

7 Financial Statements



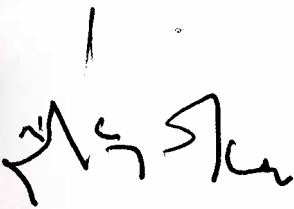
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Independent Communications Authority

Financial Statements for the 9 months ended 31 March 2001

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The annual financial statements were approved by the Chief Executive Officer on 25 July 2001 and are signed by:



N. Nyoka
(Chief Executive Officer)

Auditor General's Report



Report of the Auditor-General on the financial statements of the Independent Communications Authority of South Africa for the period 1 July 2000 to 31 March 2001

1. Audit Assignment

In terms of the section 18 of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000), the Independent Broadcasting Authority (IBA) and the South African Telecommunications Regulatory Authority (SATRA) had been dissolved on 30 June 2000. The new entity established by this Act is the Independent Communications Authority of South Africa (ICASA), effectively a merger between the Independent Broadcasting Authority and the South African Telecommunications Regulatory Authority.

The financial statements as set out on pages 31 to 37, excluding the detailed income statement for the period ended 31 March 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 16 (1)(b)(iii) of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000). 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 and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. Regularity Audit

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed 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.

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

2.1.2 Compliance audit

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

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

2.2 Qualification: Compliance audit

2.2.1 The Authority had not established the Broadcasting Technical Committee in terms of section 17(1) of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000).

2.2.2 The Authority had not established an audit committee in terms of section 77 of the Public Finance Management Act, (PFMA) 1999 (Act No. 29 of 1999).

2.3 Audit opinion

2.3.1 Financial audit

In my opinion, the financial statements fairly present, in all material respects, the financial position of the

Independent Communications Authority of South Africa at 31 March 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

2.3.2 Qualified opinion: Compliance audit

Based on the audit work performed, except for the matters referred to in paragraph 2.2, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. Emphasis of matter

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

3.1 Bank balance

As mentioned in paragraph 2.2.1.1, page 1 of the 1999/2000 audit report, the call account had been debited with R78 058 on 30 July 1999 without the former IBA's approval. There were no supporting documents for this amount. This matter was at the time of writing this report still unresolved, despite repeated attempts to obtain information from the financial institution.

3.2 Value Added Tax

As mentioned in paragraph 2.2.1.4, page 2 of the 1999/2000 audit report, supporting documentation could not be presented for tax invoices totalling R226 845. This matter was at the time of writing this report still unresolved.

3.3 Internal control and financial management

A number of weaknesses reported in the reports ended 31 March 2000 and 30 June 2000, had been addressed. The following control weaknesses were apparent during the period under review:

- 3.3.1 A debtors age analysis could not be submitted.
- 3.3.2 Supporting documentation could not be presented for expenses totalling R59 404.
- 3.3.3 Controls over input and output Value Added Tax (VAT) were still not satisfactory. However consultants had been appointed to perform a VAT review which is currently underway.
- 3.3.4 The policies and procedures on the salary structure, fringe benefits and leave payments reported in the previous report, are still to be developed, approved and implemented. A restructuring project is in progress, where the structure of the Authority as a whole will be defined and the policies regarding salary

structure, fringe benefits, leave and other benefits or allowances will be set.

3.4 Travelling allowance

Included in the amount of R41 341 830 in respect of salaries, was an amount of R381 600 paid to staff members as a travelling allowance according to an agreement dated 5 March 1998 entered into between the employees and the Department of Communications. In terms of this agreement, which was inherited by the former SATRA, an amount of R800 per month would be paid for a period of twelve months to all staff transferred from Pretoria to Sandton. Within the 12 months, SATRA and the staff were given the opportunity to reach an agreement for the period thereafter. To date, no new agreement has been entered into, although the allowance is still being paid. Furthermore, although this assistance is shown on the IRP5's as a travelling allowance, no income tax had been deducted in terms of section 8(1)(b) of the Income Tax Act, 1962 (Act No. 58 of 1962).

3.5 Internal audit

An auditing firm had been requested by the Independent Communications Authority of South Africa to perform internal audit services within the broadcasting division and telecommunications division. No reliance had been placed on the work performed by internal audit, due to limited work performed during the period under review.

3.6 Financial statements

In terms of section 40(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) the accounting officer must submit the financial statements within two months after the end of the financial year to the Auditor-General. The financial statements were submitted in time, but due to amendments to the statements, the final financial statements were signed only on 25 July 2001.

