

**DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS**  
**VOTE 3**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2016*

<b>4.1. TOURISM PLANNING</b>									
	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>13 701</b>	<b>(2 015)</b>	<b>(4 200)</b>	<b>7 486</b>	<b>7 190</b>	<b>296</b>	<b>96.0%</b>	<b>9 544</b>	<b>9 050</b>
Compensation of employees	7 263	-	(1 200)	6 063	5 939	124	98.0%	6 100	5 930
Goods and services	6 438	(2 015)	(3 000)	1 423	1 251	172	87.9%	3 444	3 120
<b>Transfers and subsidies</b>	<b>51 094</b>	<b>2 000</b>	<b>-</b>	<b>53 094</b>	<b>52 886</b>	<b>208</b>	<b>99.6%</b>	<b>50 814</b>	<b>50 554</b>
Departmental agencies and accounts	50 794	2 000	-	52 794	52 794	-	100.0%	50 364	50 364
Households	300	-	-	300	92	208	30.7%	450	190
<b>Payments for capital assets</b>	<b>343</b>	<b>9</b>	<b>(100)</b>	<b>252</b>	<b>168</b>	<b>84</b>	<b>66.7%</b>	<b>413</b>	<b>201</b>
Machinery and equipment	343	9	(100)	252	168	84	66.7%	413	201
<b>Payments for financial assets</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>83.3%</b>	<b>-</b>	<b>-</b>
<b>4.2 TOURISM GROWTH AND DEVELOPMENT</b>									
	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	
<b>Current payments</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>1</b>	<b>49</b>	<b>2.0%</b>	<b>-</b>	
Goods and services	50	-	-	50	1	49	2.0%	-	
<b>4.3 TOURISM SECTOR TRANSFORMATION</b>									
	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>30</b>	<b>20</b>	<b>60.0%</b>	<b>-</b>	<b>-</b>
Goods and services	50	-	-	50	30	20	60.0%	-	-

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**NOTES TO THE APPROPRIATIONS STATEMENT**

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) 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 payments for financial assets**

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

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

<b>4.1 Per programme</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation</b>
Administration	139 207	138 489	718	0.52
Environmental Affairs	144 279	140 834	3 445	2.39
Economic and Small Business Development	124 364	123 811	553	0.44
Tourism	60 938	60 280	658	1.08
<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>				
Compensation of employees	213 979	213 471	508	0.24
Goods and services	97 661	94 886	2 775	2.84
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	104 822	104 664	158	0.15
Higher education institutions	1 905	1 905	-	0.00
Public corporations and private enterprises	22 600	22 600	-	0.00
Households	2 705	2 477	228	8.43

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**NOTES TO THE APPROPRIATIONS STATEMENT**

**Payments for capital assets**

Buildings and other fixed structures	15 460	14 207	1 253	8.10
Machinery and equipment	9 332	8 963	369	3.95
Intangible assets	52	-	52	100.00

<b>Payments for financial assets</b>	272	241	31	11.40
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*The department spent 98.9% of the allocated budget. The 1.1% underspending is mostly on Capital Expenditure of which rollover has been requested.*

4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	EPWP Incentive Grant	2 421	2 240	181	7.48

**1. EPWP Incentive Grant - There was a delay in delivering the protective clothing for EPWP**

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STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2016**

	<b>Note</b>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	468,788	439,767
Aid assistance	3	1,108	10,207
<b>TOTAL REVENUE</b>		<b>469,896</b>	<b>449,974</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	213,470	195,033
Goods and services	5	94,885	86,174
Aid assistance	3	411	2,283
<b>Total current expenditure</b>		<b>308,766</b>	<b>283,490</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	131,647	135,361
<b>Total transfers and subsidies</b>		<b>131,647</b>	<b>135,361</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	23,171	12,322
<b>Total expenditure for capital assets</b>		<b>23,171</b>	<b>12,322</b>
Unauthorised expenditure approved without funding		-	-
<b>Payments for financial assets</b>	6	241	882
<b>TOTAL EXPENDITURE</b>		<b>463,825</b>	<b>432,055</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>6,071</b>	<b>17,919</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		5,374	9,995
Annual appropriation		5,193	9,867
Conditional grants		181	128
Departmental revenue and NRF Receipts	13	-	-
Aid assistance	3	697	7,924
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>6,071</b>	<b>17,919</b>



