

the dti Annual Financial Statements 2004 - 2005

55	Report of the Accounting Officer
62	Report of the Auditor-General to Parliament on the financial statements of the Department of Trade and Industry — Vote 32 for the year ended 31 March 2004
64	Statement of accounting policies and related matters
67	Appropriation statement
76	Notes to the appropriation statement
78	Statement of Financial Performance
79	Statement of Financial Position
80	Statement of changes in net assets
81	Cash flow statement
82	Notes to the annual financial statements
90	Disclosure notes to the annual financial statements
94	Annexures to the annual financial statements
109	Report of the Auditor-General to Parliament on the financial statements of the National Supplies Procurement Fund for the year ended 31 March 2004
110	Annual financial statements of the National Supplies Procurement Fund
114	Notes to the annual financial statements of the National Supplies Procurement Fund

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

1.1 Strategic overview

Over the financial year under review **the dti** had made significant progress in achieving its objectives, details of which are outlined under the different programmes elsewhere in the annual report. However, in pursuing its strategic objectives, there are a number of critical policy challenges confronting **the dti** over the medium term, including:

- introducing policy instruments that succeed in bridging the divide between the first and second economies for emerging entrepreneurs and historically disadvantaged persons and communities;
- providing enterprises with relevant support measures that strengthen their ability to compete in a global economy;
- implementing a more focused and targeted strategy to increase levels of direct investment in the economy; and
- continuing to promote the alignment of economic actors in the different spheres of government, in agencies and parastatals, and in the private sector, with government's vision 2014.
- Over the next three years, particular attention will be paid to harnessing the opportunities that arise from the 2010 FIFA World Cup and the massive infrastructure investment programme of government and government owned enterprises. In addition, the taxi recapitalisation, small enterprise development, broad based black economic empowerment, and investment promotion will also receive priority attention.

1.2 Overview of expenditure trends

R3,623,291,000 as compared to R2,796,350,000 in 2003/04. The expenditure for 2004/05 was 95.6%, i.e. R3,463,097 000 of the budget, and in 2003/04 it was 95,1%, i.e. R2,659,344,000. This spending pattern should be considered in the context of the departmental cost drivers, comprising mainly transfer payments. Approximately 79% of the expenditure was paid to public entities and incentive schemes, and the remainder was utilised for the Department's operational expenses.

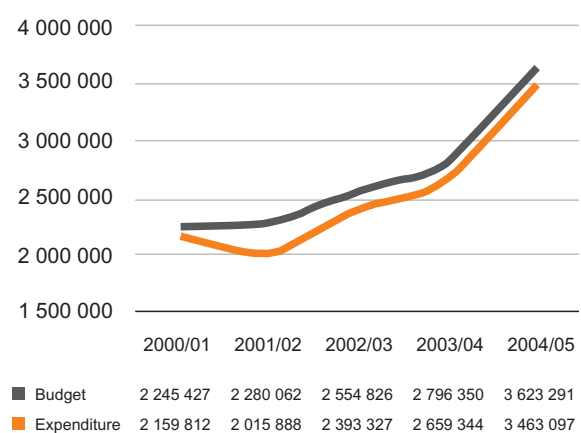
Delays in the execution of major capital projects, such as the infrastructure programme, the merger of NTSIKA and NAMAC and exchange rate fluctuations, all had a direct impact on the spending trends. This, combined with rigid virement directives, made it very difficult to re-

allocate funds as it required National Treasury or Parliamentary approval.

Under spending occurred primarily in the Enterprise and Industry Development, and The Enterprise Organisation programmes. The bulk of **the dti's** transfer payments to business, incentive schemes, the infrastructure programme, and investment support programmes, reside within these two divisions. The merger of NTSIKA and NAMAC into the Small Enterprise Development Agency (SEDA) was finalised late in the financial year and this resulted in under spending of R58 million. Delays in finalising projects at the Infrastructure programme reflects further under spending of R90 million.

The expenditure pattern over the past five years, as compared with the budget allocations, is reflected in the following graph:

Five year comparison of budget vs expenditure



As reflected in the above graph, there has been consistency in the spending of the Department against the budget over the past three years, with a minor percentage increase year-on-year.

1.3 Expenditure trends per programme

Programme 1: Administration

This programme provides strategic leadership to the Department of Trade and Industry and its agencies. It comprises support for the offices of the Minister, Deputy Minister and Director-General. The Director-General's office consists of the Agency Management Unit, the Strategy Unit, Internal Audit as well as the Economic Research and Policy Co-ordination Unit. This programme also includes the Group Systems and

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
REPORT OF THE ACCOUNTING OFFICER CONTINUED
for the year ended 31 March 2005

Support Services division (GSSSD), which houses human resource management, the learning centre, financial management, corporate governance and compliance management, and information systems.

Expenditure increased from R198.8 million in 2003/04 to R229.1 million in 2004/5, an increase of 15.2%. This increase is primarily attributable to new sub-programmes such as the Economic Research and Policy Coordination, and monitoring and evaluation functions that were established. The expenditure for Group Systems and Support Services Division (GSSSD) had increased by 23%, from 2003/4 to 2004/5. This increase is the result of the establishment of a learning centre for the department and payments to the concessionaire for the provision of a new fully serviced campus facility to the department.

Programme 2: The International Trade and Development Division (ITED)

This programme is responsible for negotiating and promoting market access for South African goods and services on a preferential basis. This is done by developing South Africa's trade policy and strategy in compliance with international treaties and obligations. This programme also fosters economic integration in Africa within the NEPAD framework.

The division experienced an increase in expenditure from R85.4 million in 2003/04 to R106.2 million in 2004/05, an increase of 24.4%. The main reason for this increase was the payment of R16.2 million for a claim that was awarded by the courts to an international investor who had suffered losses in South Africa.

Programme 3: The Enterprise and Industry Development Division (EIDD)

This programme provides leadership in the development of policies and strategies to create an enabling environment for competitiveness, equity and enterprise development.

Most of the dti group of institutions report to this division and expenditure increased from R1,024 million in 2003/04 to R1,100 million in 2004/05, an increase of 7.4%, which was a normal average increase. Programme expenditure increased due to the

implementation of new mandates such as broad-based BEE, and the development of policies and legislation on BEE, cooperatives and competitiveness.

Programme 4: Consumer and Corporate Regulation Division (CCRD)

CCRD's purpose is to develop and implement coherent, predictable and transparent regulatory solutions for access to redress for investors, inventors and consumers, policy coherence and certainty, and efficient regulatory services for business.

The division experienced a decrease in expenditure from R113 million in 2003/04 to R97.2 million in 2004/05, a decrease of 14%. The decrease was largely due to the reduction in the transfer payment to the Companies and Intellectual Property Registration Office from R35.8 million to R1.2 million, as this institution will eventually become self-funding.

Programme 5: The Enterprise Organisation Division (TEO)

The Enterprise Organisation supports the dti's strategic objectives of growth, equity and employment creation by providing financial incentives to enterprises. The programme incorporates incentive measures that support investments in productive assets, infrastructure, and competitiveness and equity promotion.

The expenditure increased from R783 million in 2003/04 to R1,511 million in 2004/05, an increase of 93%. This increase was mainly due to payments of R600 million towards the Pebble Bed Modular Reactor and additional payments of R207,7 million and R25,7 million towards the Enterprise Development Programme and Export Market and Investment Assistance respectively.

Programme 6: The Trade and Investment South Africa Division (TISA)

This programme provides leadership to key growth sectors in the economy, and develops South Africa's capacity to export to various markets and increase direct investments in the country.

There was a decrease in expenditure for this programme from R377 million in 2003/04 to R282 million in 2004/05, a decrease of 25.2%. The largest contributing factor to this decrease was the reduction in the transfer payment

to Export and Insurance Corporation of R77 million as a result of the stronger exchange rate.

Programme 7: Marketing Division

Marketing is responsible for managing the Department of Trade and Industry's brand and increasing public awareness of the department's products and services, through advertising, events, promotional items, media liaison, publishing, multimedia productions and corporate communications activities.

This programme experienced an increase from R78.3 million in 2003/04 to R137.4 million in 2004/05, an increase of 75.5%. This increase was largely due to the once-off contribution of R25 million for the 2010 soccer World Cup bid, increased expenditure on public awareness and the expansion of the customer care centre.

2. Inventories

Inventories of **the dti** comprise primarily stationery, which are costed by means of the average purchase price over the past three years. The value of the items was R12.521 million.

3. Capacity constraints

Between 2003/04 and 2004/05, the staff complement of **the dti** increased from 705 to 715. Of the approved establishment of 1070 positions, 357 positions (33.4%) were vacant at 31 March 2005. Vacancies existed across all levels.

The vacancies impacted on the strategic operations of all programmes. As a result of the vacancy rate, the envisaged outcomes and results indicated in business plans could not be achieved in all instances. Actions to rectify this situation include an extensive recruitment process, and the final implementation of an E-Recruitment system.

4. Utilisation of donor funds

During 2004/05, the department received R145,2 million of donors funding from the European Union, being R69.1 million for the Risk Capital Fund Programme and R76.1 million as part of its five-year sector-wide enterprise employment and equity programme (SWEEEP). The Risk Capital Fund Programme was managed by the Industrial Development Corporation and

the R69.1 million was accordingly transferred to this agency. Of the R76.1 million, R62.8 million was utilised during the 2004/05 financial year whilst the balance of R13.3 million was carried forward for utilisation in the new year. These funds were mostly utilised within the Enterprise and Industry Development programme. The major outcomes were:

- Training of at least 100 people per month in basic business skills (CHAMSA)
- Networking opportunities on industry charter structure (CHAMSA)
- Support with the listing of 10 new companies and seven transfers between company boards
- Approval and capacitation of 50 partner organisations

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
REPORT OF THE ACCOUNTING OFFICER CONTINUED
for the year ended 31 March 2005

5. Trading entities and public entities

The public entities listed below are under the ownership control of the Minister of Trade and Industry:

Name of Entity	Purpose of Entity	Type of Beneficiary	Financial Year end	Cost 04/05 (R'000)	Enabling Act/ Type of Listing
Competition Commission	Promote an environment in which competition is allowed to flourish, investigate and address anti-competitive activities, and increase economic concentration in related markets.	Regulatory	March	28,177	Competition Act, 1998 (Act 89 of 1998) Schedule 3A
Competition Tribunal	The Competition Tribunal adjudicates competition matters, in accordance with the Act and has jurisdiction throughout South Africa.	Regulatory	March	Nil	Competition Act, 1998 (Act 89 of 1998) Schedule 3A
Council for Scientific and Industrial Research (CSIR)	Development and promotion of scientific and industrial research. Introduction, maintenance and promotion of national measuring standards.	Specialist Services	March	407,126	Scientific Research Council Act, 1988 (Act 46 of 1988) Schedule 3B
Export Credit Insurance Corporation of South Africa (ECIC)	To facilitate and encourage South African export trade, by underwriting bank loans and investment outside the country, in order to enable foreign buyers to purchase capital goods and services from the Republic.	Specialist Services	March	100,000	Export Credit and Foreign Investment Reinsurance Amendment Act, 2001 Schedule 3B
Industrial Development Corporation (IDC)	Contribution to the fund for research into industrial development, growth and equity, and to promote technology development in manufacturing industries in the RSA, through support for innovation of competitive products and/or processes.	Development Finance	March	690,000	Industrial Development Act, 1940 (Act 22 of 1940) Schedule 2
Khula Enterprise Finance	Providing wholesale financial support services to retail financial intermediaries.	Development Finance	March	27,000	National Small Business Act No. 102 of 1996 Schedule 3B
National Coordination Office of the Manufacturing Adviser (NAMAC)	For manufacturing, information, and related business development services, through a range of support programmes to SMMEs.	Specialist Services	March	37,752	Trust Property Control Act No. 57 of 1988 Schedule 3A
National Gambling Board of South Africa	Provide advice on the national gambling industry, and promote uniform norms and standards across provinces.	Regulatory	March	15,800	Gambling Act, 1996 (Act 33 of 1996) Schedule 3A
National Lotteries Board	To exercise national control over lottery activities.	Regulatory	March	Nil	Lottery Act, 1997 (Act 57 of 1997) Schedule 3A

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

REPORT OF THE ACCOUNTING OFFICER CONTINUED

for the year ended 31 March 2005

Name of Entity	Purpose of Entity	Type of Beneficiary	Financial Year end	Cost 04/05 (R'000)	Enabling Act/ Type of Listing
Ntsika Enterprise Promotion Agency	Provide wholesale non-financial support services for SMME promotion and development.	Development Finance	March	25,180	National Small Business Act No. 102 of 1996 Schedule 3B
South African Bureau of Standards (SABS)	Promote standardisation and quality management in industry and commerce, and supervising trade metrology and units of measure.	Specialist Services	March	107,099	Standards Act, 1993 (Act 29 of 1993) Schedule 3B
South African National Accreditation System (SANAS)	Provide an accreditation system for laboratories, certification, inspection and GLP. Establish laboratory, personnel, and certification body in the RSA, as well as mutual recognition agreements with international accreditation organisations.	Regulatory	March	9,000	No Enabling Act (Section 21 Co.) Schedule 3A
Trade and Investment South Africa (TISA)	Provide professional support to foreign investors, to enhance foreign direct investment in South Africa.	Section 21	March	10,800	No Enabling Act (Section 21 Co.) Schedule 3A
National Empowerment Fund (NEF)	The business of the NEF is to promote savings and investments among Historically Disadvantaged Persons (HDPs) through its retail and to fund economic empowerment and black business through its investments division.	Development Finance	March	160,000	National Empowerment Fund, 1998 (Act 105 of 1998) Schedule 3A
South African Quality Institute (SAQI)	SAQI is the umbrella body that co-ordinates the quality effort in South Africa in order to contribute towards the global competitiveness of the South African economy and the region as a whole.	Specialist Services	March	Nil	Standards Act, 1993 (Act 29 of 1993) Schedule 3A
Commission for International Trade Administration (ITAC)	ITAC's strategic thrust marks a new era of creating an enabling environment for fair trade in the South African Customs Union (SACU).	Regulatory	March	43,828	International Trade Administration Act, 2002 (Act 71 of 2002) Schedule 3A
Small Enterprise Development Agency (SEDA)	The mandate of SEDA is to implement small enterprise development support service and products through a national integrated service delivery network in order to improve the contribution of small enterprises to the economy, employment and equity.	Development Finance	March	Nil	National Small Business Act, 2003 (Act 26 of 2003) Schedule 3B

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
REPORT OF THE ACCOUNTING OFFICER CONTINUED
for the year ended 31 March 2005

6. Organisations to which transfer payments have been made

Transfer payments made towards entities are reflected in Annexure 1 A and B of the financial statements.