5. Appreciation

The assistance rendered by the staff of the Independent Communications Authority of South Africa during the audit is sincerely appreciated.



Doris L. T. Dondur
for Auditor-General
Johannesburg
25/07/2001

Independent Communications Authority of South Africa
Balance Sheet as at 31 March 2001

	Note	31 March 2001 R	30 June 2000 R
Assets			
Non current assets			
Fixed assets	6	10,113,322	14,854,035
Capital work in progress	7	3,557,805	3,557,805
Current assets			
Licences and other receivables		14,237,120	7,028,289
Cash and cash equivalents		28,302,308	206,959,198
Total assets		<u>56,210,555</u>	<u>232,399,327</u>
Equity and liabilities			
Reserves			
Accumulated profit/(loss)		(13,589,357)	(8,184,005)
Start-up donation	3	33,731,342	33,731,342
Current liabilities			
National revenue fund	4	14,239,608	184,638,810
Other payables	5	21,828,962	22,213,180
Total equity and liabilities		<u>56,210,555</u>	<u>232,399,327</u>

Independent Communications Authority of South Africa
Income Statement for 9 months ended 31 March 2001

	Notes	9 Months to 31 March 2001 R	3 Months to 30 June 2000 R
Total revenue		74,122,171	24,234,829
Operating expenditure	2	79,527,523	25,059,363
Net operating deficit for the period		<u>(5,405,352)</u>	<u>(824,534)</u>

Independent Communications Authority of South Africa
Statement of Changes in Equity for 9 months ended 31 March 2001

	R
Balance at 31 March 2000	(7,359,471)
Deficit for the 3 months ended	(824,534)
Balance at 30 June 2000	(8,184,005)
Deficit for the 9 months ended	(5,405,352)
Balance at 31 March 2001	(13,589,357)

Independent Communications Authority of South Africa
Cash flow Statement for 9 months ended 31 March 2001

Note	9 Months to 31 March 2001 R	3 Months to 30 June 2000 R
Cash generated by operating activities:	(178,046,990)	161,053,537
Cash received from customers	74,122,171	24,234,829
Cash paid to employees and suppliers	(74,176,910)	(23,289,307)
Net cash (used)/generated by operating activities 8	(54,739)	945,522
Obtained from the (increase)/decrease in working capital 9	(177,992,251)	160,108,015
Cash utilised in investing activities:	(609,900)	(355,460)
Aquisition of fixed assets 6	(609,900)	(560,402)
Adjustment of fixed assets 6	-	3,762,747
Adjustment of capital work in progress 7	-	(3,557,805)
Net (decrease) /increase in cash and cash equivalents	(178,656,890)	160,698,077
Cash and cash equivalents at the beginning of the period	206,959,198	46,261,121
Cash and cash equivalents at the end of the period	28,302,308	206,959,198

Independent Communications Authority of South Africa
Notes to the financial statements for the 9 months ended 31 March 2001

1. Accounting policies

The financial statements of the Authority are prepared on the historical cost basis and incorporate the following principal accounting policies.

1.1 Income

The Authority is financed from money appropriated by Parliament.

1.2 Licence fees

All licence fees and related income is accounted for on the accrual basis. In terms of section 15(3) of the Independent Communications Authority Act No. 13 of 2000, the Authority is required to pay all licence application fees and annual fees received into the National Revenue Fund within 30 days after receipt of such revenue.

1.3 Government grants

All government grants are accounted for in the income statement in the year to which they relate.

1.4 Fixed assets and depreciation

Fixed assets are shown at cost less accumulated depreciation. Fixed assets are depreciated using the straight-line method at rates that are estimated to write off each asset over its useful life.

During the period the annual depreciation rates were as follows:

	Telecommunications	Broadcasting
Cellular phones	20%	33%
Computer equipment	20%	33%
Computer software	50%	-
Furniture and fittings	16.70%	10%
Monitoring equipment	20%	33%
Motor vehicles	20%	25%
Office equipment	20%	33%
PABX	20%	-
Test equipment	20%	-

1.5 Taxation

No provision has been made for income tax as the Authority is exempted in terms of section 10 (1) (cA) (1) of the Income Tax Act, 1962 (Act No.58 of 1962).

1.6 Retirement benefits

Pension benefits are provided for employees by means of separate pension funds to which contributions are made.

