening net carrying amount	16 000	112 000	48 000	176 000
Gross carrying amount	18 000	118 000	50 000	186 000
Accumulated depreciation	(2 000)	(6 000)	(2 000)	(10 000)
Accumulated impairment losses				
Additions	117 000	2 000	33 000	152 000
Disposals		(7 000)		(7 000)
Depreciation charge	(45 000)	(19 000)	(15 000)	(79 000)
Net carrying amount at 31 March 2005	88 000	88 000	66 000	242 000

10. Intangible Assets

Year ended 31/3/2004

	Computer software R	Total R
Opening net carrying amount	-	-
Gross carrying amount	-	-
Accumulated amortisation	-	-
Accumulated impairment losses	-	-
Additions	-	-
Amortisation	-	-
Closing net carrying amount at 31 March 2004	-	-

Year ended 31/3/2005

Opening net carrying amount	-	-
Gross carrying amount	-	-
Accumulated amortisation	-	-
Accumulated impairment losses	-	-
Additions	6 000	6 000
Amortisation	(1 000)	(1 000)
Closing net carrying amount at 31 March 2005	5 000	5 000

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

11. Trade and Other Receivables

	2004/05	2003/04
	R	R
Trade Receivables	-	138 000
Less: Provision for doubtful debts	-	-
Total	<u>-</u>	<u>138 000</u>

12. Cash and Cash Equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions that are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.

	2004/05	2003/04
	R	R
Cash at bank	22 000	40 000
Cash on hand	1 000	1 000
	<u>23 000</u>	<u>41 000</u>

As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held.

13. Capital and Reserves

	Accumulated profit/(loss)
	R
Balance at 1 April 2003	
Net profit for the year	<u>217 000</u>
Balance at 1 April 2004	217 000
Net loss for the year	<u>(85 000)</u>
Balance at 31 March 2005	<u>132 000</u>

14. Trade and Other payables

	2004/05	2003/04
	R	R
Trade Creditors	<u>84 000</u>	<u>138 000</u>
	<u>84 000</u>	<u>138 000</u>

The carrying amount of trade payables approximates fair value.

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

15. Other Current Liabilities	2004/05 R	2003/04 R
Other current liabilities comprise:		
PAYE Liability	117 000	-
Leave pay provision	55 000	-
	<u>172 000</u>	<u>-</u>

The PAYE liability of R 117 000 to South African Revenue Services (SARS), is in respect of employees tax not withheld and paid over to SARS by the KwaZulu-Natal Taxi Council for the period July 2003 to February 2004. This balance will be recovered in instalments over a period from the respective employees, and has been raised as a staff debtor.

16. Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations

	2004/05 R	2003/04 R
Profit/(loss) before taxation	(85 000)	217 000
Adjusted for:		
- Depreciation on property, plant and equipment	79 000	10 000
- Amortisation of intangible assets	1 000	-
- Investment income	(2 000)	-
Operating cash flows before working capital changes	<u>(7 000)</u>	<u>227 000</u>
Working capital changes		
- Increase/(decrease) in payables	118 000	138 000
- Decrease/(increase) in receivables	138 000	(138 000)
- (Increase)/decrease in loans receivable	(118 000)	-
Cash generated from operations	<u>131 000</u>	<u>227 000</u>

17. Net cash from/(used in) investing activities

Interest received	2 000	-
Acquisition of property, plant and equipment	(152 000)	(186 000)
Acquisition of intangible assets	(6 000)	-
Disposals	<u>7 000</u>	<u>-</u>
Cash from/(used in) investing activities	<u>(149 000)</u>	<u>(186 000)</u>

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ANNUAL FINANCIAL STATEMENTS

KWAZULU-NATAL TAXI COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

18. Directors Emoluments Non-executive directors	2004/05 Fees for Services R	2004/05 Expense allowance R	2004/05 Total R
B C Ngiba	50 000	37 000	87 000
M J Mthiyane	56 000	14 000	70 000
A M Mchunu	56 000	9 000	65 000
M J Lekokotla	56 000	37 000	93 000
Y Khaliva	56 000	11 000	67 000
M A Mzelemu	56 000	9 000	65 000
T Ndabana	56 000	41 000	97 000
L T Mtumi	45 000	54 000	99 000
L V Gumede	56 000	12 000	68 000
M J Mabika	56 000	36 000	92 000
H R Majola	56 000	13 000	69 000
S G Manyathi	56 000	34 000	90 000
M E Mkhize	56 000	18 000	74 000
B V Molefe	56 000	34 000	90 000
M Velase	56 000	18 000	74 000
M X Njongwe	56 000	15 000	71 000
A Sangweni	56 000	54 000	110 000
F Z Ngcobo	50 000	2 000	52 000
	<u>985 000</u>	<u>448 000</u>	<u>1 433 000</u>

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