



PART C

governance
and representation

Legislative and other mandates

Nedlac is a statutory body which is governed and mandated by The National Economic Development and Labour Council Act, Act 35 of 1994 and the Nedlac Constitution.

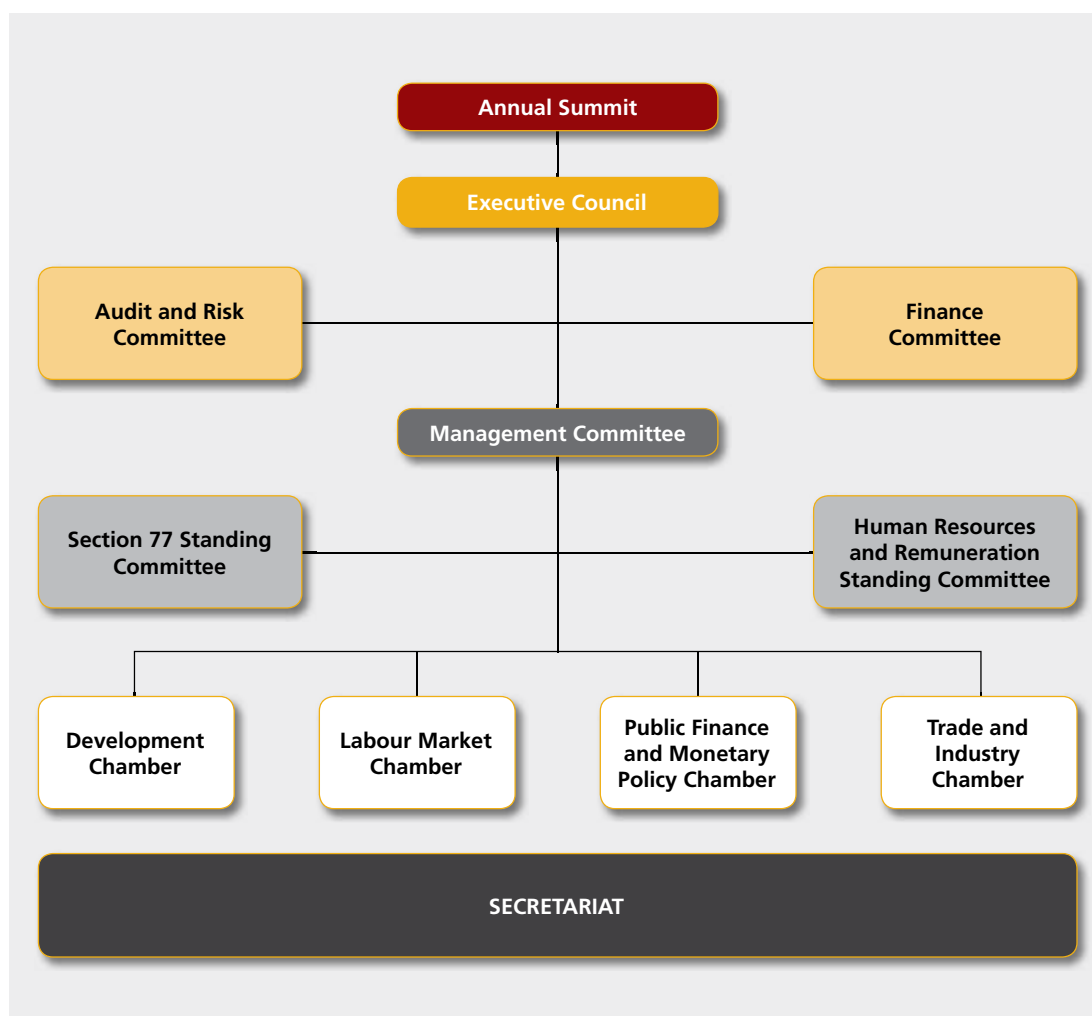
Nedlac's work programme is largely determined by the legislative and policy programme of Government as well as issues tabled by constituencies. These issues can be tabled at a Chamber, Management Committee (Manco) or the Executive Council (Exco).

Issues that are tabled at the Management Committee or Executive Council are referred to the appropriate Chambers for negotiation or consultation: Public Finance and Monetary Policy; Labour Market; Trade and Industry; and Development. Issues of a cross-cutting nature are dealt with by the Manco and/or Exco, usually through special task teams.

There have been no changes in the legislative mandate of Nedlac.

Organisational structure

The structure of Nedlac is provided below.



Executive Council

Meetings held	Members			
	Community	Business	Government	Labour
4 Comprises not more than 18 members of Organised Business, Organised Labour, Government and Community Organisations	Dumisani Mthalane Laura Kganyago Lawrence Bale Moeketsi Rakgosi Lemias Mashile Kugesh Naidoo David Poane Patson Ngwevela Thulani Tshefuta Robert Masambo Likhapa Mbata	Jabu Mabuza Brenda Madumise Dean Mogale Clive Manci Motse Mfuleni Nomaxabiso Majokweni Jaco Marais Thero Setiloane Angela Dick Cas Coovadia Laurraine Lotter Vanessa Phala Costa Pierides Kgatlaki Ngoasheng Eugenia Kula-Ameyaw Kaizer Moyane Connie Motshumi Tanya Cohen	Minister Oliphant Minister Nene Minister Nxesi Minister Davies Thembinkosi Mkalipi Jennifer Schreiner Nelisiwe Magubane Lungisa Fuzile Nkosinathi Nhleko Thibedi Ramontja David Msiza Mziwonke Dlabantu Coceko Pakade Lionel October Adam Mthombeni Catherine Mavi Ingrid Goodspeed Faried Adams Nkosi Madula	Ashley Benjamin Andrew Chirwa Bheki Ntshalintshali Dennis George Freda Oosthuizen Godfrey Selematsela Irvin Jim Jonas Mosia Joseph Maghekeni Koos Bezuidenhout Leon Grobler Mamaponya Makgoba Matthew Parks Mduduzi Mbongwe Narius Moloto Norma Craven Puseletso Tsukulu-Motsohi Prakashnee Govender Ramotshudi Ramputa Sidumo Dlamini Simon Mofokeng Themba Khumalo Thembeka Gwaga Thobile Ntola Tony Ehrenreich Zingiswa Losi Zwelinzima Vavi

Management Committee

Meetings held	Members			
	Community	Business	Government	Labour
7 (including 2 special Mancos) Comprises the four Overall Convenors, and the Constituency Convenors in each of the Chambers	Dumisani Mthalane	Kaizer Moyane Laurraine Lotter Fani Xaba Michael Lawrence Dennis Dykes	Adam Mthombeni Faried Adams Raymond Masoga Thembinkosi Mkalipi	Bheki Ntshalintshali Mduduzi Mbongwe Matthew Parks Ramotshudi Ramputa Tony Ehrenreich

Development Chamber

DEVELOPMENT CHAMBER CONVENORS



Lawrance Bale
Development Chamber
Convenor for Community

Tel: 012 323 5069
Cell: 082 744 8229
balel@webmail.co.za



Fani Xaba
Development Chamber
Convenor for Business

Tel: 012 427 2920
Cell: 082 458 2274
fani.xaba@af.aurecongroup.com



Adam Mthombeni
Development Chamber
Convenor for Government

Tel: 012 406 1100
Cell: 082 378 2871
Adam.mthombeni@dpw.gov.za



Matthew Parks
Development Chamber
Convenor for Labour

Tel: 021 461 3835
Cell: 082 785 0687
matthew@cosatu.org.za

Meetings held	Members			
	Community	Business	Government	Labour
Chamber 8 Task Teams 20 Not more than 6 members from Organised Business, Organised Labour, Govern- ment and representa- tives from community and devel- opment interests	Thulani Mabuza Trevor Hufke Zama Ndaba Herman Tsebe Patrick Mathavhana	Fani Xaba Vanessa Phala Mpumalanga Myataza Andile Mnyaka Thami Skenjana Zinzi Mgolodela Kevin Cowley Conti Matlakala Dinah Moseki Lucas Qakaza Emily Motaung Emily Tjale Joyce Siwani Lawrence Bale Laura Kganyago NkosiKhulule Nyembezi	Adam Mthombeni William Jiyana Ngube Thokwana Catherine Mavi	Fezeka Loliwe Jane Barrett Sheila Barsel Matthew Parks Mamaponya Makgoba Lauren Uppink Rueben Ramokgopa Malose Kutumela