1.7 Provision for leave benefits

Provision for leave pay benefits included in the financial statements are calculated on outstanding leave due at year-end.

Independent Communications Authority of South Africa
Notes to the financial statements for the 9 months ended 31 March 2001(continued)

	9 Months to 1 March 2001 R	3 Months to 30 June 2000 R
2. Expenditure		
Included in the operating expenditure is the following:		
Auditor's remuneration	576,811	21,183
Audit fees	576,811	21,183
Underprovision prior year	-	-
Depreciation	5,350,613	1,770,056
Fixed asset adjustments	(366,263)	204,942
Merger costs	-	735,061
Office accommodation	11,073,174	3,415,396
Professional fees	8,669,893	2,003,367
Councillor's remuneration	3,731,637	414,416
3. Start up donation		
Transfer of assets to SATRA by the Department of Communication with effect from 1 April 1997.	33,731,342	33,731,342
4. Revenue collected by ICASA for the National Revenue Fund (NRF) was as follows:		
Balance outstanding at the beginning of the year	184,638,810	39,924,591
Licence fees	49,369,630	41,591,221
Miscellaneous income	703,364	500,969
Interest	(2,115,925)	2,510,988
Net operating fees	400,716,948	119,110,092
Terminal equipment	631,475	193,639
Other	9,107,871	21,036,269
Total revenue collected for NRF	643,052,173	224,867,769
Transfer to NRF.	628,812,565	40,228,959
Outstanding revenue collected to be paid to NRF	14,239,608	184,638,810
5. Accounts payable, provisions and accruals		
Accounts payable		
Other	16,639,447	17,214,047
	16,639,447	17,214,047
Provisions and accruals		
Annual leave	5,189,515	4,999,133
Audit fees	3,971,069	3,484,212
Bonus	418,362	185,768
Orders not invoiced	800,084	955,681
Spectrum management	-	32,728
	-	340,744
	21,828,962	22,213,180

Independent Communications Authority of South Africa
Notes to the financial statements for the 9 months ended 31 March 2001 (continued)

6. Fixed assets	Office equipment R	Computer equipment R	Monitoring equipment R	Furniture and fittings R	Motor vehicles R	Test equipment R	PABX R	Computer software R	Cellular phones R	Paintings & signboard R	Security equipment R	Kitchen equipment R	Total R
Net book value at 1 April 2000	428,749	3,988,111	6,545,528	2,209,690	943,249	4,996,220	677,829	34,460	1	83	-	2,516	19,826,436
Additions	9,362	5,647	-	88,111	-	166,334	25,734	260,111	5,103	-	-	-	560,402
Fixed asset adjustments *	110,375	(2,651,601)	(1,766,918)	62,296	(7,469)	594,476	(45,936)	(57,970)	-	-	-	-	(3,762,747)
Depreciation	(56,551)	(165,947)	(671,465)	(134,509)	(107,181)	(551,981)	(56,069)	(26,113)	-	(21)	-	(220)	(1,770,056)
Net book value at 30 June 2000	491,935	1,176,210	4,107,145	2,225,588	828,599	5,205,048	601,559	210,489	5,104	62	-	2,296	14,854,035
Cost at 30 June 2000	1,388,178	2,974,430	29,466,005	3,652,450	4,827,514	12,971,357	1,121,375	362,355	5,104	42,121	-	47,424	56,858,313
Accumulated depreciation	(896,243)	(1,798,220)	(25,358,860)	(1,426,862)	(3,998,915)	(7,766,309)	(519,816)	(151,866)	-	(42,059)	-	(45,128)	(42,004,278)
Net book value at 30 June 2000	491,935	1,176,210	4,107,145	2,225,588	828,599	5,205,048	601,559	210,489	5,104	62	-	2,296	14,854,035
Net book value at 1 July 2000	491,935	1,176,210	4,107,145	2,225,588	828,599	5,205,048	601,559	210,489	5,104	62	-	2,296	14,854,035
Additions	17,700	331,366	128,728	108,782	-	5,444	-	-	-	-	17,880	-	609,900
Depreciation	(172,122)	(472,694)	(2,063,876)	(415,325)	(321,541)	(1,656,579)	(168,207)	(78,339)	(1,275)	-	-	(656)	(5,350,613)
Net book value at 31 March 2001	337,513	1,034,882	2,171,997	1,919,045	507,058	3,553,913	433,352	132,150	3,829	62	17,880	1,640	10,113,322
Cost at 31 March 2001	1,405,877	3,305,796	29,594,732	3,761,232	4,827,514	12,976,801	1,121,375	362,355	5,104	42,121	17,880	47,424	57,468,211
Accumulated depreciation	(1,068,364)	(2,270,913)	(27,422,735)	(1,842,187)	(4,320,455)	(9,422,888)	(688,023)	(230,205)	(1,275)	(42,059)	-	(45,784)	(47,354,889)
Net book value at 31 March 2001	337,513	1,034,883	2,171,997	1,919,045	507,058	3,553,913	433,352	132,150	3,829	62	17,880	1,640	10,113,322