6.1 Public Private Partnerships (PPP)

The construction of **the dti** Campus was finalised during the first half of 2004, whereafter the move and decant took place between May 2004 and November 2004. At the same time, the retail areas on the campus also became operational. The construction and daily operational management of the campus is handled through a twenty-five year concessionaire agreement with Rainprop (Pty) Ltd.

During the reporting period, **the dti** used the services of Ledwaba Mazwai attorneys, Utho Capital and AJA Quantity Surveyors as transactional advisors to assist with the transition and the implementation of the PPP contract. Specialist facilities management support services were also obtained from Turner & Townsend to oversee the implementation of the experience delivery matrix and to ensure efficient facilities management in respect of service responsibility and accountability.

Unitary payments as per PPP concessionaire agreement commenced during May 2004, whilst variation orders totalling R16,697 million were also approved.

Skills transfer to **dti** employees formed an integrated part of the agreements with the transactional advisors and the facilities management specialists, which assisted **the dti** with the approval of the experience delivery matrix and the Call Centre handbook. A revenue generation model is also being finalised, which will allow for profit sharing between **the dti** and Rainprop (Pty) Ltd in respect of services such as parking and events on the campus.

7. Corporate governance arrangements

the dti continued to refine its corporate governance structure, thus establishing effective controls to strengthen its performance in key operational areas.

7.1 Fraud Prevention Plan (FPP)

The Fraud Prevention Plan (FPP) of **the dti** was reviewed and updated during the reporting period, as per requirements of the Public Finance Management Act (PFMA). An implementation matrix was also compiled and implemented, which is used by management to report to the Risk Management Committee (RMC) on identified cases.

A policy for the protection of whistleblowers policy was also adopted and implemented by **the dti**, to protect employees who disclose the inappropriate conduct of fellow employees and managers. Two Promotion of Ethical Conduct workshops were also held during October 2004 and March 2005 respectively.

7.2 Risk Management Committee (RMC)

The Risk Management Committee (RMC) met on a quarterly basis during the reporting period. An external service provider also independently assessed the RMC and the results indicated that the RMC functioned well within its mandate.

the dti compiles a Risk Register annually. The divisions report against the Risk Register to the RMC on a quarterly basis. A non-executive member, who is also a member of **the dti** Audit Committee, chairs the RMC. The RMC monitors **the dti** risk management process.

7.3 Disclosure of financial interests by senior managers

During the reporting period, 108 of the 134 (81%) senior managers disclosed their financial interests, which were noted by the Minister and submitted to the Public Service Commission.

7.4 Health and safety

The departmental Occupational Health and Safety Committee under the control of an operations Director, met monthly during the reporting period to evaluate the efficiency of departmental health and safety controls, and to report on progress in this regard. Monthly safety inspections were performed, whilst injuries on duty were also investigated and followed-up. A departmental health and safety policy is currently being drafted, whilst training of first-aid staff, fire marshals and safety representatives is conducted on an ongoing basis.

7.5 Operations Committee (OPSCOM)

In line with its Procurement Reform process, **the dti** continued using the departmental Operations Committee (OPSCOM) to advise on, and adopt operational policies and procedures related to finance, procurement, human resources, and information technology. The Deputy Director-General: Group Systems and Support Services chairs the OPSCOM. All **the dti** divisions are represented on the OPSCOM by Chief directors and Chief Operating Officers.

7.6 Operational policies

the dti continued to develop and implement operational policies for its strategic objectives. During the reporting period, 29 existing policies were reviewed and 22 new policies were approved and implemented. These policies are maintained through a central policy register and are placed on the departmental intranet to communicate it to employees.

7.7 Internal Audit and Audit Committee

The ability of the Internal Audit unit to react to identified audit risks has been strengthened by the outsourcing of 80% of its requirements to an audit consortium comprising Deloitte & Touch and SAB&T. The Internal Audit unit and the consortium are managing identified risks in the Fraud Prevention plan, the Risk Assessment plan, and in respect of corporate governance. Action will also be taken to strengthen the internal capacity of this unit through the appointment of additional staff.

Forensic audit services were also outsourced for a two-year period to a consortium comprising PWC and Gcabashe & Mahomed Mzizi Inc. The forensic audit capacity, along with the Internal Audit capacity enabled **the dti** to improve its internal and risk management controls and corporate governance processes.

7.8 Minimising the impact of the department on the environment

The following actions were taken by **the dti** in line with its environmental policy and in compliance with the National Environmental Management Act (NEMA):

REPORT OF THE ACCOUNTING OFFICER CONTINUED

for the year ended 31 March 2005

As an integrated part of its design, **the dti** campus addresses its impact on the environment by the efficient use of energy and water, landscaping, and efficient waste management, such as recycling and the re-use of equipment.

In drafting an environment related policy, **the dti** cooperated with the Committee on Environmental Coordination to prepare its second progress report on the Environmental Implementation Plan. Specific actions include controls to ensure that recipients of grants adhere to environmental requirements, and specific grants for waste minimisation projects. Departmental environmental awareness sessions were also conducted, whilst R1 million was transferred to the National Cleaner Production Centre to encourage growth of the environmental industry.

7.9 Departmental Tender Committee

The Departmental Tender Committee continues to manage the awarding and the adjudication of tenders with a value ranging between R500,000 and R4 million, and to advise the Accounting Officer on values higher than R4 million. **the dti** regards this as important to ensure improved efficiency and decision-making. The Deputy Director-General of Group Systems and Support Services Division (GSSSD) chairs the Tender Committee. The Chief Operating Officer: GSSSD, the Chief Financial Officer, the Director: Procurement Management and a representative from the Legal Unit are members of the Tender Committee.

8. New/proposed activities

In the 2005/6 financial-year, the department will add impetus to the achievement of its strategic objectives by implementing a number of flagship projects. An average annual budget of R3 billion will be utilised and approximately 1,000 employees deployed to implement the strategy over the next three years. The department will keep track of its progress through a systematic reporting and measurement system and regular reviews will take place.

Over the MTEF period there will be several programmes to bridge the economic divide and broaden economic participation by historically disadvantaged people. These programmes include the:

- (a) Implementation of the Apex Fund that will provide micro-finance to micro-enterprises;
- (b) Introduction of the Small Enterprise Development Agency to provide small enterprises around South Africa with a one-stop non-financial support service and the implementation of new policy and legislation to promote the development of cooperative enterprises;
- (c) Continued implementation of the broad-based Black Economic Empowerment Strategy and the introduction of a specific strategy for the economic empowerment of women;
- (d) Capitalisation of the National Empowerment Fund, which will commence with an initial R400 million in the 2005/06 financial year and which will allow the Fund to expand the products and services launched in 2004. The strategy is to increase the number of enterprises in the South African economy by creating an enabling environment and reducing regulatory

costs faced by small enterprises, and by unleashing South Africa's entrepreneurial spirit. The implementation of a strategy to promote a more equitable geographic spread of productive and sustainable economic activity will also commence in the latter part of the 2005/06 financial year. It is expected that new Consumer Credit legislation will also be implemented during 2005.

- (e) The department will review all of its enterprise support measures and incentives for relevance, efficacy, and competitiveness compared with those offered by South Africa's competitors.
- (f) In addition, an industrial policy framework that extends the work done on the Integrated Manufacturing Strategy, to include primary sectors and services, will be developed and implemented. A critical element of this work will include the development of policy instruments to address import parity pricing as part of an agreement concluded with government's social partners at the Growth and Development Summit.

9. Performance information

Strategic planning at **the dti** is directed from the Executive Board (EXBO) and the process provides for a simplified and standard procedure for planning across the Department. Strategic planning is performed on a three-year rolling basis and is aligned with the Medium Term Expenditure Framework process. On an operational level, business plans covering the financial year are compiled at business unit level within each programme to give effect to the strategic plan.

the dti's strategic planning process provides for a quarterly review of the implementation of annual business plans and flagship projects by EXBO. The purpose of the quarterly performance review is to evaluate progress reports against set targets and to take corrective action where necessary.

10. Scopa resolutions

The last Scopa resolutions were on the 1998/99 audit report in 2000. All recommendations have been implemented satisfactorily.

11. Other

The Standard Chart of Accounts (SCOA), as part of the new Economic Reporting Format (NERF) introduced by the National Treasury, was successfully implemented at **the dti**. Increased PFMA compliance was achieved with the conversion of budgets, financial reporting and accounting practices according to the Government Finance Statistics (GFS), and the Systems of National Accounts (SNA) protocols.

Approval

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



T MATONA
ACTING DIRECTOR-GENERAL
Date: 31 May 2005

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE
FINANCIAL STATEMENTS OF (VOTE 32) – THE DEPARTMENT OF
TRADE AND INDUSTRY FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 67 to 107, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

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

3. Audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Trade and Industry (**the dti**) at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. Emphasis of matter

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

4.1 Unauthorised expenditure – R37,379,505

Unauthorised expenditure of R37,379,505 relating to overspending on two main divisions of the Vote has been

disclosed in note 7. Although savings of R160,194,566 is reflected on the appropriation statement, this represents savings on transfer payments and capital expenditure which may not be utilised to defray current expenditure as per the requirements of section 43(4) of the PFMA. The appropriation statement reflects expenditure on financial transactions in assets and liabilities of R47,389,505 for which only R10,010,000 was available to defray the expenditure.

4.2 Irregular expenditure – R20,538,000

the dti disclosed irregular expenditure of R20,538,000 in note 26.1 to the annual financial statements in terms of section 40(3)(b) of the PFMA. The irregular expenditure is as a result of non-compliance with the Accounting Officer's Procurement Procedures developed to supplement the General Procurement Guidelines approved by the Minister of Finance and issued by National Treasury during 2001. At the time of compiling this report, these cases were still under investigation.

4.3 National Industrial Participation Programme

4.3.1 Follow up of data base

Paragraph 4.1.4(a) of my previous report stated that the database that was to be utilised for the monitoring of the National Industrial Participation Programme was not providing meaningful reports to administer the programme and a decision was taken by the department to recompile the database. Management indicated to me during this reporting period that phase two has been completed and that the testing phase should be completed within the next few months. I will report on the progress with the development and compilation of the database in my next audit report.

4.3.2 Non-achievement of milestones

Various suppliers (obligors) incurred an obligation to reinvest a portion of the cost of purchases in South Africa.

Obligors can fulfil their obligations either through investment in approved projects or through promoting exports of South African value-added projects by either buying for their own requirements or causing foreign companies to buy from South African companies.

With reference to paragraph 4.1.4(b) of my previous report, progress on the achievement of the first milestones was given. The table below sets out the progress on the achievement of milestones that were due during this reporting period and to the date of my audit report:

the dti is currently in the process of reviewing and addressing these cases of under performance by the

	Obligor 1	Obligor 2	Obligor 3	Obligor 4	Obligor 5
Date milestone due	April 2004	July 2004	April 2005	April 2005	April 2005
Milestone due	\$2,300,000,000	EUR720,000,000	\$331,162,850	\$464,014,661	\$310,340,000
Milestone achieved	\$1,221,000,000	EUR231,207,899	\$130,773,124	\$291,145,196	\$192,155,132
Order book not yet approved	\$1,062,000,000	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Under performance	\$ 17,000,000	EUR488,792,101	\$200,389,726	\$172,869,465	\$118,184,868

obligors. The above figures have been supplied by **the dti** and have not been audited by me.

4.4 Non-compliance with Manufacturing Development Act

The Manufacturing Development Board was established in terms of section 2(1) of the Manufacturing Development Act, 1993 (Act No. 187 of 1993) (the Act). Objectives of the Board are to promote manufacturing growth by way of incentives or concessions. The members of the Board as determined in section 2(2) of the Act should be appointed by the Minister of **the dti**. The appointment letters of the current Board members could not be obtained from **the dti**.

Management indicated that a new submission to the Minister will be drafted to ensure that Board members are accordingly appointed retrospectively from 1999, in compliance with the Act. This process was not yet finalised at the date of my report.

4.5 Information systems audit of the general controls

A follow-up information systems audit of the general controls was completed during June 2005 and the findings were brought to the attention of the accounting officer.

Progress had been made in rectifying the previously reported control weaknesses. The following high risk control weaknesses were identified:

- Although the policy framework was found to be comprehensive and well structured, user monitoring processes were not adequately documented in the user account management procedures. As a result user activity was not monitored to ensure that such activity was in line with the security policy.
- Records of user access requests were not kept. It would therefore not be possible to establish accountability for authorisation of access granted to users.
- System change control requests were not signed-off by business user representatives. It could therefore not be ensured that changes made to the system were in line with the business objectives.

The identified control weakness could be attributed to inadequate enforcement of the provisions of the security policy.

5. Appreciation

The assistance rendered by the staff of **the dti** during the audit is sincerely appreciated.

S. A. Fakie

Auditor-General

Pretoria
28 July 2005



ACCOUNTING POLICIES

for the year ended 31 March 2005

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice, have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

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

2. Revenue

Tax receipts

A tax receipt is defined as compulsory, unrequited revenue collected by government units. Tax receipts are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Sale of goods and services other than capital assets

The sale of goods and/or services produced by the government unit. Revenue is recognised in the Statement of Financial Performance on receipt of the funds.