Labour Market Chamber

LABOUR MARKET CONVENORS



Kaizer Moyane
Business Convenor

Tel: 011 491 7908,
kmoyane@edcon.co.za



Thembinkosi Mkalipi
Government Convenor

Tel: 012 309 4122
Thembinkosi.mkalipi@labour.
gov.za



Mduduzi Mbongwe
Labour Convenor

Tel: 011 403 8333
noel@saccawu.org.za

Meetings held	Members		
	Business	Government	Labour
Chamber 8	Kaizer Moyane	Thembinkosi Mkalipi	Mduduzi Mbongwe
Task Teams	Aruna Ranchod	David Khumalo	Babhali ka Maphikela-Nhlapo
30	Corinna Gardner	Ian Macun	Gizelle Conradie
Not more	Elize van der Westhuizen	Ntsoaki Mamashela	Janek Wilimiec
than 6	Gerrie Bezuidenhout	Setsomi Molapo	Johan van Niekerk
members	Janette Cumming	Stephen Rathai	Leon Grobler
from	John Botha	Mbongeni Magula	Norma Craven
Organised	Lucio Trentini		Patrick Phelane
Business,	Tanya Cohen		Prakashnee Govender
Organised	Jonathan Goldberg		Zanoxolo Mpendu
Labour and	Brendon Fraser		Tumediso Modise
Govern- ment	Vanessa Phala		Maja Mphahlele

Public Finance and Monetary Policy Chamber

PUBLIC FINANCE AND MONETARY POLICY CHAMBER CONVENORS



Dennis Dykes
PFMPC – Business Convenor

Tel: 011 295 6363
dennisd@nedbank.co.za



Raymond Masoga
PFMPC – Government Convenor

Tel: 012 315 5018
raymond.masoga@treasury.gov.za



Isaac Ramputa
PFMPC – Labour Convenor

Tel: 011 467 0192
isaacr@sasbo.org.za

Meetings held	Members		
	Business	Government	Labour
Chamber 10	Dennis Dykes	Raymond Masoga	Isaac Ramotshudi Ramputa
Task Teams 3	Peggy Drodskie	Ingrid Goodspeed	Thobile Ntola
Not more than 6 members from	Thami Skenjana	Johan van den Heever	George Strauss
Organised Business,	Lindie Stroubel	Vukani Mamba	Matthew Parks
Organised Labour and	Kgatlaki Ngoasheng	Olano Makhubela	Lukho Matanzima
Govern-ment	Pietman Roos		Malinge ka Plaatjie
	Phillip Maseko		Fundi Nzimande
	Zelda Setlaki		Gretchen Humphries
			Jan Mahlangu
			Prakashnee Govender
			Sidney Kgara
			Godukile Macatha
			Thulani Mncube

Trade and Industry Chamber

TRADE AND INDUSTRY CONVENORS



Michael Lawrence
Trade and Industry Chamber
Business Convenor

Tel: 082 496 0126
Michael@ncrfsa.org



Faried Adams
Trade and Industry Chamber
Government Convenor

Tel: 012 3941049
Fadams@thedti.gov.za



Tony Ehrenreich
Trade and Industry Chamber
Labour Convenor

Tel: 021 448 0045
Tony@cosatu.org.za

Meetings held	Members		
	Business	Government	Labour
Chamber	Johan Pienaar	Thembekile Mlangeni	Tony Ehrenreich
10	Nico Vermeulen	Glen Goldstone	Derick Fredericks
Task Teams	Peggy Drodskie	Jan Magoro	Ashley Benjamin
38	Danie Jordaan	Niki Kruger	Tengo Tengela
Not more	Michael Lawrence	Mpoifeng Molefinyane	Jonas Mosia
than 6	Laurraine Lotter		Woodrajh Aroun
members	Shibe Maruatona		Matome Jetty Selapisha
from	Guy Harris		Neo Bodibe
Organised	Thami Skenjana		Thulani Khumalo
Business,	Henk Langehoven		Krister van Rensburg
Organised	Coenrad Scheepers		Lukho Matanzima
Labour and	Kgatlaki Ngoasheng		
Govern-	Faried Adams		
ment	Nkosiyomzi Madula		

TASK TEAMS OF THE TRADE AND INDUSTRY CHAMBER

Teselico – Technical Sectoral Liaison Committee

Business	Government	Labour
Brian Brink Danie Jordaan Guy Harris Laurraine Lotter Paul Theron Pat Corbin Coenrad Scheepers Johan Pienaar Michell Lawrence Lambert Botha Norman Lamprecht Nico Vermeulen Dr John Purchase Anton Hanekom Helena Claassens Thami Skenjana Henk Langehoven	Phumudzo Mahosi Thembekile Mlangeni Thuli Nkomo Pemy Gasela Faried Adams Rudolf Brits Elizabeth van Renen Sudhir Sooklal Brendan Vickers K. Nkuna Jan Magoro Niki Kruger Gerda van Dijk Jessica Sibuyi M. de Gama M. A. Letsoalo Siboniso Cele Funanani Muremi H. Kontant E. Steenkamp Y. Mashau Emily Mphahlele Xavier Carim Shonisani Mthahale	Ashley Benjamin Neo Bodibe Pelelo Magane Bosole Chidi Tengo Tengela Abey Daniels Nevani Maele Tony Franks Simon Eppel Jonas Mosia Krister van Rensburg Clement Chitja Lukho Matanzima Ramotshudi Ramputa

Non-agricultural Market Access (Nama)

Business	Government	Labour
Coenrad Scheepers Brian Brink Danie Jordaan Guy Harris Paul Theron Helena Claassens Nico M. W. Vermeulen Norman Lamprecht	Rudolf Brits Phumudzo Mahosi Thembi Nkuna Thembekile Mlangeni Duduzile Mpyana Elizabeth van Renen	Simon Eppel Jonas Mosia Tengo Tengela Pelelo Magane

Non-trade Barrier (NTB)

Business	Government	Labour
Coenrad Scheepers Brian Brink Danie Jordaan Guy Harris Paul Theron Helena Claassens Nico M. W. Vermeulen Norman Lamprecht	Rudolf Brits Phumudzo Mahosi Thembi Nkuna Thembekile Mlangeni Duduzile Mpyana Elizabeth van Renen	Simon Eppel Jonas Mosia Tengo Tengela Pelelo Magane

Fund for Research and Develop (Fridge)

Business	IDC	Government	Labour
Coenrad Scheepers G. Harris L. Lotter	Mahlogonolo Monyeke K. Chauke	M. Molefinyane V. Mmutle Z. Mdlatlose	T. Tengela J. Mosia A. Benjamin

Governance Committees

Section 77 Standing Committee

Name

A. Smith
K. Moyane
M. Rakgosi
T. Mkalipi
M. Mbongwe

Overall Convenors

Name

Constituency

L. Lotter	Business
D. Mthlane	Community
T. Mkalipi	Government
B. Ntshalintshali	Labour

Human Resources and Remunerations Committee

Name

Constituency

Norma Craven	Labour
Zama Ndaba	Community
Fergus Marupen	Business
Ntsoaki Mamashela	Government
Alistair Smith	Nedlac
Nthabiseng Koopedi	Nedlac