* This amount is the net book value of adjustments to fixed assets required to correct the difference on the fixed asset register, which had not been updated for a number of years:

	Cost R	Accumulated Depreciation R	Net Book Value R
Adjustment to correct difference on the fixed asset register	(6,863,455)	5,432,058	(1,431,397)
Re-allocation of Direction finding equipment to Capital Work in Progress (refer note 7)	(3,557,805)	1,226,455	(2,331,350)
	(10,421,260)	6,658,513	(3,762,747)

Independent Communications Authority of South Africa
Notes to the financial statements for the 9 months ended 31 March 2001 (continued)

7. Capital work in progress

During the 3 months ended 30 June 2000, the Authority re-classified certain direction finding equipment as capital work in progress. This equipment with a cost of R 3 557 805 is still to be commissioned and therefore has not been depreciated.

	9 Months to 31 March 2001 R	3 Months to 30 June 2000 R
8. Net cash (used) / generated by operating activities	(54,739)	945,522
Net operating deficit	(5,405,352)	(824,534)
Adjustment for depreciation	5,350,613	1,770,056
9. (Increase)/decrease in working capital	(177,992,251)	160,108,015
(Increase)/decrease in debtors	(7,208,831)	24,958,919
(Decrease)/increase in creditors	(170,783,420)	135,149,096

10. Fixed asset adjustments - abnormal item

The asset adjustments are as a result of the correction of the fixed asset register which has not been updated for the last two financial years, all write-ups and write-offs have been approved via a council resolution.

The following fixed asset adjustments were made to correct the accounting records to the fixed assets register:

Cost	(392,479)	6,863,455
Accumulated depreciation	26,216	(5,432,058)
Write-back of depreciation on direction finding equipment	-	(1,226,455)
	<u>(366,263)</u>	<u>204,942</u>

11. Comparative figures

These amounts comprise the consolidated figures for the former Independent Broadcasting Authority and South African Telecommunications Regulatory Authority at the 30 June 2000, who merged with effect from 1 July 2000 to form ICASA. Comparative figures have been reclassified where considered necessary.

Independent Communication Authority of South Africa
Detailed Income Statement for 9 months ended 31 March 2001

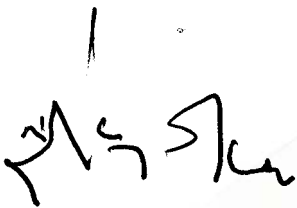
	Note	9 Months 31 March 2001 R	3 Months to 30 June 2000 R
Income		74,122,171	24,234,829
Government grants	1.3	74,122,171	24,234,829
Operating expenditure		79,527,523	25,059,363
Audit fees	2	576,811	21,183
Advertising		567,618	42,790
Bad debts		35,809	333,592
Bank charges		78,974	8,383
Data processing		1,314,265	357,801
Depreciation	2,6	5,350,613	1,770,056
Equipment rental & maintenance		1,354,965	216,570
Fixed asset adjustments	2,10	(366,263)	204,942
General expenses, stores & supplies		104,708	48,584
Incidental expenses		82,090	-
Insurance		902,988	19,876
Motor vehicle expenses		679,957	198,984
Merger costs		471,518	735,061
Other		48,551	-
Office accomodation	2	11,073,174	3,415,396
Office maintenance and repairs		119,750	11,926
Printing & stationery		1,025,016	182,786
Professional fees (Consultancy)		8,669,893	2,003,367
Publications		134,268	219,925
Rsc levies		137,229	59,032
Salaries & related expenses		41,341,830	13,577,624
Telephones, postage & fax		3,417,737	1,078,729
Training & conferences		558,669	154,339
Travelling & subsistance		1,847,353	398,417
Net operating deficit		(5,405,352)	(824,534)
Accumulated deficit at beginning of period		(8,184,005)	(7,359,471)
Accumulated deficit at end of period		(13,589,357)	(8,184,005)