Voted funds

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

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance in accordance with the cash basis of accounting.

Fines, penalties and forfeits

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

Interest, dividends and rent on land

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

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

Sale of capital assets

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

Financial transactions in assets and liabilities

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

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

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to government employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the payment is made. The expenditure is classified as capital where the employees were involved in capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the government units' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the payment is made.

Goods and services

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

Interest and rent on land

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

ACCOUNTING POLICIES CONTINUED

for the year ended 31 March 2005

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings available to the department. No provision is made for irrecoverable amounts.

Unauthorised expenditure

Unauthorised expenditure is defined as follows:

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

Unauthorised expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from a third party, or funded from future voted funds.

Irregular expenditure

Irregular expenditure is defined as follows:

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

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

Irregular expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined as follows: expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

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

Fruitless and wasteful expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or funded from future voted funds.

4. Transfers and subsidies

Transfers and subsidies include all unrequited payments made by the government unit. Transfers and subsidies are recognised as an expense when the payment is made.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year and cost more than R5,000. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is made.

Subsequent expenditure is classified according to the capital/current decision tree.

6. Investments

Non-current investments are shown at cost. On disposal of an investment, proceeds are recognised as revenue in the Statement of Financial Performance.

7. Investments in controlled entities

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

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

Investments in controlled entities are shown at cost.

8. Receivables

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

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

9. Cash and cash equivalents

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

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

ACCOUNTING POLICIES CONTINUED

for the year ended 31 March 2005

10. Payables

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

11. Lease commitments

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

Operating lease expenditure is expensed when the payment is made.

12. Accruals

This amount represents goods/services that have been delivered, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received, but remains unpaid at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability, or as expenditure in the Statement of Financial Performance as the annual financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

13. Contingent liability

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

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

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

14. Commitments

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

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting

period when the payment is made. Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the financial statements and are not recognised in the Statement of Financial Performance.

Post-employment retirement benefits

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

Long-term employee benefits and other post employment benefits

Termination benefits

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

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the annual financial statements of the department.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferred to the National Revenue Fund.

17. Recoverable revenue

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

18. Comparative figures

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

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2005

				2004/05			2003/04		
	Adjusted	Shifting of		Final	Actual		Expenditure	Final	Actual
	Appropriation	Funds	Virement	Appropriation	Expenditure	Variance	as % of final	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	245,746	—	(18,161)	227,585	218,479	9,106	96.0%	172,596	177,620
Transfers and subsidies	7,318	—	428	7,746	7,694	52	99.3%	7,194	7,476
Expenditure for capital assets	5,519	—	1,500	7,019	2,891	4,128	41.2%	14,849	13,672
2. International Trade and Economic Development									
Current payment	39,748	—	(163)	39,585	45,721	(6,136)	115.5%	34,673	33,515
Transfers and subsidies	60,527	—	1,503	62,030	60,346	1,684	97.3%	54,594	51,831
Expenditure for capital assets	125	—	50	175	159	16	90.9%	500	60
3. Enterprise and Industry Development									
Current payment	80,127	—	(27,455)	52,672	52,639	33	99.9%	34,991	33,876
Transfers and subsidies	1,101,787	—	11,545	1,113,332	1,047,529	65,803	94.1%	989,468	989,500
Expenditure for capital assets	840	—	—	840	322	518	38.3%	600	481
4. Consumer and Corporate Regulation									
Current payment	31,014	—	(6,268)	24,746	24,740	6	100.0%	18,065	17,991
Transfers and subsidies	71,213	—	1,235	72,448	72,234	214	99.7%	95,000	94,565
Expenditure for capital assets	672	—	(251)	421	232	189	55.1%	700	444
5. The Enterprise Organisation									
Current payment	50,976	—	(8,681)	42,295	42,156	139	99.7%	41,321	40,154
Transfers and subsidies	1,534,509	—	33,252	1,567,761	1,468,164	99,597	93.6%	895,877	742,216
Expenditure for capital assets	1,200	—	(780)	420	416	4	99.0%	624	623
6. Trade and Investment South Africa									
Current payment	111,906	—	(4,661)	107,245	137,475	(30,230)	128.2%	115,782	139,659
Transfers and subsidies	157,438	—	425	157,863	142,817	15,046	90.5%	238,489	236,670
Expenditure for capital assets	902	—	791	1,693	1,692	1	99.9%	2,000	672
7. Marketing									
Current payment	95,022	—	16,875	111,897	111,883	14	100.0%	75,826	75,088
Transfers and subsidies	25,023	—	126	25,149	25,144	5	100.0%	2,850	2,882
Expenditure for capital assets	1,679	—	(1,310)	369	364	5	98.6%	351	349
Total	3,623,291	—	—	3,623,291	3,463,097	160,194	95.6%	2,796,350	2,659,344
Reconciliation with Statement of Financial Performance									
Prior year unauthorised expenditure approved with funding					—			—	
Departmental receipts					166,969		80,014		
Local and foreign aid assistance					145,188		151,272		
Actual amounts per Statement of Financial Performance (Total Revenue)					3,935,448		3,027,636		
Investments acquired and capitalised during the current financial year, but expensed for appropriation purposes									
Other payments in Appropriation Statement, not accounted for in the Statement of Financial Performance									
Local and foreign aid assistance						131,843			151,272
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure condoned									
Actual amounts per Statement of Financial Performance Expenditure					3,594,940				2,810,616

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

APPROPRIATION PER ECONOMIC CLASSIFICATION

for the year ended 31 March 2005

	Appropriation per economic classification								
				2004/05			2003/04		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of Final Appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees	245,816	—	(40,035)	205,781	203,946	1,835	99.1%	200,161	199,383
Goods and services	408,723	—	(18,489)	390,234	381,757	8,477	97.8%	286,387	279,567
Financial transactions in assets and liabilities	—	—	10,010	10,010	47,390	(37,380)	473.4%	6,706	38,952
Transfers and subsidies									
Departmental agencies and accounts	1,162,416	—	10,140	1,172,556	1,108,545	64,011	94.5%	1,139,455	1,138,195
Universities and technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	22,000	—	251	22,251	18,784	3,467	84.4%	19,298	17,873
Public corporations and private enterprises	1,703,041	—	34,223	1,737,264	1,622,367	114,897	93.4%	1,028,393	871,971
Non-profit institutions	70,355	—	2,200	72,555	72,554	1	100.0%	96,325	96,323
Households	3	—	1,700	1,703	1,678	25	98.5%	1	778
Payment on capital assets									
Machinery and equipment	10,937	—	(294)	10,643	5,826	4,817	54.7%	19,624	16,302
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	294	294	250	44	85.0%	—	—
Total	3,623,291	—	—	3,623,291	3,463,097	160,194	95.6%	2,796,350	2,659,344

APPROPRIATION STATEMENT

APPROPRIATION STATEMENT DETAIL PER PROGRAMME 1 – ADMINISTRATION

for the year ended 31 March 2005

Programme per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	791	—	—	791	788	3	99.6%	747	747
Transfers and subsidies	—	—	—	—	—	—	—	—	—
Expenditure for capital assets	—	—	—	—	—	—	—	—	—
1.2 Deputy- Minister									
Current payment	585	—	—	585	545	40	93.2%	552	552
Transfers and subsidies	—	—	—	—	—	—	—	—	—
Expenditure for capital assets	—	—	—	—	—	—	—	—	—
1.3 Management									
Current payment	36,975	—	(23,593)	13,382	13,382	—	100.0%	37,506	36,612
Transfers and subsidies	23	—	—	23	19	4	82.6%	7,001	7,048
Expenditure for capital assets	500	—	268	768	516	252	67.2%	712	653
1.4 External Relations and Policy Co-ordination									
Current payment	19,980	—	6,279	26,259	26,253	6	100.0%	—	—
Transfers and subsidies	7,020	—	376	7,396	7,386	10	99.9%	—	—
Expenditure for capital assets	—	—	468	468	136	332	29.1%	—	—
1.5 Corporate Services									
Current payment	187,415	—	(847)	186,568	177,511	9,057	95.1%	133,791	139,709
Transfers and subsidies	274	—	52	326	289	37	88.7%	193	428
Expenditure for capital assets	4,820	—	963	5,783	2,239	3,544	38.7%	14,137	13,019
1.6 Government Motor Transport									
Current payment	—	—	—	—	—	—	—	—	—
Transfers and subsidies	1	—	—	1	—	1	—	—	—
Expenditure for capital assets	199	—	(199)	—	—	—	—	—	—
Total	258,583	—	(16,233)	242,350	229,064	13,286	94.5%	194,639	198,768

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation to employees	57,154	—	(4,320)	52,834	52,012	822	98.4%	46,225	46,051
Goods and services	188,592	—	(13,841)	174,751	166,317	8,434	95.2%	126,151	124,973
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	—	—	150	(150)	—	220	6,595
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Departmental agencies & accounts	225	—	—	225	191	34	84.9%	193	161
Universities and technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	—	—	—	—	—	—	—	—	—
Public corporations and private enterprises	7,090	—	74	7,164	7,153	11	99.8%	7,000	7,140
Non-profit institutions	1	—	—	1	—	1	—	1	—
Households	2	—	354	356	350	6	98.3%	—	175
Gifts and donations	—	—	—	—	—	—	—	—	—
Payments for capital assets									
Buildings and other fixed structures	—	—	—	—	—	—	0.0%	—	—
Machinery and equipment	5,519	—	1,385	6,904	2,816	4,088	40.8%	14,849	13,673
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	115	115	75	40	65.2%	—	—
Land and subsoil assets	—	—	—	—	—	—	—	—	—
Total	258,583	—	(16,233)	242,350	229,064	13,286	94.5%	194,639	198,768

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
APPROPRIATION STATEMENT
DETAIL PER PROGRAMME 2 – INTERNATIONAL TRADE AND
ECONOMIC DEVELOPMENT
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 International Trade Development									
Current payment	30,071	—	155	30,226	36,373	(6,147)	120.3%	25,581	24,709
Transfers and subsidies	8,690	—	1,439	10,129	8,447	1,682	83.4%	9,766	8,340
Expenditure for capital assets	75	—	85	160	159	1	99.4%	413	29
2.2 African Economic Development									
Current payment	9,677	—	(318)	9,359	9,348	11	99.9%	9,092	8,806
Transfers and subsidies	8,009	—	64	8,073	8,071	2	100.0%	3,500	3,114
Expenditure for capital assets	50	—	(35)	15	—	15	—	87	31
2.3 International Trade Administration									
Current payment	—	—	—	—	—	—	—	—	—
Transfers and subsidies	43,828	—	—	43,828	43,828	—	100.0%	41,328	40,377
Expenditure for capital assets	—	—	—	—	—	—	—	—	—
Total	100,400	—	1,390	101,790	106,226	(4,436)	104.4%	89,767	85,406

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	24,304	—	(5,117)	19,187	19,181	6	100.0%	19,001	19,000
Goods and services	15,444	—	(5,056)	10,388	10,376	12	99.9%	15,672	14,515
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	10,010	10,010	16,164	(6,154)	161.5%	—	—
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Dept agencies and accounts	43,828	—	—	43,828	43,828	—	100.0%	41,328	40,378
Universities and Technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	7,000	—	251	7,251	5,802	1,449	80.0%	7,400	6,186
Public corporations and private enterprises	9,699	—	1,130	10,829	10,596	233	97.8%	5,866	5,267
Non-profit institutions	—	—	—	—	—	—	—	—	—
Households	—	—	122	122	120	2	98.4%	—	—
Gifts and donations	—	—	—	—	—	—	—	—	—
Capital									
Buildings and other fixed structures	—	—	—	—	—	—	—	—	—
Machinery and equipment	125	—	50	175	159	16	90.9%	500	60
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	—	—	—	—	—	—	—
Land and subsoil assets	—	—	—	—	—	—	—	—	—
Total	100,400	—	1,390	101,790	106,226	(4,436)	104.4%	89,767	85,406

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
APPROPRIATION STATEMENT
DETAIL PER PROGRAMME 3 – ENTERPRISE AND INDUSTRY DEVELOPMENT
for the year ended 31 March 2005

Programme per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Competitiveness Cluster									
Current payment	60,743	—	(24,307)	36,436	36,436	—	100.0%	26,094	25,135
Transfers and subsidies	774,286	—	11,471	785,757	783,334	2,423	99.7%	753,131	753,148
Expenditure for capital assets	600	—	—	600	167	433	27.8%	493	385
3.2 Enterprise Development									
Current payment	10,298	—	(1,645)	8,653	8,621	32	99.6%	5,653	5,571
Transfers and subsidies	154,500	—	16	154,516	94,676	59,840	61.3%	169,237	169,245
Expenditure for capital assets	130	—	—	130	111	19	85.4%	18	8
3.3 Equity and Empowerment									
Current payment	9,086	—	(1,503)	7,583	7,582	1	100.0%	3,244	3,170
Transfers and subsidies	173,001	—	58	173,059	169,519	3,540	98.0%	67,100	67,107
Expenditure for capital assets	110	—	—	110	44	66	40.0%	89	88
Total	1,182,754	—	(15,910)	1,166,844	1,100,490	66,354	94.3%	1,025,059	1,023,857