Financial Committee

Name

Constituency

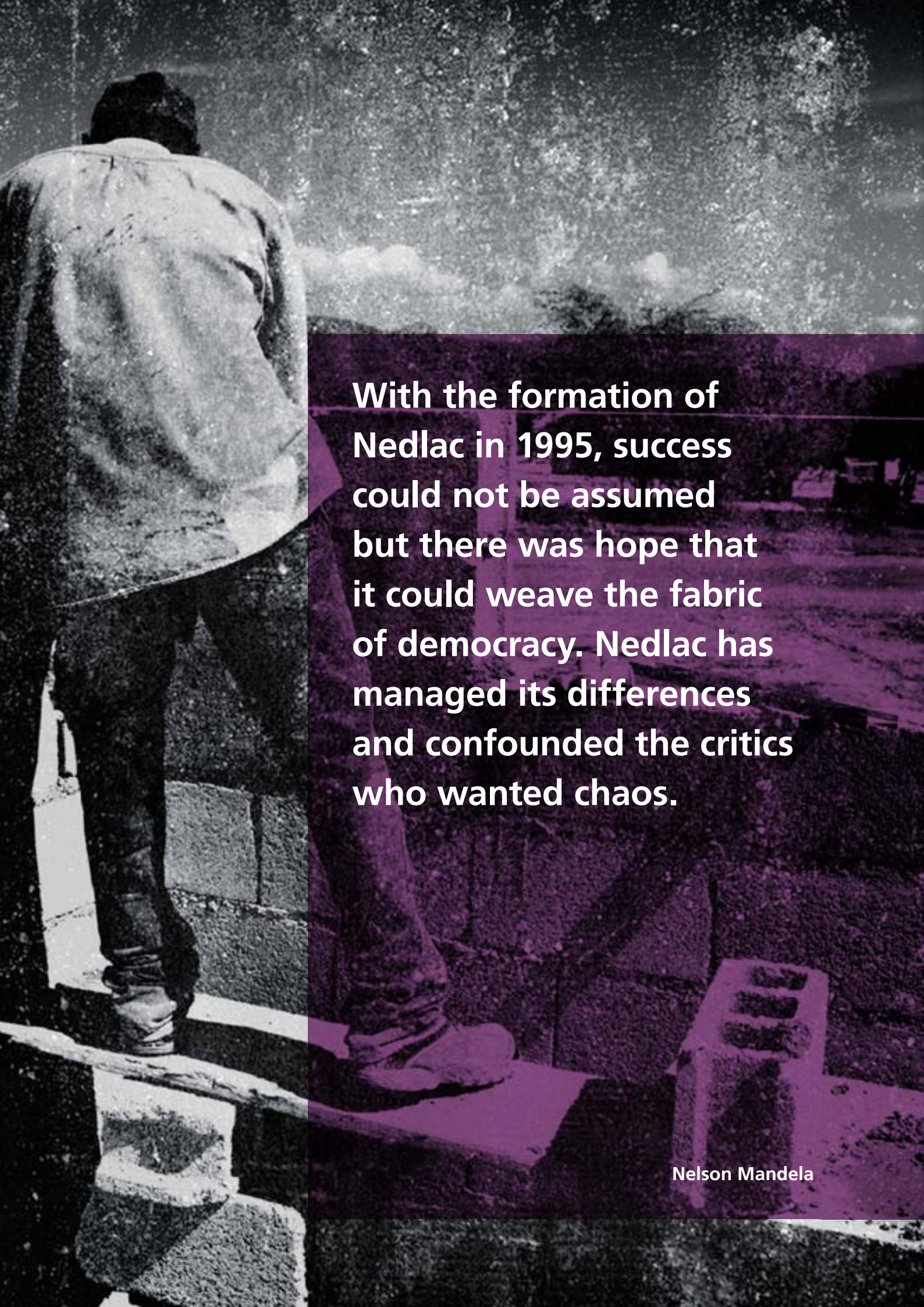
Freddie Petersen	Government
Kugesh Naidoo	Community
Chris Kloppers	Business
Nico Vermeulen	Business
Alistair Smith	Nedlac
Mahandra Naidoo	Nedlac
Ronell Maartens	Nedlac

Audit and Risk Committee

Name

Constituency

Adv. Shami Kholong	Independent Chairperson
Freddie Petersen	Government (resigned in February – replaced by Vicky Pretorious)
Nico Vermeulen	Business
Chris Klopper	Labour
Kugesh Naidoo	Community
Vicky Pretorious	Government



With the formation of Nedlac in 1995, success could not be assumed but there was hope that it could weave the fabric of democracy. Nedlac has managed its differences and confounded the critics who wanted chaos.

Nelson Mandela



PART D

secretariata nd
human resources

STAFF COMPLEMENT



Nedlac has an almost complete staff complement. In addition, substantial improvements have been made to Nedlac's financial systems and processes. This has included ensuring better segregation of duties, and the strengthening of financial and procurement controls.

Expenditure

Total expenditure for the entity	Personnel expenditure	Personnel expenditure as % of total expenditure	Number of employees	Average personnel cost per employee (annual)
R26 416 650	R10 281 465	38.92%	28	R367 195

Training costs

Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	Number of employees	Average training cost per employee
R10 281 465	R56 162	0.54%	28	R2 006

Employment and vacancies

2013/2014 approved posts	2013/2014 vacancies	% of vacancies
30	2	6.6 %

Reasons for staff leaving

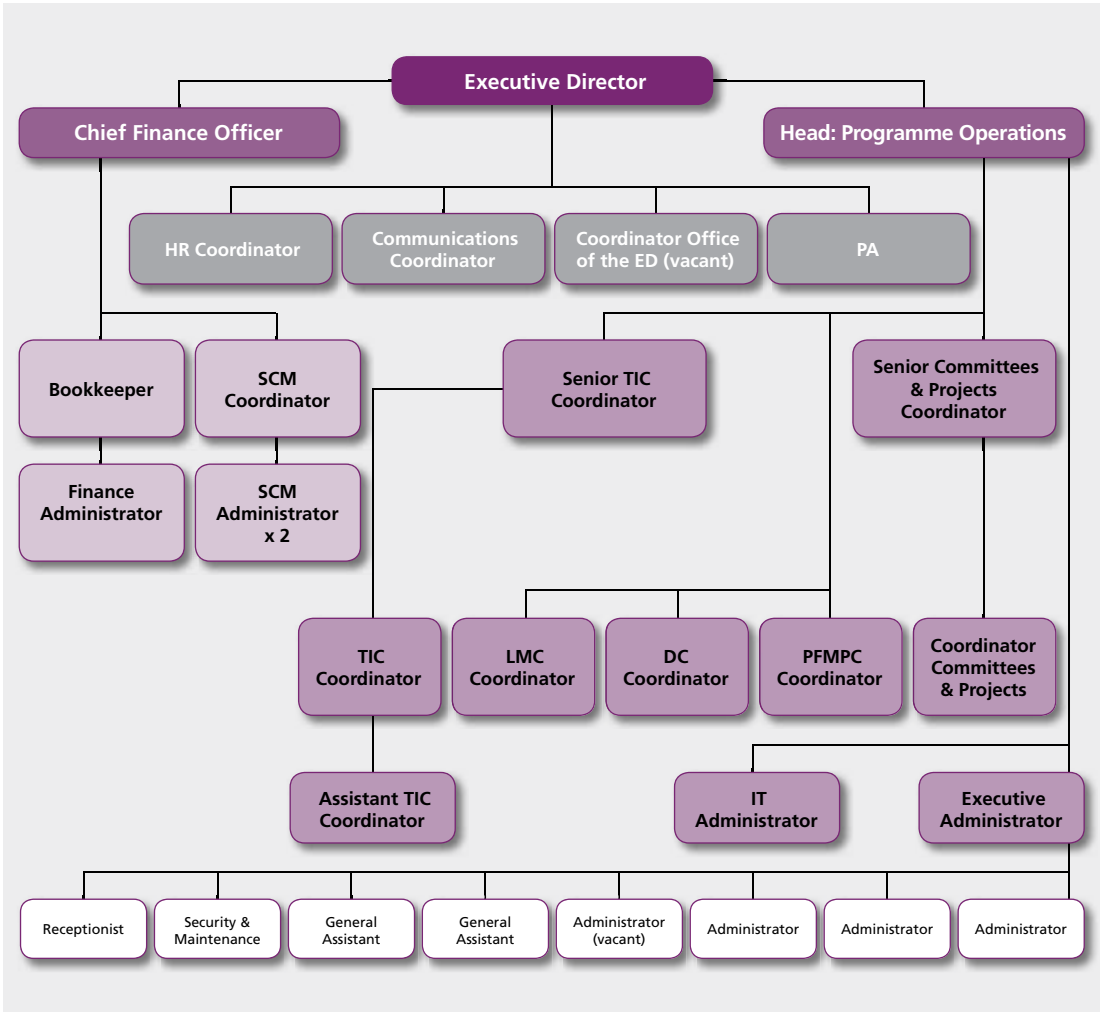
Reason	Number
Death	-
Resignation	1
Dismissal	1
Retirement	-
Ill health	-
Expiry of contract	-
Other	-
Total	2