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**STATEMENT OF FINANCIAL POSITION  
as at 31 March 2016**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>6,354</b>	<b>19,933</b>
Cash and cash equivalents	9	4,083	18,956
Prepayments and advances	10	37	109
Receivables	11	2,234	868
<b>Non-current assets</b>		<b>1,218</b>	<b>1,420</b>
Receivables	11	1,218	1,420
<b>TOTAL ASSETS</b>		<b>7,572</b>	<b>21,353</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>7,186</b>	<b>20,844</b>
Voted funds to be surrendered to the Revenue Fund	12	5,374	9,995
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	1,115	265
Payables	14	-	2,660
Aid assistance repayable	3	-	7,924
Aid assistance unutilised	3	697	-
<b>Non-current liabilities</b>			
Payables		-	-
<b>TOTAL LIABILITIES</b>		<b>7,186</b>	<b>20,844</b>
<b>NET ASSETS</b>		<b>386</b>	<b>509</b>
<b>Represented by:</b>			
Recoverable revenue		386	509
<b>TOTAL</b>		<b>386</b>	<b>509</b>

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**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2016**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>Recoverable revenue</b>			
Opening balance		509	600
Transfers:		(123)	<b>(91)</b>
Irrecoverable amounts written off	6.2	24	253
Debts revised		-	-
Debts recovered (included in departmental receipts)		(1,198)	(739)
Debts raised		1,051	395
Closing balance		<b>386</b>	<b>509</b>
<b>TOTAL</b>		<b>386</b>	<b>509</b>

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**CASH FLOW STATEMENT  
for the year ended 31 March 2016**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>505,499</b>	<b>477,380</b>
Annual appropriated funds received	<u>1.1</u>	468,788	439,767
Statutory appropriated funds received		-	-
Departmental revenue received	2	34,925	27,092
Interest received	<u>2.3</u>	678	314
NRF Receipts		-	-
Aid assistance received	3	1,108	10,207
Net (increase)/decrease in working capital		(3,752)	2,077
Surrendered to Revenue Fund		(44,748)	(38,684)
Surrendered to RDP Fund/Donor		(7,924)	-
Current payments		(308,766)	(282,539)
Interest paid		-	-
Payments for financial assets		(241)	(882)
Transfers and subsidies paid		(131,647)	(135,361)
<b>Net cash flow available from operating activities</b>	15	<b>8,421</b>	<b>21,991</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(23,171)	(13,273)
Proceeds from sale of capital assets	<u>2.4</u>	-	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
<b>Net cash flows from investing activities</b>		<b>(23,171)</b>	<b>(13,273)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(123)	(91)
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		<b>(123)</b>	<b>(91)</b>
Net increase/(decrease) in cash and cash equivalents		(14,873)	8,627
Cash and cash equivalents at beginning of period		18,956	10,329
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	16	<b>4,083</b>	<b>18,956</b>

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**ACCOUNTING POLICIES**

**for the year ended 31 March 2016**

<p><b>Summary of significant accounting policies</b></p> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
<b>1</b>	<p><b>Basis of preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going concern</b></p> <p>The financial statements have been prepared on a going concern basis.</p>
<b>3</b>	<p><b>Presentation currency</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<p><b>Foreign currency translation</b></p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.</p>
<b>6</b>	<p><b>Comparative information</b></p>
<b>6.1</b>	<p><b>Prior period comparative information</b></p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
<b>6.2</b>	<p><b>Current year comparison with budget</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>7</b>	<p><b>Revenue</b></p>
<b>7.1</b>	<p><b>Appropriated funds</b></p> <p>Appropriated funds comprises of departmental allocations.</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the</p>

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	<p>adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>8.3</b>	<p><b>Accrued expenditure payable</b></p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accrued expenditure payable is measured at cost.</p>

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for the year ended 31 March 2016**