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	30,487	—	(6,199)	24,288	24,277	11	100.0%	19,178	19,178
Goods and services	49,640	—	(21,256)	28,384	28,362	22	99.9%	15,813	14,698
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	—	—	—	—	—	—	—
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Dept agencies and accounts	954,586	—	10,140	964,726	900,750	63,976	93.4%	842,629	842,605
Universities and Technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	5,000	—	—	5,000	3,192	1,808	63.8%	6,737	6,737
Public corporations and private enterprises	88,047	—	30	88,077	88,071	6	100.0%	90,601	90,658
Non-profit institutions	54,154	—	1,000	55,154	55,154	—	100.0%	49,501	49,500
Households	—	—	375	375	362	13	96.5%	—	—
Gifts and donations	—	—	—	—	—	—	—	—	—
Capital									
Buildings and other fixed structures	—	—	—	—	—	—	—	—	—
Machinery and equipment	840	—	(15)	825	308	517	37.3%	600	481
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	15	15	14	1	93.3%	—	—
Land and subsoil assets	—	—	—	—	—	—	—	—	—
Total	1,182,754	—	(15,910)	1,166,844	1,100,490	66,354	94.3%	1,025,059	1,023,857

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
APPROPRIATION STATEMENT
DETAIL PER PROGRAMME 4 – CONSUMER AND CORPORATE REGULATION
for the year ended 31 March 2005

Programme per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Policy and Legislation									
Current payment	1,932	—	742	2,674	2,671	3	99.9%	5,660	5,642
Transfers and subsidies	9	—	(1)	8	6	2	75.0%	—	13
Expenditure for capital assets	188	—	(100)	88	32	56	36.4%	700	444
4.2 Enforcement and Compliance									
Current payment	17,635	—	(3,066)	14,569	14,567	2	100.0%	12,405	12,349
Transfers and subsidies	17	—	35	52	50	2	96.2%	—	16
Expenditure for capital assets	356	—	(151)	205	148	57	72.2%	—	—
4.3 Regulatory Services									
Current payment	11,447	—	(3,944)	7,503	7,502	1	100.0%	—	—
Transfers and subsidies	71,187	—	1,201	72,388	72,178	210	99.7%	95,000	94,536
Expenditure for capital assets	128	—	—	128	52	76	40.6%	—	—
Total	102,899	—	(5,284)	97,615	97,206	409	99.6%	113,765	113,000

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	16,329	—	(3,201)	13,128	13,128	—	100.0%	9,369	9,369
Goods and services	14,685	—	(3,067)	11,618	11,612	6	99.9%	8,696	8,622
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	—	—	—	—	—	—	—
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Dept agencies and accounts	52,977	—	—	52,977	52,976	1	100.0%	46,177	45,923
Universities and Technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	2,000	—	—	2,000	1,790	210	89.5%	2,000	1,790
Public corporations and private enterprises	36	—	6	42	39	3	92.9%	—	29
Non-profit institutions	16,200	—	1,200	17,400	17,400	—	100.0%	46,823	46,823
Households	—	—	29	29	29	—	100.0%	—	—
Gifts and donations	—	—	—	—	—	—	—	—	—
Capital									
Buildings and other fixed structures	—	—	—	—	—	—	—	—	—
Machinery and equipment	672	—	(251)	421	232	189	55.1%	700	444
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	—	—	—	—	—	—	—
Land and subsoil assets	—	—	—	—	—	—	—	—	—
TOTAL	102,899	—	(5,284)	97,615	97,206	409	99.6%	113,765	113,000

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
APPROPRIATION STATEMENT
DETAIL PER PROGRAMME 5 – THE ENTERPRISE ORGANISATION
for the year ended 31 March 2005

Programme per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Incentive Administration									
Current payment	23,497	—	18,658	42,155	42,024	31	99.7%	—	—
Transfers and subsidies	1,534,451	—	33,248	1,567,699	1,468,110	99,589	93.6%	—	—
Expenditure for capital assets	1,065	—	(645)	420	416	4	99.0%	—	—
5.2 New Incentive Development									
Current payment	4,860	—	(4,817)	43	42	1	97.7%	—	—
Transfers and subsidies	47	—	(47)	—	—	—	—	—	—
Expenditure for capital assets	31	—	(31)	—	—	—	—	—	—
5.3 Business Development and After-Care									
Current payment	22,619	—	(22,522)	97	90	7	92.8%	—	—
Transfers and subsidies	11	—	51	62	54	8	87.1%	—	—
Expenditure for capital assets	104	—	(104)	—	—	—	—	—	—
5.4 Investment Incentives									
Current payment	—	—	—	—	—	—	—	3,288	3,261
Transfers and subsidies	—	—	—	—	—	—	—	116,502	116,422
Expenditure for capital assets	—	—	—	—	—	—	—	—	—
5.5 Infrastructure Investment Incentives									
Current payment	—	—	—	—	—	—	—	11,710	11,022
Transfers and subsidies	—	—	—	—	—	—	—	296,000	168,860
Expenditure for capital assets	—	—	—	—	—	—	—	—	623
5.6 Integrated Manufacturing Strategy Support measures									
Current payment	—	—	—	—	—	—	—	26,323	25,871
Transfers and subsidies	—	—	—	—	—	—	—	480,375	453,943
Expenditure for capital assets	—	—	—	—	—	—	—	624	—
5.7 Empowerment Support Measures									
Current payment	—	—	—	—	—	—	—	—	—
Transfers and subsidies	—	—	—	—	—	—	—	3,000	2,991
Expenditure for capital assets	—	—	—	—	—	—	—	—	—
Total	1,586,685	—	23,791	1,610,476	1,510,736	99,740	93.8%	937,822	782,993

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	35,644	—	(6,463)	29,181	29,043	138	99.5%	28,400	27,885
Goods and services	15,332	—	(2,218)	13,114	13,113	1	100.0%	12,902	12,250
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	—	—	—	—	—	19	19
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Dept agencies and accounts	—	—	—	—	—	—	—	—	—
Universities and Technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	—	—	—	—	—	—	—	—	—
Public corporations and private enterprises	1,534,508	—	32,973	1,567,481	1,467,885	99,596	93.6%	895,876	741,701
Non-profit institutions	—	—	—	—	—	—	—	—	—
Households	1	—	279	280	279	1	99.6%	1	515
Gifts and donations	—	—	—	—	—	—	—	—	—
Capital									
Buildings & other fixed structures	—	—	—	—	—	—	—	—	—
Machinery & equipment	1,200	—	(788)	412	409	3	99.3%	624	623
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software & other intangible assets	—	—	8	8	7	1	87.5%	—	—
Land & subsoil assets	—	—	—	—	—	—	—	—	—
Total	1,586,685	—	23,791	1,610,476	1,510,736	99,740	93.8%	937,822	782,993

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
APPROPRIATION STATEMENT
DETAIL PER PROGRAMME 6 – TRADE AND INVESTMENT SOUTH AFRICA
for the year ended 31 March 2005

Programme per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Investment Promotion and Facilitation									
Current payment	64,769	—	(28,427)	36,342	36,228	114	99.7%	74,271	73,818
Transfers and subsidies	9,336	—	21,324	30,660	21,867	8,793	71.3%	42,328	40,764
Expenditure for capital assets	902	—	(276)	626	625	1	99.8%	1,912	—
6.2 Export Development and Promotion									
Current payment	14,970	—	30,419	45,389	75,749	(30,360)	166.9%	35,125	59,455
Transfers and subsidies	148,051	—	(20,999)	127,052	120,813	6,239	95.1%	196,161	195,906
Expenditure for capital assets	—	—	803	803	803	—	100.0%	88	672
6.3 Customised Sector Programmes									
Current payment	32,167	—	(6,653)	25,514	25,498	16	99.9%	6,386	6,386
Transfers and subsidies	51	—	100	151	137	14	90.7%	—	—
Expenditure for capital assets	—	—	264	264	264	—	100.0%	—	—
Total	270,246	—	(3,445)	266,801	281,984	(15,183)	105.7%	356,271	377,001

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	66,893	—	(9,809)	57,084	56,239	845	98.5%	67,559	67,471
Goods and services	45,013	—	5,148	50,161	50,160	1	100.0%	41,837	39,931
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	—	—	31,076	(31,076)	—	6,386	32,257
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Dept agencies and accounts	110,800	—	—	110,800	110,800	—	100.0%	209,128	209,128
Universities and Technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	8,000	—	—	8,000	8,000	—	100.0%	3,161	3,160
Public corporations and private enterprises	38,638	—	—	38,638	23,593	15,045	61.1%	26,200	24,294
Non-profit institutions	—	—	—	—	—	—	—	—	—
Households	—	—	425	425	424	1	99.8%	—	88
Gifts and donations	—	—	—	—	—	—	—	—	—
Capital									
Buildings and other fixed structures	—	—	—	—	—	—	—	—	—
Machinery and equipment	902	—	732	1,634	1,634	—	100.0%	2,000	672
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	59	59	58	1	98.3%	—	—
Land & subsoil assets	—	—	—	—	—	—	—	—	—
Total	270,246	—	(3,445)	266,801	281,984	(15,183)	105.7%	356,271	377,001

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

APPROPRIATION STATEMENT
DETAIL PER PROGRAMME 7 – MARKETING

for the year ended 31 March 2005

Programme per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Brand Management									
Current payment	39,125	—	(21,636)	17,489	17,482	7	100.0%	17,735	17,081
Transfers and subsidies	25,005	—	114	25,119	25,119	—	100.0%	2,850	2,854
Expenditure for capital assets	266	—	(195)	71	69	2	97.2%	12	12
7.2 Marketing Communication									
Current payment	27,049	—	17,347	44,396	44,395	1	100.0%	22,410	22,388
Transfers and subsidies	10	—	2	12	11	1	91.7%	—	12
Expenditure for capital assets	481	—	(359)	122	120	2	98.4%	212	211
7.3 Distribution									
Current payment	28,848	—	21,164	50,012	50,006	6	100.0%	35,681	35,619
Transfers and subsidies	8	—	10	18	14	4	77.8%	—	16
Expenditure for capital assets	932	—	(756)	176	175	1	99.4%	127	126
Total	121,724	—	15,691	137,415	137,391	24	100.0%	79,027	78,319

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	15,005	—	(4,926)	10,079	10,066	13	99.9%	10,429	10,429
Goods and services	80,017	—	21,801	101,818	101,817	1	100.0%	65,316	64,578
Interest and rent on land	—	—	—	—	—	—	—	—	—
Financial transactions in assets and liabilities	—	—	—	—	—	—	—	81	81
Transfers and subsidies									
Provinces and municipalities	—	—	—	—	—	—	—	—	—
Dept agencies and accounts	—	—	—	—	—	—	—	—	—
Universities and Technikons	—	—	—	—	—	—	—	—	—
Foreign governments and international organisations	—	—	—	—	—	—	—	—	—
Public corporations and private enterprises	25,023	—	10	25,033	25,030	3	100.0%	2,850	2,882
Non-profit institutions	—	—	—	—	—	—	—	—	—
Households	—	—	116	116	114	2	98.3%	—	—
Gifts and donations	—	—	—	—	—	—	—	—	—
Capital									
Buildings and other fixed structures	—	—	—	—	—	—	—	—	—
Machinery and equipment	1,679	—	(1,407)	272	268	4	98.5%	351	349
Biological or cultivated assets	—	—	—	—	—	—	—	—	—
Software and other intangible assets	—	—	97	97	96	1	99.0%	—	—
Land and subsoil assets	—	—	—	—	—	—	—	—	—
Total	121,724	—	15,691	137,415	137,391	24	100.0%	79,027	78,319

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2005

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 11 (Transfers and subsidies) and Annexure 1 (A-E) to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual appropriation) to the annual financial statements.

3. Detail on financial transactions in assets and liabilities.

Detail of these transactions per programme can be viewed in note 8 (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:	Voted Funds after Virement	Actual Expenditure	R'000	%
Administration	242,350	229,064	13,286	5%
International Trade and Economic Development	101,790	106,226	(4,436)	-4%
Enterprise and Industry Development	1,166,844	1,100,490	66,354	6%
Consumer and Corporate Regulation	97,615	97,206	409	0%
The Enterprise Organisation	1,610,476	1,510,736	99,740	6%
Trade and Investment South Africa	266,801	281,984	(15,183)	-6%
Marketing	137,415	137,391	24	0%

Administration

Savings under Goods and Services and Machinery and Equipment where funds were committed. Included in roll over.

International Trade and Economic Development

Variance due to compensation in terms of a bilateral investment treaty.

Enterprise and Industry Development

An amount allocated for SEDA was not paid due to outstanding Treasury approval regarding a bank account. Included in roll over.

The Enterprise Organisation

Amounts under the Critical Infrastructure Programme were not paid due to outstanding invoices. Included in roll over.

Trade and Investment South Africa

Bad debts in respect of the General Export Incentive Scheme.