Equity target and employment equity status

Level	African		Coloured		Indian		White		Total
	F	M	F	M	F	M	F	M	
Top management	-	-	-	1	-	1	1	-	3
Professional	8	2	1	-	-	-	2	-	13
Semi-skilled	8	-	-	-	-	-	1	-	9
Unskilled	2	1	-	-	-	-	-	-	3
Total	18	3	1	1	-	1	4	-	28

Secretariat structure

The Secretariat comprises 30 positions



Secretariat



Alistair Smith
Executive Director



Anna Monare
Administrator



Benedict Mokgothu
IT Administrator



Busisiwe Milisi
Coordinator –
Special Projects and
Committees



Dorris Tshablala
General Worker



Elnari Potgieter
Coordinator – Trade and
Industry Chamber



Fiona Nchabeleng
Administrator



Frieda Garvie
Personal Administrator



Joyce Segoa
Administrator



Kgomotso Mokone
Bookkeeper



Khanyisile Mthembu
Coordinator – Supply
Chain Management



Kim Jurgensen
Coordinator –
Communications



Mahandra Naidoo
Head – Programme
Operations



Nobuntu Ndwandwa
Coordinator –
Special Projects and
Committees



Nonhlanhla Ngubane
Administrator



Nozipho Ngema
Coordinator – Trade and
Industry Chamber



Nthabiseng Koopedi
Coordinator – Human
Resources



Priscilla Mashabane
Coordinator –
Development Chamber



Ronell Maartens
CFO



Ruth Mofokeng
Administrator



Sam Mulwela
Security and
Maintenance



Charlotte van Rooyen
Administrator



Sharna Johardien
Coordinator – Trade and
Industry Chamber



Sharon Lerumo
Administrator



Sibongile Pheeha
Administrator



Tshidi Tshablala
General Worker



Tsholofelo Lelaka
Coordinator – Labour
Market Chamber



Vuyisa Tafa
Coordinator – Public
Finance and Monetary
Policy Chamber

CONSTITUENCY SUPPORT STAFF



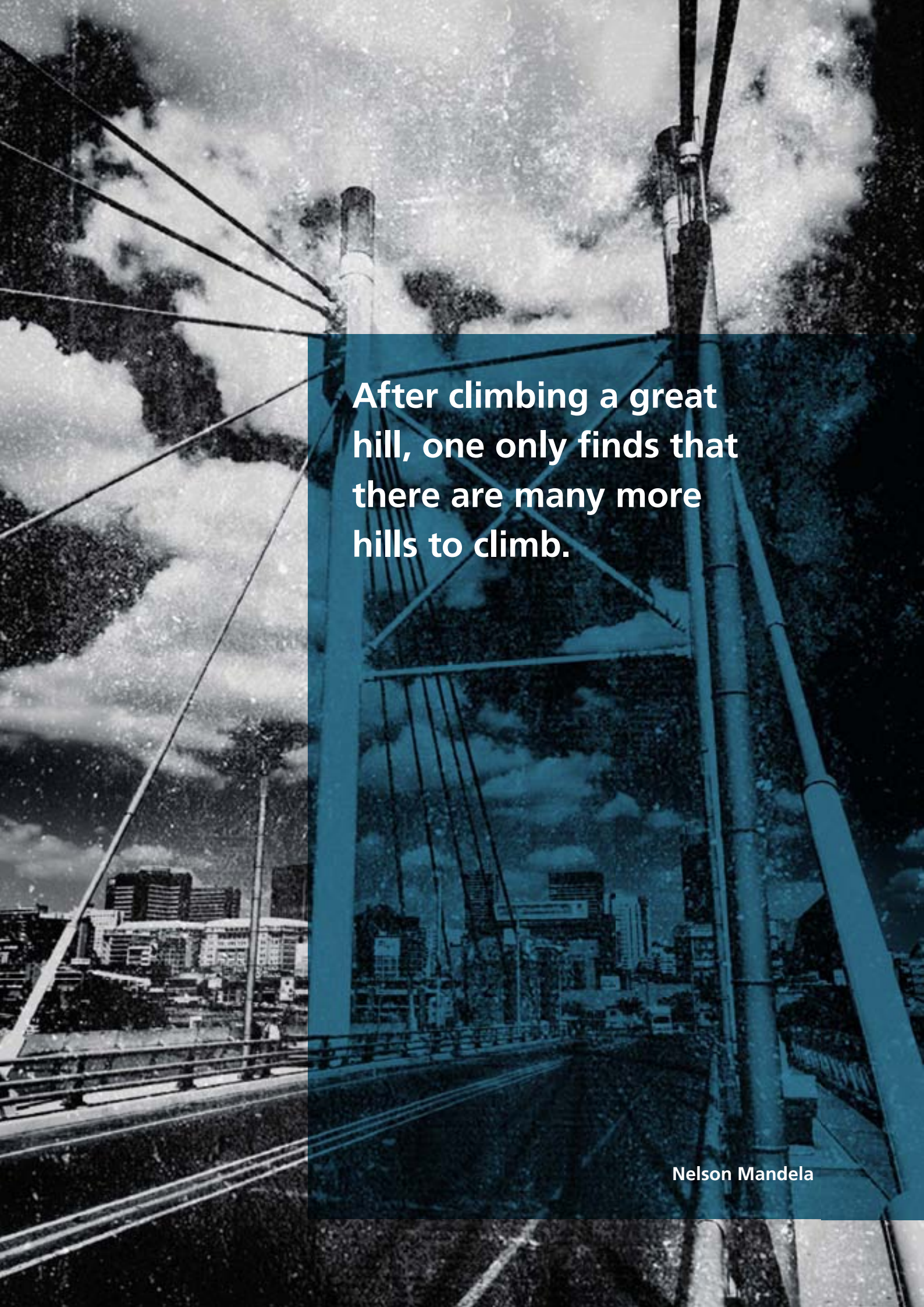
Rejoyce Mudzanani
Community
Constituency



Shannon Stanbul
Labour Constituency



Takwana Makaya
Community
Constituency



**After climbing a great
hill, one only finds that
there are many more
hills to climb.**

Nelson Mandela



PART E

financial
information

Report of the Auditor-General to Parliament on the Financial Statements of National Economic Development and Labour Council

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the National Economic Development and Labour Council set out on pages 83 to 126, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The Executive Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Economic Development and Labour Council as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered by management during the year ended 31 March 2014 in the financial statements of the National Economic Development and Labour Council at, and for the year ended, 31 March 2013.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2014:
- Programme 1 – Administration performance information on pages 24 to 26
 - Programme 2 – Human Resources management performance information on pages 27 to 28
 - Programme 3 – Finance performance information on page 28
 - Programme 4 – Nedlac Chambers performance information on pages 29 to 40
 - Programme 5 – MANCO Task Teams performance information on pages 41 to 42
 - Programme 6 – Section 77 performance information on pages 43 to 48
 - Programme 7 – Communication and Outreach performance information on pages 49 to 50
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

15. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

16. Refer to the annual performance report on page(s) 19 to 52 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the Human Resources management programme. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements, performance and annual report

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 55(1) (b) of the PFMA. Material misstatements of irregular expenditure disclosure note identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

20. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1) (b) (ii) of the Public Finance Management Act.

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

22. The accounting authority did not in all instances ensure adequate review of the financial statements prior to submission for audit as a material misstatement relating to irregular expenditure disclosure note and non-compliance with laws and regulations were noted. The material misstatement was subsequently corrected by management.