<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost</p>

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	plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
<b>13</b>	<b>Investments</b> Investments are recognised in the statement of financial position at cost.
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<b>Financial assets (not covered elsewhere)</b> A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
<b>14.2</b>	<b>Impairment of financial assets</b> Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
<b>15</b>	<b>Payables</b> Loans and payables are recognised in the statement of financial position at cost.
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<b>Immovable capital assets</b> Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2005 (or a later date as approved by the OAG) may be recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.
<b>16.2</b>	<b>Movable capital assets</b> Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2005 (or a later date as approved by the OAG)

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	<p>may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>16.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2005 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there 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 within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by</p>



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**for the year ended 31 March 2016**

	the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
<b>17.4</b>	<p><b>Commitments</b></p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons thereof are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>21</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>

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	<p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23</b>	<p><b>Departures from the MCS requirements</b></p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard</p>
<b>24</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>25</b>	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the <b>Minister/MEC's</b> portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
<b>26</b>	<p><b>Employee Benefits</b></p> <p>Employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.</p>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**1. Annual Appropriation**

**1.1 Annual Appropriation**

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	<b>Final Appropriation</b>	<b>2015/16 Actual Funds Received</b>	<b>Funds not requested/ not received</b>	<b>2014/15 Final Appropriation</b>	<b>Appropriation received</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	139,207	139,207	-	126,005	126,005
Environmental Affairs	144,279	144,279	-	129,266	129,266
Economic and Small Business development	124,364	124,364	-	123,725	123,725
Tourism	60,938	60,938	-	60,771	60,771
<b>Total</b>	<b>468,788</b>	<b>468,788</b>	<b>-</b>	<b>439,767</b>	<b>439,767</b>

**1.2 Conditional grants**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Total grants received	34	<u>2,421</u>	<u>2,102</u>
Provincial grants included in Total Grants received		<u>2,421</u>	<u>2,102</u>

**2. Departmental revenue**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Sales of goods and services other than capital assets	2.1	34,452	25,204
Fines, penalties and forfeits	2.2	35	663
Interest, dividends and rent on land	2.3	678	314
Transactions in financial assets and liabilities	2.5	<u>438</u>	<u>1,225</u>
Total revenue collected		<b>35,603</b>	<b>27,406</b>
Less: Own revenue included in appropriation	13	<u>35,603</u>	<u>27,406</u>
<b>Departmental revenue collected</b>		<b>-</b>	<b>-</b>

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**2.1 Sales of goods and services other than capital assets**

	<i>Note</i> 2	<b>2015/16</b> <b>R'000</b>	<b>2014/15</b> <b>R'000</b>
Sales of goods and services produced by the department		34,420	25,204
Sales by market establishment		911	18
Administrative fees		2,258	2,116
Other sales		31,251	22,992
Sales of scrap, waste and other used current goods		32	78
<b>Total</b>		<b>34,452</b>	<b>25,204</b>

**2.2 Fines, penalties and forfeits**

	<i>Note</i> 2	<b>2015/16</b> <b>R'000</b>	<b>2014/15</b> <b>R'000</b>
Fines		35	663
<b>Total</b>		<b>35</b>	<b>663</b>

**2.3 Interest, dividends and rent on land**

	<i>Note</i> 2	<b>2015/16</b> <b>R'000</b>	<b>2014/15</b> <b>R'000</b>
Interest		678	314
<b>Total</b>		<b>678</b>	<b>314</b>

**2.4 Transactions in financial assets and liabilities**

	<i>Note</i> 2	<b>2015/16</b> <b>R'000</b>	<b>2014/15</b> <b>R'000</b>
Receivables		438	1,225
<b>Total</b>		<b>438</b>	<b>1,225</b>

**2.5 Cash received not recognised (*not included in the main note*)**

Name of entity	Amount received	2015/16 Amount paid to the revenue fund	Balance
	R'000	R'000	R'000
Free State Gambling and Liquor Authority	45,844	45,844	-
<b>Total</b>	<b>45,844</b>	<b>45,844</b>	<b>-</b>