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2005

4.2 Per economic classification:	R'000
Current payment	
Compensation of employees	1,835
Goods and services	8,477
Unauthorised expenditure approved	—
Transfers and subsidies	
Departmental agencies and accounts	64,011
Public corporations and private enterprises	114,897
Foreign governments and international organisations	3,467
Non-profit institutions	1
Households	25
Payments for capital assets	
Machinery and equipment	4,817
Software and other intangible assets	44

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1	3,623,291	2,796,350
Departmental revenue	2	166,969	80,014
Local and foreign aid assistance	3	145,188	151,272
TOTAL REVENUE		3,935,448	3,027,636
EXPENDITURE			
Current expenditure			
Compensation of employees	4	203,946	199,383
Goods and services	5	381,757	279,567
Financial transactions in assets and liabilities	6	47,390	38,952
Local and foreign aid assistance	3	131,843	151,272
Total current expenditure		764,936	669,174
Transfers and subsidies	9	2,823,928	2,125,140
Expenditure for capital assets			
Machinery and equipment	10	5,826	16,302
Software and other intangible assets	10	250	—
Total expenditure for capital assets		6,076	16,302
TOTAL EXPENDITURE		3,594,940	2,810,616
NET SURPLUS/(DEFICIT)			
Add back unauthorised expenditure	7	37,380	32,246
Add back fruitless and wasteful expenditure	8	75	—
NET SURPLUS/(DEFICIT) FOR THE YEAR		377,963	249,266
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	16	197,649	169,252
Departmental revenue to be surrendered to Revenue Fund	17	166,969	80,014
Local and foreign aid assistance	3	13,345	—
NET SURPLUS/(DEFICIT) FOR THE YEAR		377,963	249,266

STATEMENT OF FINANCIAL POSITION

as at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		811,587	651,837
Unauthorised expenditure	7	72,551	35,171
Fruitless and wasteful expenditure	8	75	—
Cash and cash equivalents	11	195,543	58,531
Loans		—	105
Prepayments and advances	13	1,919	—
Receivables	14	541,499	558,030
Non-current assets		1,599,303	1,599,333
Investments	15	1,392,969	1,392,969
Loans		206,250	206,250
Other financial assets	12	84	114
TOTAL ASSETS		2,410,890	2,251,170
LIABILITIES			
Current liabilities		302,885	120,547
Voted funds to be surrendered to the Revenue Fund	16	148,399	69,252
Departmental revenue to be surrendered to the Revenue Fund	17	117,232	31,520
Payables	18	23,909	19,775
Local and foreign aid assistance unutilised	3	13,345	—
TOTAL LIABILITIES		302,885	120,547
NET ASSETS		2,108,005	2,130,623
Represented by:			
Capitalisation reserve		1,599,219	1,599,219
Recoverable revenue		508,786	531,404
TOTAL		2,108,005	2,130,623

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2005

	Notes	2004/05 R'000	2003/04 R 000
Capitalisation reserve			
Opening balance		1,599,219	1,599,219
Closing balance		1,599,219	1,599,219
Recoverable revenue			
Opening balance		531,404	498,514
Debts written off	6.4	(31,043)	(6,386)
Debts recovered (included in departmental receipts)	2	(1,475)	(4,075)
Debts raised		9,900	43,351
Closing balance		508,786	531,404
TOTAL		2,108,005	2,130,623

CASH FLOW STATEMENT

for the year ended 31 March 2005

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		3,900,840
Annual appropriated funds received		3,574,041
Departmental revenue received		166,969
Local and foreign aid assistance received	3	145,188
Net (increase)/decrease in working capital		14,642
Surrendered to Revenue Fund		(150,509)
Current payments		(760,802)
Transfers and subsidies paid		(2,823,928)
Net cash flow available from operating activities	19	165,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		(6,076)
Increase/(decrease) in loans granted		105
Net cash flows from investing activities		(5,971)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in loans received		(22,618)
Net cash flows from financing activities		(22,618)
Net increase/(decrease) in cash and cash equivalents		137,012
Cash and cash equivalents at beginning of period		58,531
Cash and cash equivalents at end of period	11	195,543

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

1. Annual appropriation
1.1 Annual appropriation

	Final Appropriation R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2003/04 R'000
Administration	242,350	219,085	23,265	194,639
International Trade and Economic Development	101,790	82,299	19,491	89,767
Enterprise and Industry Development	1,166,844	1,111,303	55,541	1,025,059
Consumer and Corporate Regulation	97,615	102,899	(5,284)	113,765
The Enterprise Organisation	1,610,476	1,685,285	(74,809)	936,656
Trade and Investment South Africa	266,801	253,946	12,855	357,437
Marketing	137,415	119,224	18,191	79,027
Total	3,623,291	3,574,041	49,250	2,796,350

2. Departmental revenue to be surrendered to revenue fund

Description		
Tax revenue	108	—
Sales of goods and services other than capital assets	20,934	7,000
Interest, dividends and rent on land	66,452	62,553
Recoverable revenue received	6,561	10,461
Transfers received consist of:	72,914	—
Other transfers	72,914	—
Total revenue collected	166,969	80,014
Departmental revenue collected	166,969	80,014

3. Local and foreign aid assistance

3.1 Assistance received in cash

Name of donor and purpose	Opening Balance R'000	Revenue R'000	Expenditure R'000	Closing Balance R'000
Foreign				
European Union Risk Capital Fund Programme		69,103	69,103	—
European Union SWEEP		76,085	62,740	13,345
	—	145,188	131,843	13,345

Analysis of balance

Local and foreign aid unutilised	13,345	—
Closing balance	13,345	—

4. Compensation of employees

4.1 Salaries and wages

Basic salary	132,427	105,941
Performance award	3,299	5,257
Service based	606	764
Compensative/circumstantial	2,064	1,299
Periodic payments	3,551	2,374
Other non-pensionable allowances	39,166	62,276
	181,113	177,911

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

	Notes	2004/05 R'000	2003/04 R 000
4. Compensation of employees continued			
4.2 Social contributions			
4.2.1 Short term employee benefits			
Pension		16,413	15,429
Medical		6,397	6,027
UIF		—	1
Bargain council		23	15
Insurance		1	—
		22,833	21,472
Total compensation of employees		203,946	199,383
Average number of employees		710	698
5. Goods and services			
Advertising		28,879	8,229
Attendance fees (including registration fees)		4,519	1,430
Bank charges and card fees		71	38
Bursaries (employees)		650	963
Communication		12,891	13,671
Computer services		9,008	8,782
Consultants, contractors and special services		210,524	147,937
Courier and delivery services		1,315	2,320
Drivers licences and permits		10	—
Entertainment		2,106	2,014
External audit fees	5.1	3,388	3,419
Equipment less than R5,000		1,875	2,416
Firearm handling fees		1	—
Freight service		129	—
Inventory	5.2	12,521	17,985
Legal fees		6,105	6,260
Maintenance, repair and running costs		4,918	5,041
Operating leases		12,475	2,255
Personnel agency fees		954	—
Photographic services		383	—
Plants, flowers and other decorations		67	—
Printing and publications		11,639	—
Professional bodies and membership fees		7,228	630
Resettlement costs		2,052	1,563
Subscriptions		846	—
Owned and leasehold property expenditure		1,131	—
Translations and transcriptions		215	—
Transport provided as part of the departmental activities		—	3,347
Travel and subsistence	5.3	37,090	43,265
Venues and facilities		7,026	7,449
Protective, special clothing & uniforms		58	95
Training & staff development		1,683	—
Previous year's unallocated items		—	458
		381,757	279,567

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2005

	Notes	2004/05 R'000	2003/04 R 000
5. Goods and services continued			
5.1 External audit fees			
Regulatory audits		3,153	3,081
Other audits		235	338
Total external audit fees		3,388	3,419
5.2 Inventory			
Domestic consumables		81	—
Food and food supplies		1	—
Fuel, oil and gas		9	—
Parts and other maintenance material		41	—
Stationery and printing		12,381	17,985
Medical supplies		8	—
Total inventory		12,521	17,985
5.3 Travel and subsistence			
Local		16,933	21,328
Foreign		20,157	21,937
Total travel and subsistence		37,090	43,265
6. Financial transactions in assets and liabilities			
Other material losses written off	6.1	16,194	444
Debts written off	6.2	31,196	38,508
		47,390	38,952
6.1 Other material losses written off in Statement of Financial Performance			
Nature of losses			
Labour dispute		25	103
Fruitless expenditure		—	339
Compensation in terms of bilateral investment treaty		16,164	—
Other		5	2
		16,194	444
6.2 Bad debts written off			
Nature of debts written off			
Staff debts		98	86
General Export Incentive Scheme		31,076	20,578
Other		22	13
EMIA		—	11,456
HR recruitment		—	6,375
		31,196	38,508

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2005

Notes	2004/05 R'000	2003/04 R 000
6. Financial transactions in assets and liabilities		
6.3 Details of theft and losses		
Labour dispute	25	103
Fruitless expenditure	—	339
Compensation in terms of bilateral investment treaty	16,164	—
Staff debts	98	86
General Export Incentive Scheme	31,076	20,578
Export marketing and investment assistance	—	11,456
HR recruitment	—	6,375
Other	27	15
	47,390	38,952
6.4 Recoverable revenue debts written off		
General Export Incentive Scheme	(30,987)	(6,386)
Other	(45)	—
Staff	(11)	—
	(31,043)	(6,386)
7. Unauthorised expenditure		
7.1 Reconciliation of unauthorised expenditure		
Opening balance	35,171	3,201
Unauthorised expenditure — current year	37,380	32,246
Unauthorised expenditure approved by Parliament/Legislature — current expenditure	—	(276)
Unauthorised expenditure awaiting authorisation	72,551	35,171
7.2 Unauthorised expenditure		
Incident	Disciplinary steps taken/criminal proceedings	Total
1997/1998		
Second National Conference on Small Business		
[No Treasury approval for Bank]	Referred to SCOPA	202
1998/1999		
Appointment of consultants		
[Tender procedures not followed]	Referred to SCOPA	109
National Pavilions		
[Exceeded tender price]	Referred to SCOPA	1,477
1999/2000		
Removal Recruitment		
[Procurement procedures not followed]	Referred to SCOPA	62
Appointment of consultants		
[Tender procedure not followed]	Referred to SCOPA	25
National Pavilions		
[Exceeded tender price]	Referred to SCOPA	647
Award Ceremony		
[Tender procedure not followed]	Referred to SCOPA	27

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2005

7. Unauthorised expenditure continued		
Incident	Disciplinary steps taken/criminal proceedings	Total
Cellular Companies [Tender procedure not followed]	Referred to SCOPA	376
2003/2004		
HR Recruitment [Overspending of the vote]	Referred to SCOPA	6,375
EMIA Exhibitions [Overspending of the vote]	Referred to SCOPA	11,456
GEIS Intershore [Overspending of the vote]	Referred to SCOPA	14,186
GEIS Shurlock [Overspending of the vote]	Referred to SCOPA	229
2004/2005		
GEIS [Overspending of the vote]	To be referred to SCOPA	31,075
Compensation in terms of bilateral investment treaty [Overspending of the vote]	To be referred to SCOPA	6,154
Staff debts written off [Overspending of the vote]	To be referred to SCOPA	98
Other [Overspending of the vote]	To be referred to SCOPA	53
		72,551
8. Fruitless and wasteful expenditure		
8.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance	—	249
Fruitless and wasteful expenditure — current year	75	82
Transfer of Statement of Financial Performance — authorised losses	—	(331)
Fruitless and wasteful expenditure awaiting condonement	75	—
Fruitless and wasteful expenditure		
Incident	Disciplinary steps taken/criminal proceedings	
Starlight Suiten — Cancellation fee	Under Investigation	1
Rainprop — Interest on overdue account	Under Investigation	41
E-Centric — Interest on overdue account	Under Investigation	17
Financial Times — Interest on overdue account	Under Investigation	14
United Limousines — Cancellation fee	Under Investigation	2
		75

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000			
9. Transfers and subsidies						
Departmental agencies and accounts	ANNEXURE 1A	1,108,545	1,138,195			
Public corporations and private enterprises	ANNEXURE 1B	1,622,367	871,971			
Foreign governments and international organisations	ANNEXURE 1C	18,784	17,873			
Non-profit institutions	ANNEXURE 1D	72,554	96,323			
Households	ANNEXURE 1E	1,678	778			
		2,823,928	2,125,140			
10. Expenditure for capital assets						
Machinery and equipment	ANNEXURE 4	5,826	16,302			
Software and other intangible assets	ANNEXURE 5	250	—			
Total		6,076	16,302			
11. Cash and cash equivalents						
Consolidated Paymaster General Account		195,503	58,447			
Cash receipts		(32)	—			
Cash on hand		30	84			
Cash in transit		42	—			
		195,543	58,531			
12. Other financial assets						
Non-current						
Staff debts (Bursary, salary overpayments, rent deposits)		41	114			
Other		43	—			
		84	114			
13. Prepayments and advances						
Description						
Travel and subsistence		128	—			
Advances paid to other entities		1,791	—			
		1,919	—			
14. Receivables						
		Less than one year	One to three years	Older than three years	Total	Total
Amounts owing by						
other entities	ANNEXURE 6	2,503	—	—	2,503	1,180
Staff debtors	14.1	590	243	1,855	2,688	2,692
Other debtors	14.2	27,376	395	508,537	536,308	554,158
		30,469	638	510,392	541,499	558,030

Amounts of R501,346,383 (2004: R524,763,233) included above may not be recoverable, but has not been written off in the Statement of financial performance.