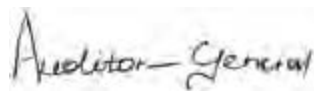
Financial and performance management

23. In certain instances the annual financial statement and the annual performance report compiled and prepared by management were not supported and evidenced by accurate and complete information and as a result material adjustments were made to the annual financial statements and annual performance report submitted for audit. The entity did not have a dedicated supply chain co-ordinator for a major part of the financial year to identify and report on irregular expenditures.

OTHER REPORTS

Investigations

24. An investigation was conducted and finalised by an independent forensic consulting firm focussing on allegations of financial, compliance and governance misconduct during the 2011/12 financial year. A number of individuals were implicated. Further actions and possible legal steps against those individuals are still under consideration by the executive authority and accounting authority. As a result of the outcome of the investigation, irregular expenditure was raised and disclosed in the financial statements of Nedlac for the 2012/13 financial year and condoned in the 2013/14 financial year.



Pretoria
31 July 2014



Nedlac Financial Statements

for the year ended 31 March 2014

GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Nature of business and principal activities

Nedlac is a statutory body which is governed and mandated as per The National Economic Development and Labour Council Act, Act 35 of 1994.

Nedlac's work programme is largely determined by the legislative and policy programme of Government as well as issues tabled by constituencies. These issues can be tabled at a Chamber, Management Committee or the Executive Council. Issues that are tabled at the Management Committee or Executive Council are referred to the appropriate Chambers for negotiation or consultation: Trade and Industry; Public Finance and Monetary Policy; Labour Market; and Development. Issues of a cross-cutting nature are dealt with by the Manco and-or Exco, usually through special task teams.

There have been no changes in the legislative mandate of Nedlac.

Overall Convenors

L Kettledas (Government)
(Retired 2 September 2013)
L Lotter (Business)
B Ntshalintshali (Labour)
D Mthlane (Community)
T Mkalipi (Government)
(Appointed 3 September 2013)

Registered office

Nedlac House
14A Jellicoe Avenue
Rosebank
2196

Business address

First Floor, South Tower,
160 Jan Smuts Avenue, Rosebank
Johannesburg, South Africa
2196

Postal address

PO Box 1775
Saxonwold
2132

Executive director

A G Smith

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The reports and statements set out below comprise the audited annual financial statements presented to the parliament:

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Statement of Changes in Net Assets	85
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Statement of Comparison of Budget and Actual Amounts	87
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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Nedlac Financial Statements

for the year ended 31 March 2014

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Labour for continued funding of operations. The audited annual financial statements are prepared on the basis that the entity is a going concern and that the Department of Labour has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are audited by the entity's external auditors.

The audited annual financial statements set out on pages 83 to 99, which have been prepared on the going concern basis, were recommended by the Audit and Risk Committee on 29 May 2014 and were signed on its behalf by:



Alistair Smith
Executive Director

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

Audit and risk committee members and attendance

The audit and risk committee consists of the members listed hereunder and should meet six times per annum as per its approved terms of reference. During the current year six meetings were held.

30-Jan-14

05-Nov-13

18-Oct-13

16-Jul-13

20-May-13

18-Apr-13

Name of member	Number of meetings attended
Adv. Shami Kholong (Independent Chairperson)	5
Mr Freddie Petersen (Government) resigned in February, replaced by Vicky Pretorius	6
Vicky Pretorius (Government)	3
Mr Nico Vermuelen (Business)	6
Mr Chris Kloppe (Labour)	2
Mr Kugesh Naidoo (Community)	5

Audit and risk committee responsibility

The audit and risk committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The audit and risk committee also reports that it has adopted appropriate formal terms of reference as its audit and risk committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The appointment of an Independent Chairperson, Advocate Shami Kholong, was confirmed with effect from 20 May 2013.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the audited annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The audit and risk committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the entity during the year under review.

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Evaluation of audited annual financial statements

The audit and risk committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit;
- reviewed performance information and the reporting thereof.

The audit and risk committee concur with and accept the Auditor-General of South Africa's report on the audited annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit and risk committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Chairperson of the Audit and Risk Committee

Date

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2014.

1. Review of activities

Main business and operations

LEGISLATIVE AND OPERATIONAL OVERVIEW

Nedlac's work programme is driven by the legal imperative for social dialogue and participatory policymaking in terms of the Nedlac Act, Act 35 of 1994. In this regard, the Nedlac act requires the institution to:

Nedlac's work programme is driven by the legal imperative for social dialogue and participatory policymaking in terms of the Nedlac Act, Act 35 of 1994. In this regard, the Nedlac act requires the institution to:

- Strive to promote the goals of economic growth, participation in economic decision-making and social equity;
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament;
- Encourage and promote the formulation of coordinated policy on social and economic matters; and
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament.
- Consider Socio Economic Disputes in terms of Section 77 of the Labour Relations Act.

The Nedlac work programme is therefore largely shaped by the policy and legislative agenda as determined by the government of the day. The Nedlac work programme is furthermore significantly influenced by global economic conditions and the socio-economic challenges confronting South Africa. In addition, the social partners also have the right to table issues for consideration. Nedlac is thus confronted with a host of issues on which it is required to engage.

This engagement process is undertaken in compliance with the Nedlac Constitution and the Protocol for Tabling Issues at Nedlac. The engine-rooms for engagement are as follows:

Public finance and Monetary Policy Chamber

The Public Finance and Monetary Policy Chamber shall seek to reach consensus and make agreements for placing before the executive council on all matters pertaining to financial, fiscal, monetary and exchange rate policies, the coordination of fiscal and monetary policy, related elements of macroeconomic policy and the associated institutions of delivery.

Trade and Industry Chamber

The trade and Industry chamber shall seek to reach consensus and make arrangements for placing before the executive council on all matters pertaining to the economic and social dimensions of trade, industrial, mining, agricultural and services policies and the associated institutions of delivery.

Labour Market Chamber

The Labour Market chamber shall seek to reach consensus and make arrangements for placing before the executive council on all matters pertaining to the world of work and the associated institutions of delivery.

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Development Chamber

The Development chamber shall seek to reach consensus and make agreements for placing before the executive council on all matters pertaining to development, both urban and rural, implementation strategies, financing of development programmes, campaigns to mobilise the nation behind government programmes and the associated institutions of delivery.

Net surplus of the entity was R351,716 (2013: surplus R6,768,847).

2. Going concern

We draw attention to the fact that at 31 March 2014, the entity had accumulated surplus of R24,449,358 and that the entity's total assets exceed its liabilities by R24,449,358.

The audited annual financial statements have been prepared on the accrual basis and of accounting policies applicable to a going concern.

3. Subsequent events

The accounting authority is not aware of any matter or circumstance arising since the end of the financial year that could have a material effect on the financial statements.

4. Overall Convenors

The Overall Convenors of the entity during the year and to the date of this report are as follows:

Name	Changes
L Kettledas (Government)	Resigned 2 September 2013
L Lotter (Business)	
B Ntshalintshali (Labour)	
D Mthalane (Community)	
T Mkalipi (Government)	Appointed 3 September 2013

5. Executive director

The executive director of the entity is A G Smith.

6. Key managers emoluments

Details for key managers' emoluments are disclosed in the employee related costs note 13.