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Name of entity	Amount received	2015/16 Amount paid to the revenue fund	Balance
	R'000	R'000	R'000
Free State Gambling and Liquor Authority	45,844	45,844	-
<b>Total</b>	<b>45,844</b>	<b>45,844</b>	<b>-</b>

## 3. Aid assistance

	Note	2015/16 R'000	2014/15 R'000
Opening Balance		7,924	-
Prior period error		-	-
As restated		7,924	-
Transferred from statement of financial performance		697	7,924
Transfers to or from retained funds			-
Paid during the year		(7,924)	-
<b>Closing Balance</b>		<b>697</b>	<b>7,924</b>

## 3.1 Analysis of balance by source

	Note	2015/16 R'000	2014/15 R'000
Aid assistance from RDP	3		
Aid assistance from other sources CARA		697	7,924
<b>Closing balance</b>		<b>697</b>	<b>7,924</b>

## 3.2 Analysis of balance

	Note	2015/16 R'000	2014/15 R'000
Aid assistance unutilised	3	697	-
Aid assistance repayable	3	-	7,924
<b>Closing balance</b>		<b>697</b>	<b>7,924</b>
Aid assistance not requested/not received		-	-

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**4. Compensation of employees**

**4.1 Salaries and Wages**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Basic salary		140,767	130,283
Performance award		3,882	3,697
Service Based		374	613
Compensative/circumstantial		7,285	6,093
Other non-pensionable allowances		32,026	28,616
<b>Total</b>		<b>184,334</b>	<b>169,302</b>

**4.2 Social contributions**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>Employer contributions</b>			
Pension		17,718	16,259
Medical		11,371	9,427
Bargaining council		47	45
<b>Total</b>		<b>29,136</b>	<b>25,731</b>

<b>Total compensation of employees</b>		<b>213,470</b>	<b>195,033</b>
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Average number of employees		639	624
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**5. Goods and services**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Administrative fees		171	131
Advertising		6,211	1,408
Minor assets	5.1	1,371	1,359
Bursaries (employees)		324	321
Catering		2,740	1,819
Communication		5,198	4,647
Computer services	5.2	3,613	2,477
Consultants: Business and advisory services		5,970	8,626
Legal services		774	532
Contractors		8,771	7,906
Agency and support / outsourced services		3,983	5,887
Audit cost – external	5.3	6,406	6,849
Fleet services		8,901	9,781

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Consumables	5.5	7,681	8,698
Operating leases		12,868	9,437
Property payments	5.6	30	223
Rental and hiring		2,710	20
Travel and subsistence	5.7	13,412	12,686
Venues and facilities		613	257
Training and development		1,662	1,403
Other operating expenditure	5.8	1,476	1,707
<b>Total</b>		<b>94,885</b>	<b>86,174</b>

**5.1 Minor assets**

	Note	2015/16	2014/15
	5	R'000	R'000
<b>Tangible assets</b>		<b>1,371</b>	<b>1,359</b>
Machinery and equipment		1,371	1,359
<b>Total</b>		<b>1,371</b>	<b>1,359</b>

**5.2 Computer services**

	Note	2015/16	2014/15
	5	R'000	R'000
SITA computer services		584	338
External computer service providers		3,029	2,139
<b>Total</b>		<b>3,613</b>	<b>2,477</b>

**5.3 Audit cost – External**

	Note	2015/16	2014/15
	5	R'000	R'000
Regularity audits		6,406	6,849
<b>Total</b>		<b>6,406</b>	<b>6,849</b>

**5.4 Consumables**

	Note	2015/16	2014/15
	5	R'000	R'000
Consumable supplies		4,317	6,257
Uniform and clothing		244	1,119
Household supplies		1,065	1,199
Building material and supplies		-	1,111
IT consumables		142	65
Other consumables		2,866	2,763
Stationery, printing and office supplies		3,364	2,441
<b>Total</b>		<b>7,681</b>	<b>8,698</b>

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**5.5 Property payments**

	<i>Note</i> 5	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Other		30	223
<b>Total</b>		<b>30</b>	<b>223</b>