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2005

Note	2004/05 R'000	2003/04 R'000
14. Receivables continued		
14.1 Staff debtors		
Other	34	136
Rent deposit	2,635	2,295
Salary Overpayment In Service (SOVRIS)	—	92
Bursary	3	—
Travel and subsistence	—	169
Telephone	1	—
Cell	1	—
Petty cash	14	—
	2,688	2,692
14.2 Other debtors		
Bursary	91	138
Regional Industrial Development Programme (RIDP)	1,025	172
General Export Incentive Scheme (GEIS)	501,345	524,763
Export Market Investment Assistance (EMIA)	6,872	6,348
Salary overpayment Out of Service (SOVROS)	136	113
Leave without Pay (LWP)	62	59
Small, Medium Manufacturing Development Programme (SMMDP)	—	291
Small, Medium Enterprise Development Programme (SMEDP)	769	—
Other	3,145	2,867
Funds in transit	22,862	19,407
	536,308	554,158
15. Investments		
Investee	Nature of investment	
IDC	A Shares — 1,000,000 at cost	1,000
IDC	B Shares — 1,391,969,357 at cost	1,391,969
		1,392,969
		1,392,969
16. Voted funds to be surrendered to the Revenue Fund		
Opening balance	69,252	161,811
Transfer from Statement of Financial Performance	197,649	169,252
Voted funds not requested/not received	(49,250)	(100,000)
Paid during the year	(69,252)	(161,811)
Closing balance	148,399	69,252
17. Departmental revenue to be surrendered to Revenue Fund		
Opening balance	31,520	55,563
Transfer from Statement of Financial Performance	166,969	80,014
Paid during the year	(81,257)	(104,057)
Closing balance	117,232	31,520

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2005

18. Payables – current

Description	30 Days	30+ Days	2004/05 Total	2003/04 Total
Amounts owing to other departments ANNEXURE 7	—	22,905	22,905	19,551
Advances received 18.1	—	—	—	1
Other payables 18.2	477	527	1,004	223
	477	23,432	23,909	19,775

18.1 Advances received

Advance: Deposit ID Card				1
			—	1

18.2 Other payables

Description	2004/05	2003/04
PAYE	477	77
Other	9	119
Creditors	518	27
	1,004	223

19. Reconciliation of net cash flow from operating activities to surplus/(deficit)

Net surplus/(deficit) as per Statement of Financial Performance	377,963
(Increase)/decrease in receivables — current	16,531
(Increase)/decrease in prepayments and advances	(1,919)
(Increase)/decrease in other current assets	(37,455)
(Increase)/decrease in other non-current assets	30
Increase/(decrease) in payables — current	4,134
Surrenders	(150,509)
Capital expenditure	6,076
Voted funds not requested/not received	(49,250)
Net cash flow generated by operating activities	165,601

20. Appropriated funds and departmental revenue surrendered

Appropriated funds surrendered	249,218	169,252
Departmental revenue surrendered	107,254	80,014
	356,472	249,266

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

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

		Note	2004/05 R'000	2003/04 R'000	
21. Contingent liabilities					
Liable to	Nature				
Stannic	Employees	ANNEXURE 3	1,404	1,254	
Financial Institutions	Employees	ANNEXURE 3	1,438	1,664	
Claims	Pending law suits		124,704	115,996	
Other departments (unconfirmed balances)		ANNEXURE 7	22,905	—	
			150,451	118,914	
22. Commitments					
Current expenditure					
Approved and contracted			61,029	55,132	
			61,029	55,132	
Capital expenditure					
Approved and contracted			332	966	
			332	966	
Total commitments			61,361	56,098	
23. Accruals					
By economic classification		30 Days	30+ Days	Total	Total
Goods and services			13,312	13,312	7,054
Machinery and equipment			88	88	1,242
Land and subsoil assets			—	—	40
			13,400	13,400	8,336
Listed by programme level					
Administration			2,850	2,850	6,551
International Trade Development			390	390	60
Enterprise and Industry Development			170	170	295
Consumer and Corporate Regulation			254	254	689
The Enterprise Organisation			158	158	628
Trade and Investment South Africa			9,450	9,450	113
Marketing			128	128	—
			13,400	13,400	8,336
Confirmed balances with other departments		ANNEXURE 7	—	—	19,551
			—	—	19,551
24. Employee benefits					
Leave entitlement			12,830	12,830	10,413
Thirteenth cheque			4,244	4,244	4,009
Performance awards			148	148	82
			17,222	17,222	14,504
25. Leases					
25.1 Operating leases					
	Buildings and other fixed structures	Machinery and equipment	Total	Total	
	R'000	R'000	R'000	R'000	
Not later than 1 year	—	2,233	2,233	767	
Later than 1 year and not later than 3 years	—	3,948	3,948	938	
Total present value of lease liabilities	—	6,181	6,181	1,705	

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED**

for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
26. Irregular expenditure			
26.1 Reconciliation of irregular expenditure			
Opening balance		2,480	2,584
Irregular expenditure — current year		20,538	(104)
Transferred to Statement of Financial Performance — authorised losses (Condoned)		(1,649)	—
Transfers to receivables for recovery (Not condoned)			
Irregular expenditure awaiting condonement		21,369	2,480
Analysis			
Current		20,538	—
Prior years		1,181	2,480
		21,719	2,480
26.2 Irregular expenditure			
Incident		Disciplinary steps taken/criminal proceedings	
SABS		No disciplinary steps could be taken	359
SABS		No disciplinary steps could be taken	718
Overtime Security		No disciplinary steps could be taken	104
Sowetan		Still under investigation.	103
Independent newspaper		Still under investigation.	108
Business focus — Harvey place		Still under investigation.	111
Creamer Media		Still under investigation.	114
New World Internat. Publishers		Still under investigation.	114
Thuso Designs		Still under investigation.	126
Thuso Designs		Still under investigation.	126
Moribo Pr & Communication		Still under investigation.	138
Gavin Lewis & Associates		Still under investigation.	139
Creamer Media		Still under investigation.	143
Independent newspaper		Still under investigation.	147
Inroads Multimedia		Still under investigation.	149
Argo Publications CC		Still under investigation.	157
Kaya FM		Still under investigation.	160
Independent newspaper		Still under investigation.	165
Sunday World		Still under investigation.	198
Business focus — Harvey place		Still under investigation.	199
94.7 Highveld		Still under investigation.	206
Lass Business Enterprises		Still under investigation.	214
INROADS		Still under investigation.	216
KalaneWalsh Media		Still under investigation.	222
Zamanguni Auto		Still under investigation.	227
Moribo Pr & Communication		Still under investigation.	235
Two Tone Design		Still under investigation.	239
Sowetan		Still under investigation.	240
CEO communications		Still under investigation.	246
Big News for Small Business		Still under investigation.	252
RCP Media		Still under investigation.	284
Proudly South African		Still under investigation.	285
Mashabane Rose Ass.		Still under investigation.	290
Independent newspaper		Still under investigation.	318
Inroads Multimedia		Still under investigation.	348
The Write Ass. T/A LIT Consultants		Still under investigation.	350
Commonwealth Business Council		Still under investigation.	350

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED**

for the year ended 31 March 2005

Incident	Disciplinary steps taken/criminal proceedings	
UK top companies	Still under investigation.	357
The Gaffney Group	Still under investigation.	375
Independent newspaper	Still under investigation.	384
Independent newspaper	Still under investigation.	388
Out Loud (Integrator)	Still under investigation.	394
Marketing Federation of SA	Still under investigation.	400
Commonwealth Business Publications	Still under investigation.	412
RCP media	Still under investigation.	420
Financial Times Ltd	Still under investigation.	426
Integrator (Out loud)	Still under investigation.	443
Afrilink Investment Corporation	Still under investigation.	444
Kaya FM	Still under investigation.	454
Two Tone Design	Still under investigation.	481
IMC	Still under investigation.	490
Independent newspaper	Still under investigation.	491
Shereno Printers	Still under investigation.	492
Sweet Equity	Still under investigation.	496
Sweet Equity	Still under investigation.	496
Everest	Still under investigation.	500
Telkom	Still under investigation.	699
SABC	Still under investigation.	4,577
		21,719

27. Senior management personnel

The aggregate compensation of the senior management of the department and the number of individuals determined on a full time equivalent basis receiving compensation within this category, showing separately major classes of key management personnel and including a description of each class for the current period and the comparative period. Detail on each type of compensation should be disclosed.

The Minister, Deputy Ministers, Director-General	2,102	2,083
Deputy Director Generals	4,352	4,094
Chief Financial Officer	613	—
Chief Information Officer	511	480
Chief Internal Auditor	291	372
Chief Of Staff — Ministry	527	487
	8,396	7,516

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED**

for the year ended 31 March 2005

28. Public Private Partnership

Nature of the arrangement

the dti campus PPP is based on a partnership between **the dti** and the City of Tshwane under which the City owns the land. The City will also own all fixed assets erected thereon. **the dti** will enjoy the peaceful and undisturbed benefits of a sustained collaborative working and unified service delivery environment to be provided by the private sector partner, who will sign an experience delivery agreement with **the dti**. The City and **the dti** will be bound by a separate Project Enablement Agreement ensuring renewal rights under succeeding rebiddings of the PPP, or some other future arrangement.

Significant terms of the arrangement as they might affect future cash flows

The construction of **the dti** campus was finalised during the first half of 2004, whereafter the move and decant took place between May 2004 and November 2004. The retail areas on the campus became operational shortly thereafter.

During the reporting period, **the dti** made use of the services of *Ledwabe Mazwai Attorneys, Utho Capital and AJA Quantity Surveyors* as transactional advisors to assist with the transition and the implementation of the PPP contract. Specialist facilities management support services were also obtained from *Turner & Townsend* to oversee the implementation of the experience delivery matrix and to ensure efficient facilities management in respect of service responsibility and accountability.

Cash flows in the form of unitary payments and payments towards pass-through costs commenced during April 2004 and totalled R94,359 million for the reporting period. Variation orders totalling R16,697 million were also paid, which relate to changes and additions to the design of the building and changes to accommodate an increased number of staff.

Unitary payments are based on a baseline amount of R108,6 million per annum, which will appreciate at CPIX.

Nature and extent of:

Right to use specified assets

The land and buildings owned by the City will be managed by the Concessionaire, who will have direct rights of use under its land availability agreement with the City.

The Concessionaire, having in this manner mobilised the capital assets, will provide experience delivery services to **the dti** as contractually defined by an "experience delivery matrix" over the term of the concession. **the dti** will enjoy the benefits as deemed contractually appropriate by the Concessionaire in the fulfilment of its obligations to **the dti**.

Obligation to provide rights or obtain services

The City is obliged to provide rights to the Concessionaire under **the dti** /City Project Enablement Agreement, as explained above. At the same time, **the dti** has rights to obtain services under its concession agreement with the private sector PPP partner.

Obligations to acquire or build items of property, plant and equipment.

The Concessionaire will bear the risks of such obligations and associated risks.

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER 2003/04		
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
CSIR: Delight Project	1	—	—	1	—	—	2,000
International Trade Administration	43,828	—	—	43,828	43,828	100.0%	43,828
CSIR: Technology Transfer Centre	2,000	—	—	2,000	2,000	100.0%	2,000
CSIR: Technology For Women in Business	6,000	—	—	6,000	2,500	41.7%	6,000
CSIR: National Cleaner Production	1,500	—	—	1,500	1,500	100.0%	1,000
South African Bureau of Standards	98,099	—	—	98,099	98,099	100.0%	91,407
South African National Accreditation System	6,500	—	2,500	9,000	9,000	100.0%	9,000
CSIR: National Measuring Standards	34,860	—	4,640	39,500	39,500	100.0%	34,000
National Productivity Institute (Work Place Challenge)	7,000	—	—	7,000	7,000	100.0%	11,408
KHULA	25,000	—	—	25,000	25,000	100.0%	25,000
NTSIKA Enterprise Promotion	41,000	—	(15,820)	25,180	25,180	100.0%	52,000
NAMAC	80,000	—	(42,248)	37,752	37,752	100.0%	80,000
National Empowerment Fund	160,000	—	—	160,000	160,000	100.0%	59,500
SABS: Small Business Technical Consulting	2,000	—	—	2,000	592	29.6%	1,277
National Research Foundation: Technology and Human Research for Technology	139,000	—	—	139,000	139,000	100.0%	135,000
CSIR: Technology Venture Capital	—	—	3,000	3,000	3,000	100.0%	10,000
CSIR: Aerospace	300	—	—	300	300	100.0%	—
Centres of Excellence	1,001	—	—	1,001	—	0.0%	—
National Gambling Board	15,800	—	—	15,800	15,800	100.0%	11,000
Competition Commission	28,177	—	—	28,177	28,177	100.0%	25,923
SABS: Trade Metrology	9,000	—	—	9,000	9,000	100.0%	9,000
Export Credit Insurance Corporation	100,000	—	—	100,000	100,000	100.0%	177,000
Trade and Investment SA	10,800	—	—	10,800	10,800	100.0%	31,000
Diplomacy, Intelligence, Defence and Training Authority	224	—	—	224	191	85.3%	161
Dept. of Envir. Affairs & Tourism	—	—	—	—	—	—	1,128
SEDA	—	—	58,068	58,068	—	—	—
CSIR: Research Contribution	348,326	—	—	348,326	348,326	100.0%	323,014
CSIR: Technology Transfer Capital Guarantee Fund	2,000	—	—	2,000	2,000	100.0%	2,000
	1,162,416	—	10,140	1,172,556	1,108,545		1,143,646

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 1B – STATEMENT OF TRANSFERS TO
PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current Available	TOTAL
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Funds for Research into Industrial Development Growth & Equity Development Bank of SA (Regional Spatial Development Initiative	7,000	—	—	7,000	7,000	100.0%	—	7,000	7,000
Environmental Support Fund	8,000	—	—	8,000	8,000	100.0%	—	8,000	3,100
Cluster Development Fund	1	—	—	1	—	—	—	—	—
DBSA Community Public Private Partnership	5,001	—	—	5,001	5,000	100.0%	—	5,000	7,600
IDC: Support Programme for Industrial Development Innovation	83,000	—	—	83,000	83,000	100.0%	83,000	—	83,000
CSIR: Maritime Industry Project	1	—	—	1	—	—	—	—	—
IDC: SA Capital Good Feasibility Study	8,001	—	—	8,001	—	—	—	—	—
Subtotal	111,005	—	—	111,005	103,000		83,000	20,000	100,700
Total	111,005	—	—	111,005	103,000		83,000	20,000	100,700
Private Enterprises									
Protechnik Laboratories (Cur)	1,386	—	—	1,386	1,165	84.1%	—	1,165	2,110
Protechnik Laboratories (Cap)	280	—	1,100	1,380	1,375	99.6%	1,375	—	—
2010 FIFA Soccer World Cup Bid	25,000	—	—	25,000	25,000	100.0%	—	25,000	—
Aichi Exposition	19,000	—	—	19,000	12,790	67.3%	—	12,790	—
Youth Internship Programme Small and Medium	11,483	—	—	11,483	10,741	93.5%	—	10,741	8,506
Manufacturing Development Enterprise Development	60,000	—	(12,800)	47,200	47,163	99.9%	—	47,163	100,312
Manufacturing Development Programme Incentives	492,124	—	70,000	562,124	561,688	99.9%	—	561,688	353,997
Industrial Development Zones Tax Holiday Scheme	3,000	—	906	3,906	3,905	100.0%	—	3,905	16,100
Export Market and Investment Assistance	15,000	—	(15,000)	—	—	—	—	—	1,970
Competitiveness Fund	1	—	—	1	—	—	—	—	—
Sector Partnership Fund	103,100	—	(10,000)	93,100	85,706	92.1%	—	85,706	59,970
Black Business Supplier Development Programme	20,000	—	(2,000)	18,000	16,606	92.3%	—	16,606	21,998
Micro-investor Fund	13,000	—	—	13,000	12,702	97.7%	—	12,702	15,440
Other Critical Infrastructure Programme	10,001	—	2,000	12,001	11,992	99.9%	—	11,992	2,991
Pebble Bed Modular Reactor	1	—	—	1	—	—	—	—	—
2003 Nedbank Golf Challenge	79,150	—	—	79,150	34,996	44.2%	34,996	—	8,173
General Export Incentives Scheme	600,000	—	—	600,000	600,000	100.0%	—	600,000	—
Coega Development Corporation	—	—	—	—	—	—	—	—	2,850
East London Development Corporation	—	—	—	—	—	—	—	—	15,725
Richards Bay Development Corporation	60,300	—	—	60,300	55,375	91.8%	55,375	—	—
RCL Various Municipalities	40,000	5,602	—	45,602	37,668	82.6%	37,668	—	—
	—	33,133	—	33,133	—	—	—	—	—
	475	—	150	625	495	79.2%	495	—	—
Subtotal	1,553,301	38,735	34,356	1,626,392	1,519,367		129,909	1,389,458	610,142
Total	1,553,301	38,735	34,356	1,626,392	1,519,367		129,909	1,389,458	610,142
TOTAL	1,664,306	38,735	34,356	1,737,397	1,622,367		212,909	1,409,458	710,842