7. Auditors

Internal: O.M.A. Chartered Accountants

External: Auditor-General of SA

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

Figures in Rand	Note(s)	2014	2013 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	19 337 383	17 456 815
Receivables from exchange transactions	4	284 815	311 862
		19 622 198	17 768 677
Non-Current Assets			
Property, plant and equipment	5	7 359 085	7 990 320
Intangible assets	6	99 735	29 114
		7 458 820	8 019 434
Total Assets		27 081 018	25 788 111
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	1 977 080	1 690 469
Finance lease obligation	8	47 751	-
Provisions	9	606 829	-
		2 631 660	1 690 469
Total Liabilities		2 631 660	1 690 469
Net Assets		24 449 358	24 097 642
Accumulated surplus		24 449 358	24 097 642

* See Note 33

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for the year ended 31 March 2014

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2014	2013 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment		244 892	667 888
Interest received		549 124	434 224
SETA Refund		26 005	32 533
Miscellaneous other revenue		54 008	189 586
Total revenue from exchange transactions		874 029	1 324 231
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	12	25 933 693	24 259 000
Total revenue	11	26 807 722	25 583 231
Expenditure			
Employee related cost	13	(10 281 465)	(7 395 041)
Depreciation and amortisation	14	(983 604)	(492 160)
Finance costs	16	(14 611)	-
Debt impairment	15	(310 853)	(24 319)
General expenditure	17	(14 826 119)	(10 921 476)
Total expenditure		(26 416 652)	(18 832 996)
Operating surplus		391 070	6 750 235
(Loss)/Gain on disposal of assets and liabilities	20	(39 354)	18 612
Surplus for the year		351 716	6 768 847

* See Note 33

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Balance at 31 March 2012	17 328 795	17 328 795
Surplus for the year	6 768 847	6 768 847
Total changes	6 768 847	6 768 847
Opening balance as previously reported	23 662 749	23 662 749
Adjustments		
Prior year adjustments	434 893	434 893
Restated Opening Balance at 31 March 2013	24 097 642	24 097 642
Surplus for the year	351 716	351 716
Total changes	351 716	351 716
Balance at 31 March 2014	24 449 358	24 449 358

* See Note 33

Nedlac Financial Statements

for the year ended 31 March 2014

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2014	2013 Restated*
Cash flows from operating activities			
Cash Receipts			
Government grants and subsidies		25 933 693	24 259 000
Rent received		244 892	667 888
Interest received		549 124	434 224
Other receipts		80 013	222 119
		<u>26 807 722</u>	<u>25 583 231</u>
Cash Payments			
Employee related costs		(10 281 465)	(7 395 041)
Suppliers		(14 216 485)	(11 096 027)
		<u>(24 497 950)</u>	<u>(18 491 068)</u>
Net cash flows from operating activities	22	<u>2 309 772</u>	<u>7 092 163</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(347 451)	(487 081)
Proceeds from sale of property, plant and equipment	5	(5 555)	95 823
Purchase of intangible assets	6	(109 338)	(27 511)
Proceeds from sale of intangible assets	6	-	50 060
Net cash flows from investing activities		<u>(462 344)</u>	<u>(368 709)</u>
Cash flows from financing activities			
Finance lease payments		<u>33 140</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		1 880 568	6 723 454
Cash and cash equivalents at the beginning of the year		17 456 815	10 733 361
Cash and cash equivalents at the end of the year	3	<u>19 337 383</u>	<u>17 456 815</u>

* See Note 33

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis					
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Rental of facilities and equipment	735 000	(490 000)	245 000	244 892	(108)
Interest received	380 000	120 000	500 000	549 124	49 124
SETA Refund	-	-	-	26 005	26 005
Miscellaneous other revenue	100 000	6 000	106 000	54 008	(51 992)
Total revenue from exchange transactions	1 215 000	-364 000	851 000	874 029	23 029
Revenue from non-exchange transactions					
Taxation revenue					
Government grants & subsidies	25 828 000	-	25 828 000	25 933 693	105 693
Total revenue	27 043 000	(364 000)	26 679 000	26 807 722	128 722
Expenditure					
Employee related cost	(11 003 100)	508 000	(10 495 100)	(10 281 465)	213 635
Depreciation and amortisation	(1 173 000)	-	(1 173 000)	(983 604)	189 396
Finance costs	-	-	-	(14 611)	(14 611)
Debt impairment	-	-	-	(310 853)	(310 853)
General expenditure	(14 866 900)	(144 000)	(15 010 900)	(14 826 119)	184 781
Total expenditure	(27 043 000)	364 000	(26 679 000)	(26 416 652)	262 348
Operating surplus	-	-	-	391 070	391 070
Loss on disposal of assets	-	-	-	(39 354)	(39 354)
Surplus before taxation	-	-	-	351 716	351 716
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement					
	-	-	-	351 716	351 716

ACCOUNTING POLICIES

1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 – Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	20 years
Furniture and fixtures	12 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	3 years

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1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at cost
Other financial asset1	Financial asset measured at fair value
Other financial asset2	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The current operating leases do not have escalations and therefore have not been straight lined.

1.6 Impairment of cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.7 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.9 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.11 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.12 Comparative figures

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

1.13 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including –

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.15 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 4/1/2013 to 3/31/2014.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an entity in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an entity provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date;
 - or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;

- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;-Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

The effective date of the standard is for years beginning on or after 1 April 2013.

The entity has adopted the standard for the first time in the 2014 audited annual financial statements.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

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All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

GRAP 12 (as revised 2012): Inventories

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

GRAP 13 (as revised 2012): Leases

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition, Derecognition and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Changes made comprise 3 areas that can be summarised as follows:

- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31,
- The deletion of guidance and examples from Interpretations issues by the IASB previously included in GRAP102,
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2014 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 – Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 – Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions on the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 1 April 2016.

The entity expects to adopt the standard for the first time in the 2016 audited annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2014.

The entity expects to adopt the standard for the first time in the 2014 audited annual financial statements.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2014.

The entity expects to adopt the standard for the first time in the 2014 audited annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2014.

The entity expects to adopt the standard for the first time in the 2014 audited annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's audited annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual audited annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 1 April 2014.

The entity expects to adopt the standard for the first time in the 2014 audited annual financial statements.

IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue

Paragraphs .03, .04, .05, .06, .08 and .10, were amended and paragraph .02 was added in the Interpretation of the Standards of GRAP.

This Interpretation of the Standards of GRAP now addresses the manner in which an entity applies the probability test on initial recognition of both:

- (a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions and
- (b) non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

This Interpretation of the Standards of GRAP supersedes the Interpretation of the Standards of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue issued in 2009.

The effective date of the amendment is for years beginning on or after 1 April 2013.

The entity has adopted the amendment for the first time in the 2014 audited annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's audited annual financial statements.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister set the effective date for the standard.

Figures in Rand	2014	2013 Restated
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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 000	-
Cash at bank	3 943 223	424 642
Short-term deposits	15 389 160	17 032 173
	19 337 383	17 456 815

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

AA	19 332 383	17 456 815
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4. Receivables from exchange transactions

Prepayments	257 980	157 890
Rent receivable from PSA	244 892	86 115
Other receivable	182 625	157 686
Provision for impairment of trade and other receivables	(400 682)	(89 829)
	284 815	311 862

Trade and other receivables impaired

As of 31 March 2014, trade and other receivables – “rent receivable” of R400 682 (2013: R89 829) were impaired and provided for.

The ageing of trade and other receivables which was impaired is as follows:

Over 6 months	400 682	89 829
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The amount of R244 892 constitutes the outstanding rental amount due by Proudly South Africa for occupation of offices in the Nedlac building. The lease was cancelled at the end of July 2013. This amount is the rent due from April 2013 to July 2013.