**5.6 Travel and subsistence**

	<i>Note</i> 5	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Local		11,259	11,941
Foreign		2,153	745
<b>Total</b>		<b>13,412</b>	<b>12,686</b>

**5.7 Other operating expenditure**

	<i>Note</i> 5	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Professional bodies, membership and subscription fees		-	20
Resettlement costs		98	283
Other		1,378	1,404
<b>Total</b>		<b>1,476</b>	<b>1,707</b>

**6. Payments for financial assets**

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Other material losses written off	6.1	217	629
Debts written off	6.2	24	253
<b>Total</b>		<b>241</b>	<b>882</b>

**6.1 Other material losses written off**

	<i>Note</i> 6	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>Nature of losses</b>			
Damages and Losses		217	629
<b>Total</b>		<b>217</b>	<b>629</b>

**6.2 Recoverable revenue written off**

		<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Debt write off		24	253
<b>Total</b>		<b>24</b>	<b>253</b>
<b>Total debt written off</b>		<b>24</b>	<b>253</b>



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**7. Transfers and subsidies**

		2015/16 R'000	2014/15 R'000
	<i>Note</i>		
Departmental agencies and accounts	<i>Annex 1B</i>	104,664	101,332
Higher education institutions	<i>Annex 1C</i>	1,905	5,000
Public corporations and private enterprises	<i>Annex 1D</i>	22,600	27,003
Households	<i>Annex 1G</i>	2,478	2,026
<b>Total</b>		<b>131,647</b>	<b>135,361</b>
Unspent funds transferred to the above beneficiaries		-	-

**8. Expenditure for capital assets**

		2015/16 R'000	2014/15 R'000
	<i>Note</i>		
<b>Tangible assets</b>		<b>23,171</b>	<b>12,322</b>
Buildings and other fixed structures	31	14,207	8,353
Machinery and equipment	29	8,964	3,969
<b>Total</b>		<b>23,171</b>	<b>12,322</b>

**8.1 Analysis of funds utilised to acquire capital assets – 2015/16**

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>			
Buildings and other fixed structures	14,207	-	14,207
Machinery and equipment	8,964	-	8,964
<b>Total</b>	<b>23,171</b>	<b>-</b>	<b>23,171</b>

**8.2 Analysis of funds utilised to acquire capital assets – 2014/15**

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>			
Buildings and other fixed structures	8,353	-	8,353
Machinery and equipment	3,969	-	3,969
<b>Total</b>	<b>12,322</b>	<b>-</b>	<b>12,322</b>

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**8.3 Finance lease expenditure included in Expenditure for capital assets**

**2015/16**

**R'000**

**Tangible assets**

Machinery and equipment

1,819

**Total**

**1,819**

**9. Cash and cash equivalents**

**2015/16**

**R'000**

**2014/15**

**R'000**

Consolidated Paymaster General Account

4,022

18,905

Cash receipts

-

(9)

Disbursements

-

29

Cash on hand

61

31

**Total**

**4,083**

**18,956**

**10. Prepayments and advances**

**2015/16**

**R'000**

**2014/15**

**R'000**

Travel and subsistence

37

109

**Total**

**37**

**109**

**11. Receivables**

		<b>2015/16</b>		<b>Total</b>		<b>2014/15</b>		<b>Total</b>
		<b>Current</b>	<b>Non-current</b>			<b>Current</b>	<b>Non-current</b>	
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Claims recoverable	<i>Note 11.1</i>	1,759	-	1,759		511	-	511
Recoverable expenditure	<i>11.3</i>	116	-	116		166	-	166
Staff debt	<i>11.4</i>	359	204	563		191	259	450
Other debtors	<i>11.5</i>	-	1,014	1,014		-	1,161	1,161
<b>Total</b>		<b>2,234</b>	<b>1,218</b>	<b>3,452</b>		<b>868</b>	<b>1,420</b>	<b>2,288</b>

**11.1 Claims recoverable**

	<i>Note 11 and Annex 4</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
National departments		-	10
Provincial departments		1,759	501
<b>Total</b>		<b>1,759</b>	<b>511</b>