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 1C – STATEMENT OF TRANSFERS/SUBSIDIES TO FOREIGN
GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
World Trade Organisation	4,000	—	251	4,251	4,251	100.0%	4,585
Organisation for the Prohibition of Chemical	3,000	—	—	3,000	1,551	51.7%	1,601
United Nations Industrial Development Organisation	5,000	—	—	5,000	3,192	63.8%	6,737
International Bank For Reconstruction and Development	4,000	—	—	4,000	4,000	100.0%	1,580
International Finance Corporation	4,000	—	—	4,000	4,000	100.0%	1,580
World International Property Organisation	2,000	—	—	2,000	1,790	89.5%	1,790
Total	22,000	—	251	22,251	18,784		17,873

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

**ANNEXURE 1D – STATEMENT OF TRANSFERS/SUBSIDIES
TO NON-PROFIT INSTITUTIONS**

NON-PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Final Appropriation Act R'000
Proudly SA Campaign	—	—	—	—	—	—	4,000
National Co-operatives Association of Southern Africa	3,500	—	—	3,500	3,500	100.0%	3,500
Godisa Trust: Technology Incubator Development	48,654	—	1,000	49,654	49,654	100.0%	40,000
South African Women Entrepreneur Network	2,000	—	—	2,000	2,000	100.0%	2,000
Micro-Finance Regulatory Council	15,000	—	1,200	16,200	16,200	100.0%	11,000
Company and Intellectual Property Registration Office	1,200	—	—	1,200	1,200	100.0%	35,823
Integrated Business Register	1	—	—	1	—	—	—
TOTAL	70,355	—	2,200	72,555	72,554		96,323

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 1E – STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

HOUSEHOLD	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Final Appropriation Act R'000
Transfers							
Employee social benefits	2	—	711	713	806	113.0%	778
Donations and gifts	1	—	989	990	872	88.1%	
Total	3	—	1,700	1,703	1,678		778

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 1F – STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS
RECEIVED FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
Received in kind			
DIDTETA	Training course — Assessor training for 12 dti employees		37
DIDTETA	Training course — Assessment and Moderation course for 1 dti employee		3
DIDTETA	Training course — SDF training for 5 officials		9
ABSA	Invitation trip for client interaction		3
Waymark Infoteck	Computer hardware		1
Invest, London	Kruger Rand on stand		1
Cleveland Golf Club — Mr Gary Trager	Umbrella, golf bag, clubs and drivers		14
Mr Hansa, President	Wallet and watch		1
Dimension Data	Invitation to the Dimension Data Pro-Am 2004 — Sun City		5
House of Monatics — Mr Fred Robertson	3 suits and 4 shirts		5
Dr Youssef Boutros Ghali, Minister of Foreign Trade, Egypt	Silver jug and book		1
Corporate Forum	Set of pen and pencil		2
Ministry of Public Service and Administration	Glass cutting board and Cape Town book		1
Collection drive with Indian Business	Various Anka Products (Soap, linen Mist) and crystal candlestick holder		1
Mozambique Ambassador	Minister's photo for the SADC Ministerial meeting in Tanzania		1
Toyota	Pen engraved Minister's name		1
Rolls Royce	Pen		2
CVDRD — Campanhia Vale Do Rio Doe	Silver peacock with stone		1
Mr Hansa	Wall motif		1
EDS, Dallas Texas	Antique Campus — desk accessory		1
HE Phillip de Staubin — Vice President of Boeing, USA	Glass watch Boeing B&W 1916		1
Ntinga OR Tambo Development Agency, Umtata	SA hand crafted wall art picture with wooden frame		1
Mayor of Durban	Art wall picture frame		1
MG Laboratories	the dti budget vote in parliament — perfume		1
Trade Law Centre (TRALAC)	Workshop — air ticket and accommodation		5
South African Trade Research Network (SATRN)	Cancun meeting — accommodation, air ticket and meals		5
World Trade Organisation (WTO)	Regional workshop — air ticket accommodation and daily subsistence		13
Organisation of the Prohibition of Chemical Weapons (OPCW)	Attended advance course — air ticket and accommodation		30
NEPAD Secretariat (NEPAD) and Gender Equality Forum	Travel cost		5
World Trade Organisation (WTO)	Trade Policy course — air ticket and daily subsistence		20
United Nations Economic Commission for Africa (ECA) and African Union (AU)	Air ticket, accommodation and daily subsistence		10
United Nations Conference on Trade Development (UNCTAD)	Regional Training course — air ticket		20
African Caribbean Pacific Group (ACP)	Technical Assistance — travel and accommodation		25
European Union (EU)	Trade Negotiators training course — training programme, flights and accommodation		75
Greek Ministry of Foreign Affairs	Round table discussions — air ticket, accommodation and airport transport cost		40
Harvard University	Attended Trade Group meeting — air ticket, accommodation, transport and meals		40
Guinness UDV	Attended the 2003 Presidents Cup — flights, accommodation & transport		32
Taiwan Hand Tool Manufacturers Association	(Mr YK Yu — Secretary General) Tools-Gearwrench set		1
Taipei Liaison Office (Mr Bill Cho — Economic Councilor)	Statue and Wine		3
Inwent and GTZ	Study trip to Germany — transportation, accommodation and workshop fee		9
UNIDO	Workshop — air ticket, travel and accommodation		18
European Union (EU)	NBIA Annual conference		35
WIPO	Sub-regional seminar — travel cost, subsistence allowance and incidental expenses		3
AusAid	Study tour to Australia — international air travel, domestic flights and accommodation		138
World Trade Organisation (WTO)	Workshop — air flights, accommodation and daily allowance		7
Ministry of Foreign Affairs, Singapore	Flights, accommodation etc,		33
Tem Sportswear	3 x days hotel accommodation		2
Angie Makwela	Flowers for wedding		3
SABC	North Sea Jazz Festival — tickets and accommodation		6
Proudly South African	Appreciation for participation at workshop		1
Swedish International Development Cooperation Agency (SIDA)	International Training programme — cost of training programme, accommodation and meals		76
NOVELL	Barcelona — Attend Novell BusinessShare/Government Share Europe 2004 — Flights, food and accommodation	12	
Dimension Data	Visit sites in Europe — Nortel voice over Internet Protocol Flight costs, accommodation and daily allowance	50	
World Trade Organisation (WTO) & Doha Development Agenda Trust Fund	Attending WTO Regional Seminar — Air tickets, accommodation and daily allowance	15	
World Trade Organisation (WTO)	Attending WTO workshop on Domestic Regulations in the GATS in Geneva Air ticket, accommodation	20	
World Health Organisation (WHO)	Attending the first meeting of the Commission on Intellectual Property Rights — Air ticket	20	
Department of Foreign Affairs	Participate in the Inter-departmental Fact Finding Mission to the Sudan — Accommodation and the flight ticket	20	
Denel	Inward delegation from Nigeria for the Bi-national Commission between the two countries — Co-host the Business Forum — Hosting of a gala dinner	60	
Telkom	Inward delegation from Nigeria for the Bi-national Commission between the two countries — Co-host the Business Forum — Entertainment	20	
Blacktop	Hosted a preparation meeting between government institutions and private sector — Bi-national Commission with Nigeria — Sponsor a Zulu Cultural group to perform at this event	6	
Organisers of the training event	Attend a training course offered to developing countries- World Expo 2005 in Aichi, Japan	189	
Organisation for the Prohibition of Chemical Weapons (OPCW)	Attended the Second Regional meeting of the National Authorities of Chemical Weapons Convention State Parties in Africa — flight cost and accommodation	6	
GODISA Trust	Attendance of one official — 5 day incubator conference in the USA — travel, accommodation, conference and study tour fees	25	
European Patent Office	Attending of the Innovation Support Intellectual Property for the SMME's Seminar — Airfares, hotel accommodation, transport and allowances	12	
AusAid	Study scholarship in Australia — Master Environmental studies and MBA — Scholarships	169	
International Law Development Organisation	Attend seminar — Tuition fee, Accommodation and daily allowance	35	
German Authorities	Attend information sharing tour of Germany — Accommodation, meals and short distance travel within Germany	8	
Micro Finance Regulatory Council	Attending information sharing tour of Germany — Accommodation, meals and short distance travel within Germany	8	
Diners Club	Sponsorship of the International Investment Council event — dinner	125	
Nandos	Sponsorship of the International Investment Council event — Golf day at Steenberg Golf Estate	80	
Nandos	Sponsorship of the International Investment Council's golf day — Green fees, carts, caddies, shirts, caps, towels, balls, pitch repairers, prizes, food and drinks	61	
Dimension Data	Sponsorship of the International Investment Council's Golf day — Green fees, carts, caddies, shirts, caps, towels, balls, pitch repairers and prizes	42	
BMW SA	Provide 12 BMW cars for the President's International Investment Council's Golf day	91	
Diners Club	Provided leader folders embossed with delegates initials to each delegate at the International Investment Council event	150	
Organisers of SISE 2004 — International Travel to Tunisia	Follow-up on President's visit and represent the dti at the SISE 2004 exhibition- flight and accommodation	14	
African Equitions (through SACTWU)	Attending the Fashion Festival 2004 — Hotel accommodation and air tickets	15	
Miscellaneous	Miscellaneous	1	17
		1,254	767

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

**ANNEXURE 1G – STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE
AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000
Paid in cash	
Business Map (sponsor a table at the Business Map — Business Report Anglo American BEE Awards Vat not included during the first payment)	1
Themballhle Self - Help Centre (Project for disabled people in Witbank)	50
TOP Companies Publishing (Pty) (Women in Business Government Awards Gala Dinner — purchase two tables)	34
Business Women's Association (Business Women of the Year Awards 2004 — purchase a table)	10
Evan Tomas Industries CC (the dti Womens Forum of 10 years celebration — Phenomenal Women Awards)	6
KC Meyiwa (Support family — Bereavement Policy)	4
Event Dynamics CC (Sponsoring a table in a local show on composites called Composites Africa — Awards Gala Dinner)	5
Twenty Six Communications (National Awareness Campaign on HIV/AIDS; No violence against women and children — Kiddies back pack & Piquet knit kiddies golf shirts)	15
Sibongile Esther Ngwenya (Support family — Bereavement Policy)	4
SATAWU (Sponsorship to cover costs for BEE Workshop)	76
ILAC/IAF Development countries — Seminar Cape Town — sponsorship to cover cost of seminar through SANAS)	100
New World International Publishers CC (Adverts for 10 BEE Companies in Products of Southern African 6th Edition)	114
Commonwealth Business Council (Financial Support for the 3rd African Investment Forum — conference package)	350
NSTF National Science and Technology Forum (2004 Annual Award — sponsor a table)	10
ForgeAhead BMI-T (Pty) LTD (Contributing towards awards ceremonies)	95
Subtotal	874
Made in kind	
The Brooklyn Chameleon Gift & Curios (Framework for consumer policy workshop — Local and International advisory panel members)	4
Mega Marketing (Exchange of gifts with foreign dignitaries)	88
Multi-Line Marketing (Exchange of gifts with counterparts)	66
Queens lifestyle (Exchange of gifts with counterparts & Business executives)	1
Carrol Boyes functional art (Exchange of gifts with counterparts & business executives)	5
The Brooklyn Chameleon (Exchange of gifts with counterparts & business executives)	5
Pieter Oosthuizen Interiors CC (Exchange of gifts with counterparts & business executives)	1
Mega Marketing (Exchange of gifts during festive season)	25
Musica (Travel to Seoul, South Korea to meet with officials related to pricing and industrial policies. Present gifts to the host of the meeting)	1
Paradizz Arts & Craft, Menlyn Xpressions Menlyn (Gifts for hosts of the dti Study Tour Group travelling to Japan)	1
CSIR Poverty Alleviation (Gifts for hosts of the dti Study Tour Group travelling to Spain)	1
Ms N Maluleke (Gifts for the dti Market Officials in 4 countries assisted with the study tour)	1
Skaapland (International Investment Council meeting — gift packets for attendees)	9
ZOAS Pure Foods (Pty) Ltd (International Investment Council meeting — gift boxes with dried fruit)	15
Terrapak (Pty) Ltd (International Investment Council meeting — folders and trays for International members and Government counterparts)	12
DIMPHO Corporates & Promotions CC (Gift to the Deputy Minister towards the achievements of women empowerment)	1
Instead of flowers — box it & Paradizz Arts & Craft (gifts for counterparts from other international organisations)	1
Mari Herbst (Corporate gifts for the dti Brazilian guests at the Sun City event)	2
Woolworths (Corporate gifts — for ExBo members)	1
University of Wits — study fees (Aerospace Study trip to Berlin (cost of air transport))	7
Sheer Sound CC (SA CD Gift for speakers)	2
Smiley Gifts & Boxes (Gifts for National Co-operatives Conference 2005)	1
The Wardrobe Agency (SMME's study tour to UK, Brazil and India)	3
SANAS (Air ticket for Mr John Pearl from SANAS to conduct seminar in Tanzania)	10
Ambassador in Budapest (three bottles of wine & six wine glasses)	1
Minister Mabudafhasi (three photo frames)	1
Consultants attend seminar on the informal sector of South Africa (travel arrangements)	3
BLNS participants to attend SACU Strategical session (travel & accommodation)	23
Miscellaneous	8
Subtotal	299
Total	1,173