An amount of R155 790 is linked to the forensic investigation.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	89 829	65 510
Provision for impairment	310 853	24 319
	400 682	89 829

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for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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5. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 500 000	-	1 500 000	1 500 000	-	1 500 000
Buildings	10 670 208	(5 821 201)	4 849 007	10 670 208	(5 341 041)	5 329 167
Furniture and fixtures	1 418 954	(1 083 777)	335 177	1 407 751	(985 069)	422 682
Motor vehicles	169 688	(161 204)	8 484	169 688	(161 204)	8 484
Office equipment	867 313	(503 922)	363 391	773 221	(444 233)	328 988
IT equipment	779 934	(476 908)	303 026	709 623	(308 624)	400 999
Total	15 406 097	(8 047 012)	7 359 085	15 230 491	(7 240 171)	7 990 320

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Disposals	Deprecia- tion	Total
Land	1 500 000	-	-	-	1 500 000
Buildings	5 329 167	-	-	(480 160)	4 849 007
Furniture and fixtures	422 682	20 218	(5 448)	(102 275)	335 177
Motor vehicles	8 484	-	-	-	8 484
Office equipment	328 988	204 237	(4 024)	(165 810)	363 391
IT equipment	400 999	122 996	(24 327)	(196 642)	303 026
	7 990 320	347 451	(33 799)	(944 887)	7 359 085

Figures in Rand	2014	2013 Restated
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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2013

	Opening balance	Additions	Disposals	Transfers	Deprecia- tion	Total
Land	1 500 000	-	-	-	-	1 500 000
Buildings	5 233 115	87 342	-	96 960	(88 250)	5 329 167
Furniture and fixtures	553 727	5 197	(8 110)	(102 305)	(25 827)	422 682
Motor vehicles	138 362	-	-	-	(129 878)	8 484
Office equipment	167 570	260 464	(9 791)	4 965	(94 220)	328 988
IT equipment	467 248	134 078	(59 310)	380	(141 397)	400 999
	8 060 022	487 081	(77 211)	-	(479 572)	7 990 320

Details of properties

Erf 205, Rosebank Township, 14A Jellicoe Avenue, Rosebank, Johannesburg

– Purchase price: 26 July 2002	10 000 000	10 000 000
– Additions since purchase	2 170 208	2 170 208
	12 170 208	12 170 208

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for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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6. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	165 476	(65 741)	99 735	94 761	(65 647)	29 114

Reconciliation of intangible assets – 2014

	Opening balance	Additions	Amortisa- tion	Total
Computer software	29 114	109 338	(38 717)	99 735

Reconciliation of intangible assets – 2013

	Opening balance	Additions	Disposals	Amortisa- tion	Total
Computer software	64 251	27 511	(50 060)	(12 588)	29 114

Figures in Rand	2014	2013 Restated
7. Payables from exchange transactions		
Trade payables	1 232 380	927 711
Other payables	462 000	462 000
Accrued leave pay	281 200	164 672
Payroll related accruals	1 500	136 086
	1 977 080	1 690 469

Trade payables

Trade payables are subject to normal trade credit terms and relatively short payment cycles.

Accrued leave pay

The current leave pay accrual is based on the liability for the current leave cycle not utilised.

8. Finance lease obligation

Minimum lease payments due

– within one year	71 683	-
	71 683	-
less: future finance charges	(23 932)	-
Present value of minimum lease payments	47 751	-

Present value of minimum lease payments due

– within one year	47 751	-
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Nedlac leased a PABX system from MWEB/Shoretel on the 16th January 2014. The lease is fully payable within 12 months and amounts to a total contract value of R168,073.47. Ownership will pass to Nedlac at the end of the lease.

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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9. Provisions

Reconciliation of provisions – 2014

	Opening Balance	Additions	Utilised during the year	Total
Bonus provision	-	606 829	-	606 829

A bonus provision was raised due to the implementation of a performance management system at Nedlac. The final bonus amount will be calculated on the individual staff members' performance scorecard and is expected to be paid after the release of the audited financial statements.

10. Financial instruments disclosure

Categories of financial instruments

Financial Assets

In accordance with IAS 39.09 the Financial Assets of the entity are classified as follows:

Financial Assets	Classification
Receivables	
Trade receivables	Loans and receivables
VAT receivable	Loans and receivables
Sundry debtors	Loans and receivables
Bank, Cash and Cash Equivalents	
Bank Balances	Held for trading

Financial Liabilities

In accordance with IAS 39.09 the Financial Liabilities of the entity are classified as follows :

Financial Liabilities	Classification
Creditors	
Trade payables	Financial liabilities at amortised cost
Accruals	Financial liabilities at amortised cost
Accrued leave pay	Financial liabilities at amortised cost
Finance lease liability	Financial liabilities at amortised cost
Bonus provision	Financial liabilities at amortised cost

Figures in Rand	2014	2013 Restated
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10. Financial instruments disclosure (continued)

2014

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	284 815	284 815
Cash and cash equivalents	19 337 383	-	19 337 383
	19 337 383	284 815	19 622 198

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	1 977 080	1 977 080
Finance lease obligation	-	47 751	47 751
Provisions	-	606 829	606 829
	-	2 631 660	2 631 660

2013

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	311 862	311 862
Cash and cash equivalents	17 456 815	-	17 456 815
	17 456 815	311 862	17 768 677

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	1 690 469	1 690 469

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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11. Revenue

Rental of facilities and equipment	244 892	667 888
Interest received	549 124	434 224
SETA Refund	26 005	32 533
Miscellaneous other revenue	54 008	189 586
Government grants & subsidies	25 933 693	24 259 000
	26 807 722	25 583 231

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	244 892	667 888
Interest received	549 124	434 224
SETA Refund	26 005	32 533
Miscellaneous other revenue	54 008	189 586
	874 029	1 324 231

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants and subsidies	25 933 693	24 259 000
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12. Government grants and subsidies

Department of Labour	25 828 000	24 159 000
Department of Trade and Industry	105 693	100 000
	25 933 693	24 259 000

Figures in Rand	2014	2013 Restated
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13. Employee related costs

Basic salaries	6 574 432	4 645 610
Bonus	606 829	161 711
Unemployment Insurance Fund	43 846	32 714
Workmens Compensation	(66 037)	66 037
Skills Development Levies	95 538	71 737
Leave pay provision charge	95 769	17 238
	7 350 377	4 995 047

Remuneration of key management

AG Smith – Executive Director

Appointed in position – 04 October 2011

Annual Remuneration	1 332 888	1 140 000
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R Maartens – Chief Financial Officer

Appointed in position – 28 November 2011

Annual Remuneration	706 200	660 000
Other	18 000	-
	724 200	660 000

M Naidoo – Head of Programme Operations

Appointed in position – 01 July 2012

Annual Remuneration	856 000	599 994
Other	18 000	-
	874 000	599 994

Remuneration of board members

Nedlac does not have a Board and is currently governed by an executive council in terms of the Nedlac Act, 1994. The members of the executive council are not remunerated for meeting attendance and preparation.

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for the year ended 31 March 2014

Figures in Rand	Note(s)	2014	2013 Restated
14. Depreciation and Amortisation			
Depreciation			
Buildings		480 160	88 250
Furniture and fixtures		102 275	25 827
Motor vehicles		-	129 878
Office equipment		165 810	94 220
IT equipment		196 642	141 397
Amortisation			
Computer software		38 717	12 588
		983 604	492 160
15. Debt impairment			
Debt impairment		310 853	24 319
16. Finance costs			
Interest – Finance leases	8	14 611	-

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	Note(s)	2014	2013 Restated
17. General expenditure			
Accounting fees		26 427	29 928
Advertising		2 328	241 799
Audit committee remuneration		67 840	-
Auditors remuneration	19	1 805 440	1 205 841
Bank charges		11 490	13 037
Cleaning		57 687	49 834
Consulting and professional fees		2 830 243	1 780 047
Entertainment		734 293	662 907
Insurance		110 198	110 329
Conferences and seminars		1 251 026	981 978
IT expenses		425 902	308 042
Lease rentals on operating lease	18	1 206 040	295 694
Promotions and sponsorships		14 437	128 192
Levies		15 378	15 587
Motor vehicle expenses		5 270	16 863
Postage and courier		30 962	18 180
Printing and stationery		765 014	403 515
Security (Guarding of municipal property)		43 948	-
Staff welfare		56 780	27 490
Subscriptions and membership fees		121 790	94 960
Telephone and fax		387 083	348 948
Training		35 182	106 032
Travel – local		3 704 046	2 969 088
Travel – overseas		172 604	-
Electricity		510 351	409 101
Recruitment fees		310 444	559 754
Study grants		20 980	27 665
Maintenance and repairs		102 936	116 665
		14 826 119	10 921 476

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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18. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Premises		
– Contractual amounts	855 842	-
Equipment		
– Contractual amounts	256 595	266 975
Lease rentals on operating lease - Other		
– Contractual amounts	93 603	28 719
	1 206 040	295 694
(Loss)/Gain on disposal of assets	(39 354)	18 612
Amortisation on intangible assets	38 717	12 588
Depreciation on property, plant and equipment	944 887	479 572
Employee related costs	10 281 465	7 395 041

19. Auditors' remuneration

External audit	1 508 599	39 380
Internal audit	296 841	412 899
Forensic audit	-	753 562
	1 805 440	1 205 841

20. (Loss)/Gain on disposal of assets

(Loss)/Gain on disposal of assets	(39 354)	18 612
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Loss for the current year is made up of obsolete and broken assets. There was also an incident of a break-in at Nedlac where some assets were stolen and some of the losses were recouped from insurance.

Three printers were sold during the prior year for R25 000.00. There was also an incident where a laptop was lost during the year and the claim from the insurance company was received.

Figures in Rand	2014	2013 Restated
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21. Taxation

No provision for South African normal taxation has been made as the Council is exempted in terms of Section 10(1)(CA)(1) of the Income Tax Act.

22. Cash generated from operations

Surplus for the year	351 716	6 768 847
Adjustments for:		
Depreciation and amortisation	983 604	492 160
(Loss) / gain on sale of assets	39 354	(18 612)
Finance costs – Finance leases	14 611	-
Movements in provisions	606 829	-
Changes in working capital:		
Receivables from exchange transactions	27 047	(22 734)
Payables from exchange transactions	286 611	(127 498)
	2 309 772	7 092 163

23. Commitments

Authorised capital expenditure

Budgeted for, but not yet contracted for

– Property, plant and equipment	151 211	-
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Operating leases – as lessee (expense)

Minimum lease payments due

– within one year	756 636	-
– in second to fifth year inclusive	125 674	-
	882 310	-

Refer to note 34 on operating lease

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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24. Contingencies

There is a contingent liability that comprises the surplus as at 31 March 2014. In accordance with section 53(3) of the PFMA, of 1999, as amended, a Schedule 3 public entity may not budget for a deficit and may not accumulate surpluses, unless the prior written approval of the National Treasury has been obtained. Permission has been requested to retain the unused surplus for the year ended 31 March 2014 of R351,718 (2013: R6 768 846) to fund some of the approved commitments as disclosed in note 23.

25. Risk management

Financial risk management

Financial risk management

The entity's activities expose to the following financial risks:

Cash flow interest rate risk (Market risk)

Credit risk

Liquidity risk

The Accounting Authority and the Executive Director have overall responsibility for the establishment and oversight of the Nedlac's risk management framework. Nedlac's risk management policies are established to identify and analyse the risks faced by the Nedlac, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Nedlac's activities. Nedlac, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk is the risk that Nedlac will encounter difficulty in raising funds to meet its commitments. Nedlac's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Nedlac's reputation. The bulk portion of the surplus is carried as cash or cash equivalents.

The ageing of trade payables from exchange transactions at the reporting date is per the table below. The amounts disclosed are contractual cash flows.

At 31 March 2014	Less than a year	Between one to two years	Between two to five years	Over five years
Trade and other payables	1 977 080	-	-	
At 31 March 2013	Less than a year	Between one to two years	Between two to five years	Over five years
Trade and other payables	1 690 469	-	-	

Refer to note 10 on Financial instruments disclosure.

Figures in Rand	2014	2013 Restated
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25. Risk management (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to Nedlac, thereby causing financial loss. It is Nedlac's policy that all customers who wish to trade on credit terms are assessed for credit worthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

Financial assets exposed to credit risk at year end were as follows:

	2014	2013
Financial instrument		
Trade and other receivables	284 815	311 862
Cash and cash equivalents	19 337 383	17 456 815

Refer to note 10 on Financial instruments disclosure.

Market risk

Interest rate risk

As Nedlac has no significant interest-bearing assets, Nedlac's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables – normal credit terms	-%	504 165	-	-	-	-
Cash in current banking institutions	-%	19 337 383	-	-	-	-
Trade and other payables – normal creditors	-%	2 391 605	-	-	-	-

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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26. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. Funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

27. Events after the reporting date

The Accounting Authority is not aware of any matter or circumstance arising since the end of the financial year that could have a material effect on the financial statements.

28. Irregular expenditure

Opening balance	21 360 468	17 045 248
Add: Irregular Expenditure – current year	2 754 988	4 315 220
Less: Amounts condoned	(21 360 468)	-
	2 754 988	21 360 468

Analysis of expenditure awaiting condonation per age classification

Current year	2 754 988	4 315 220
Prior years	-	17 045 248
	* 2 754 988	21 360 468

The Accounting Authority requested the Executive Authority to condone the irregular expenditure. The Minister of Labour is the Executive Authority for Nedlac and has condoned the irregular expenditure.

Details of irregular expenditure not recoverable (not condoned)

Three written quotes	1 113 422
No purchase order of requisition obtained	773 530
Non-compliance with PPPFA	868 036
	* 2 754 988

Figures in Rand	2014	2013 Restated
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29. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities

Actual amount as presented in the budget statement	2 309 772	6 333 953
Basis differences	-	758 210
Net cash flows from operating activities	2 309 772	7 092 163

Investing activities

Actual amount as presented in the budget statement	(462 344)	(368 709)
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Financing activities

Actual amount as presented in the budget statement	33 140	-
Net cash generated from operating, investing and financing activities	1 880 568	6 723 454

30. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting authority and includes a note to the audited annual financial statements.

Nedlac Financial Statements

for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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31. Related parties

Nedlac operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity. All individuals from the level of managers up to the members of the accounting authority are considered management.

Close family members of key management are considered to be those family members who may be expected to influence, or be influenced by key management individuals or other parties related to the entity.

Relationships

Public entity	Proudly South Africa Telkom SA Department of Labour Department of Trade and Industry
Members of key management	AG Smith R Maartens M Naidoo

Figures in Rand	2014	2013 Restated
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31. Related parties (continued)

Related party balances

Amounts included in Trade Receivable (Trade Payable) regarding related parties

Telkom SA	-	(23 960)
Proudly SA	244 892	55 657

Related party transactions

Purchases from related parties

Telkom SA	140 722	154 470
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Nedlac is making use of Telkom as a service provider for telecommunication services. These transactions were concluded on normal operating terms. This amount is included in general expenditure on the statement of financial performance.

Rent received from related parties

Proudly SA	(244 892)	(667 888)
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The rental received from Proudly South Africa was in respect of them renting offices in the Nedlac building. The lease was cancelled at the end of July 2013 and a provision for doubtful debt of R244,892 was disclosed for the rent due from April 2013 to July 2013.

Grant received from related parties

Department of Labour	(25 828 000)	(24 159 000)
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Transfers received from other departments

Department of Trade and Industry	(105 693)	(100 000)
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Compensation to key management

AG Smith (Executive Director)	1 332 888	1 140 000
R Maartens (Chief Financial Officer)	706 200	660 000
M Naidoo (Head of Programme Operation)	856 000	599 994
	2 895 088	2 399 994

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for the year ended 31 March 2014

Figures in Rand	2014	2013 Restated
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32. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	9 465	-
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Costs related to travel (e.g. air tickets) not utilised due to unforeseen circumstances.

33. Prior period errors

ERROR IN DEPRECIATION FOR PRIOR YEARS

The value of land and buildings were split and resulted in incorrect depreciation in 2013.

Property, plant and equipment were depreciated incorrectly in the prior year. The useful lives and residual values were not appropriately considered.

For other classes of transactions the depreciation was incorrectly calculated due to an error in the formulas in the fixed asset register.

ERROR IN PROVISION FOR LEAVE PAY

In the 2013 financial year there was an overprovision of leave pay.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Property, plant and equipment	-	468 581
Intangible assets	-	(54 448)
Provision for leave pay	-	20 758
Opening accumulated surplus	-	434 893

Statement of Financial Performance

Depreciation and amortisation	-	15 872
(Loss)/Gain on disposal of assets	-	31 324
Employee costs	-	(20 758)
Computer expenses	-	75 678

34. Operating lease

Temporary occupation of rented premises while Nedlac house is being refurbished for an initial seven month period from December 2013 to June 2014.

The equipment comprise Copiers that are leased over a three year period of which one contract ends in March 2015 and the other contract ends June 2016.

Refer to note 23 on commitments.