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 2A – STATEMENT OF INVESTMENT IN AND AMOUNTS OWING BY/TO
CONTROLLED/PUBLIC ENTITIES AS 31 MARCH 2005

Name of public Entity	Nature of Business	Relevant Act	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 03/04	% Held 04/05	Number of shares held		Cost of investment R'000		Profit/(loss) for the year R'000		Are the losses guaranteed Yes/No
						2004/5	2003/4	2004/5	2003/4	2004/5	2003/4	
Controlled entities Industrial Development Corporation of SA Limited	Contributing to growth, Industrial Development and Economic Empowerment through its financial activities	Industrial Development Act, 1940 (Act 22 of 1940)	Schedule 2	100.0%	100.0%	1,392,969,357	1,392,969,357	1,392,969	1,392,969	697	535	NO
Subtotal								1,392,969	1,392,969	697	535	
Total								1,392,969	1,392,969	697	535	

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 2B – STATEMENT OF INVESTMENT IN AND AMOUNTS
OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS 31 MARCH 2005

Name of Public Entity	Nature of Business	Cost of Investment R'000		Amount owing to Entities R'000		Amount owing by Entities R'000		Valuation of investment R'000	
		2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
Controlled entities									
Industrial Development Corporation of South Africa Limited	Contributing to Growth, Industrial Development and Economic Empowerment through its financial activities	1,392,969	1,392,969					1,392,969	1,392,969
Competition Commission	Promote an environment in which competition is allowed to flourish, investigate and address anti-competitive activities, and increase economic concentration in related markets.					104			
Competition Tribunal	Adjudicate competition matters, in accordance with the Act and has jurisdiction throughout South Africa.					37			
Commission for International Trade Administration	Enabling environment for fair trade in the South African Customs Union					374	65		
Export Credit Insurance Corporation	To facilitate and encourage South African Export Trade, by underwriting bank loans and investment outside the country, in order to enable foreign buyers to purchase capital goods and services from the Republic.					10	26		
Khula	Providing wholesale financial support services to retail financial intermediaries.					41			
National Gambling Board	Provide advice on the National Gambling industry, and promote uniform norms and standards across Provinces.					11			
National Lotteries Board	To exercise national control over lottery activities.					22			
South African National Accreditation System	Establish laboratory, personnel and certification body in the RSA, as well as mutual recognition agreements with international accreditation organisations.					21			
South African Quality Institution (SAQI)	SAQI is the umbrella body that co-ordinates the quality effort in South Africa in order to contribute towards the global competitiveness of the South African Economy and the region as a whole.					6			
Total			1,392,969	-	-	626	91	1,392,969	1,392,969

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

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

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 01/04/2004 R'000	Guarantees issued during the year R'000	Guarantees released during the year R'000	Guaranteed interest outstanding as at 31 March 2005 R'000	Closing balance 31/03/2005 R'000	Realised losses i.r.o. claims paid out R'000
Stannic	Motor Vehicles	950	1,254	784	634		1,404	
		950	1,254	784	634	–	1,404	–
	Housing							
ABSA			458	125	197		386	
African Bank			16	—	—		16	
FNB			275	—	65		210	
Fidelity Bank			23	—	—		23	
Peoples bank			17	—	—		17	
Old Mutual			34	—	34		—	
BoE Bank (NBS)			102	32	—		134	
Nedbank			254	—	52		202	17
Perm			22	—	22		—	
Saambou Bank			203	—	16		187	
Standard Bank			260	34	31		263	
			1,664	191	417		1,438	17
Total		950	2,918	975	1,051	–	2,842	17

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 4 – PHYSICAL ASSET MOVEMENT SCHEDULE
AS AT 31 MARCH 2005

	Additions R'000	Disposals R'000	Transfers in R'000	Transfers Out R'000
Buildings and other fixed structures	—	—	—	13,890
Heritage assets				13,890
Machinery and equipment	5,826	514	—	1,125
Computer equipment	3,297	99		105
Furniture and office equipment	1,983	309		999
Other machinery and equipment	329	106		21
Transport assets	217			
	5,826	514	—	15,015

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Additions R'000	Disposals R'000	Transfers in R'000	Transfers Out R'000
Buildings and other fixed structures	—	13,171	—	—
Other structures (Infrastructure assets)		13,171		
Machinery and equipment	16,302	—	—	699
Computer equipment	14,593			464
Furniture and office equipment	1,709			235
	16,302	13,171	—	699

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

**ANNEXURE 5 – SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT
 SCHEDULE AS AT 31 MARCH 2005**

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
Computer software	294	250				544
	294	250	-	-	-	544

**SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE
 AS AT 31 MARCH 2004**

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
Computer software	294					294
	294	-	-	-	-	294

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 6 – INTER-GOVERNMENTAL RECEIVABLES
AS AT 31 MARCH 2005

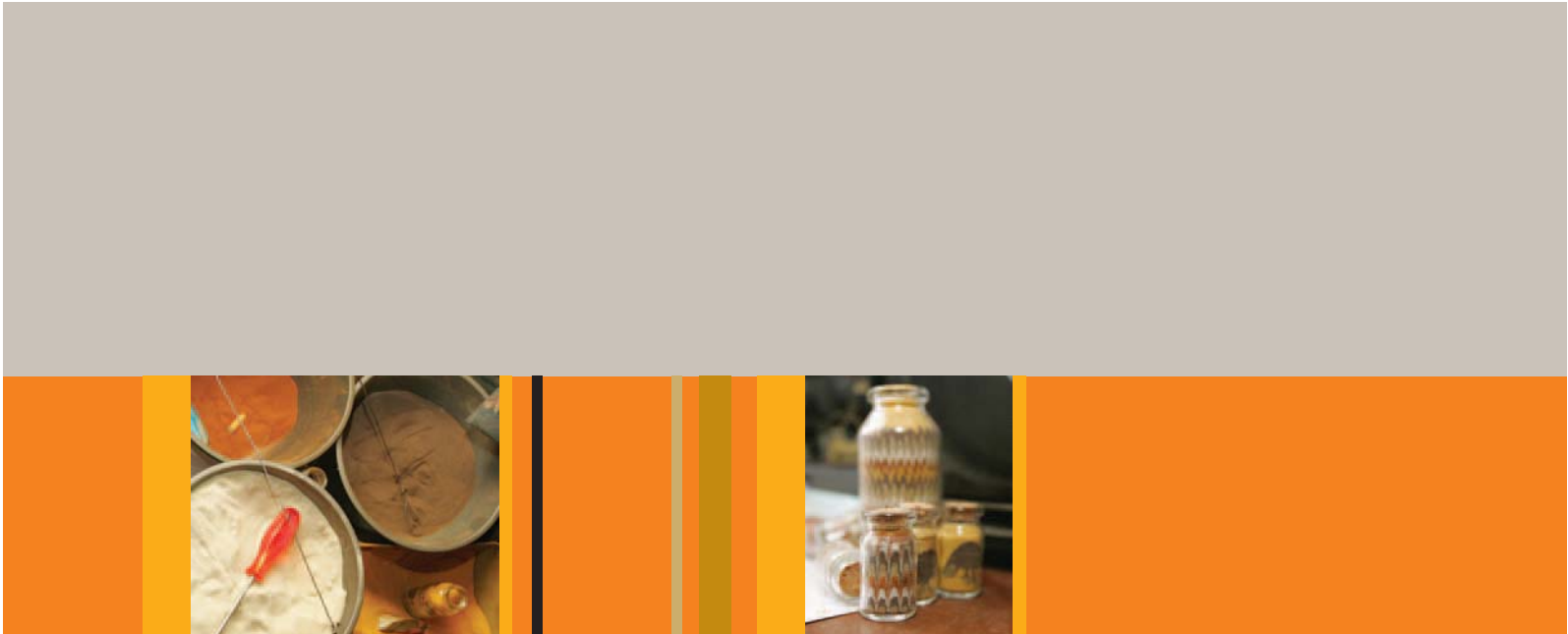
Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Presidency	—	—	64	—
Foreign Affairs	—	772	1,321	—
Office of the Premier: Polokwane	—	—	40	—
Economic Development KZN	—	—	5	—
National Treasury	—	—	276	292
Economic Development and Tourism	—	—	—	17
Statistics South Africa	—	—	—	6
National Intelligence Agency	—	—	—	35
Education	—	—	—	58
Subtotal		772	1,706	408
Other Government Entities				
International Trade Administration Commission	—	—	374	—
Companies and Intellectual Property Registration Office	—	—	171	—
Competition Commission	—	—	104	—
Competition Tribunal	—	—	37	—
Export Credit Insurance Corporation	—	—	10	—
Khula	—	—	41	—
National Gambling Board	—	—	11	—
National Lotteries Board	—	—	22	—
South African National Accreditation System	—	—	21	—
South African Quality Institution	—	—	6	—
Subtotal	—	—	797	—
Total	—	772	2,503	408

NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

ANNEXURE 7 – INTER-DEPARTMENTAL PAYABLES – CURRENT

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Amounts not included in Statement of financial position				
Current				
Department of Foreign Affairs	—	19,550	22,844	—
National Treasury	—	1	—	—
Justice	—	—	18	—
Subtotal	—	19,551	22,862	—
Total	—	19,551	22,862	—
Amounts included in Statement of Financial Position				
Current				
Department of Foreign Affairs	22,844	19,550		
National Treasury	—	1		
Justice	18	—		
Subtotal	22,862	19,551		
Total	22,862	19,551		
Other Government Entity				
Amounts not included in Statement of Financial Position				
Current				
CIPRO	—	—	43	—
Subtotal	—	—	43	—
Total	—	—	43	—
Amounts included in Statement of Financial Position				
Current				
CIPRO	43	—		
Subtotal	43	—		
Total	43	—		



NATIONAL DEPARTMENT: TRADE AND INDUSTRY • VOTE 32
REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE
FINANCIAL STATEMENTS OF THE NATIONAL SUPPLIES
PROCUREMENT FUND FOR THE YEAR ENDED 31 MARCH 2005

1. Audit assignment

The financial statements as set out on pages 110 to 114, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 12 of the National Supplies Procurement Act, 1970 (Act No. 89 of 1970). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer of the National Supplies Procurement Fund (fund). My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

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

An audit includes:

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

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

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

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

3. Audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the fund at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the relevant act.

4. Emphasis of matter

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

4.1 Status of the fund

As mentioned in my previous report dated 29 July 2004, the Minister of Trade and Industry approved on 28 August 2000 that the fund be liquidated and legislation drafted to effect the repeal of the National Supplies Procurement Act, 1970 (Act No. 89 of 1970). At the date of this report, the said Act has not been repealed. The fund is currently dormant. The status of the fund will be evaluated on an annual basis.

5. Appreciation

The assistance rendered by the staff of the Department of Trade and Industry during the audit is sincerely appreciated.

Y M Essack for Auditor-General

Pretoria

29 July 2005



NATIONAL SUPPLIES PROCUREMENT FUND

INCOME STATEMENT

for the year ended 31 March 2005

	Notes	2004/05 R'000	2003/04 R 000
Interest received			1
Expenditure		(1)	
(Deficit)/surplus for the year		(1)	1

NATIONAL SUPPLIES PROCUREMENT FUND

BALANCE SHEET

as at 31 March 2005

	Notes	2004/05 R'000	2003/04 R 000
ASSETS			
Current assets			
Cash and cash equivalents	2	6	7
		6	7
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated funds		6	7
TOTAL EQUITY AND LIABILITIES		6	7

NATIONAL SUPPLIES PROCUREMENT FUND

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2005

	Accumulated Funds R000
Balance as at 1 April 2003	6
Surplus for the year	1
Balance as at 31 March 2004	7
Deficit for the year	(1)
Balance as at 31 March 2005	6

NATIONAL SUPPLIES PROCUREMENT FUND

CASH FLOW STATEMENT

for the year ended 31 March 2005

	Notes	2004/05 R'000	2003/04 R 000
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received		—	1
Bank charges		(1)	—
Net cash flows from financing activities		(1)	1
Net (decrease)/increase in cash and cash equivalents		(1)	1
Cash and cash equivalents at beginning of period		7	6
Cash and cash equivalents at end of period		6	7

NATIONAL SUPPLIES PROCUREMENT FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

1. Accounting policy

Unless otherwise shown, the annual financial statements have been drawn up on the historical cost basis in accordance with generally accepted accounting practice, which has been consistently applied in all material respects.

1.1 Income recognition

Income is recognised on the accrual basis.

1.2 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances. This financial instrument is carried at estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

The fund is exposed to credit and interest rate risk. These risks are managed by the fund by holding a bank account in high quality financial institutions, with interest accruing at prevailing market rates.

	2005 R'000	2004 R 000
2. Cash and cash equivalents		
Cash at bank	6	7