Independent Broadcasting Authority

Financial Statements for the 3 months ended 30 June 2000

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The annual financial statements were approved by the Chief Executive Officer on 7 May 2001 and are signed by:



N. Nyoka
(Chief Executive Officer)

Report of the Auditor-General on the Financial Statements of The Independent Broadcasting Authority for the period 1 April 2000 to 30 June 2000

1. Audit Assignment

In terms of section 18 of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000), the Authority had been dissolved on 1 July 2000. The new entity established by this Act is the Independent Communications Authority of South Africa (ICASA), effectively a merger between the Authority and the South African Telecommunications Authority.

The financial statements as set out on pages 41 to 46 excluding the detailed income statement, for the period ended 30 June 2000 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 19(4) of the Independent Broadcasting Act, 1993 (Act No. 153 of 1993). 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 and compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. Regularity audit

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed 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.

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

2.1.2 Compliance audit

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

2.2 Qualification: Financial audit

Licence fees

Included in "National Revenue Fund" is licence fees amounting to R13 849 570 which could not be verified for accuracy and completeness due to the fact that private radio stations had done their own calculations for licence fees. The calculations had not been verified by the Independent Broadcasting Authority (IBA).

2.3 Qualification: Compliance audit

- (a) The Minister of Finance had not approved the councillors' remuneration packages in terms of section 7 of the Independent Broadcasting Authority Act, No. 153 of 1993. (IBA Act)
- (b) An approved budget in terms of section 15 of the IBA Act could not be produced for auditing. This had also been reported in the previous audit report.
- (c) The broadcasting technical committee had not been established in terms of section 21 of the IBA Act.

2.4 Audit opinion

2.4.1 Qualified opinion: Financial audit

In my opinion, except for the effect on the financial statements of the matter referred to in paragraph 2.2, the financial statements fairly present, in all material respects, the financial position of the Independent Broadcasting Authority at 30 June 2000 and the results of its operations and cash flow for the period ended in accordance with prescribed accounting practice.

2.4.2 Modified opinion: Compliance audit

Based on the audit work performed, except for the matters included in paragraph 2.3, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulation, applicable to financial matters, has occurred.

3. Emphasis of matter

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

3.1 Internal control and financial management

There were various internal control weaknesses and financial management that became apparent during the audit on the following components:

(a) Employee compensation cost

- > Reconciliation of the payroll system on UNIQUE to the general ledger on the SUN system and to the cash records had not been done.
- > The salary journals for the period ending 30 June 2000 had not been reviewed and approved by a senior person.
- > Authorisation for deductions had not been kept on employees' files.
- > Leave forms had not been checked, authorised and/or approved.
- > Employee compensation cost had been incorrectly allocated and classified in the general ledger.
- > There were no detailed calculations of resignation pay and bonus. Although the calculations had been done on the resignation forms in no particular format it did not appear to be checked and approved by a senior person.

(b) Bank balances

Some cheques had not been recorded timely in the general ledger.

(c) Accounts payable

Reconciliations of the accounts payable had not been performed for the period under review.

(d) Licensing fees

- > The radio and television stations had not submitted their audited financial statements timely to the IBA. This resulted in private radio stations not being invoiced timeously. In certain cases no invoicing took place at all.
- > There were unknown deposits from private radio stations which were not timeously identified.
- > No evidence could be found that the miscellaneous income report had been reviewed.

(e) Accounts receivable

- > The reconciliations of accounts receivable had not been performed for the period under review.
- > The debtors' age analysis had not been presented for audit. There were no debtors' collection procedures in place. As a result thereof long outstanding debtors had not been followed up.

(f) Value Added Tax (VAT)

Controls over input and output VAT had not been satisfactory.

(g) Statutory requirements

In terms of section 18 of the IBA Act, all fees and penalties received in terms of section 67 must be paid to the national revenue fund. An amount of R13 849 570 which relates to licence fees had not been paid over timeously.

3.2 Policies and procedures

A concern was raised with management for policies and procedures with regard to the following:

- > Although the total remuneration remained the same, the structure of the salary package as stated in the contract of employment differed with the actual salary package paid to the employee. This had been reported in the previous audit report. Management has indicated that the Authority is in the process of revising contracts of employment to reflect actual salary packages.
- > Eligibility of staff for fringe benefits such as car allowances, entertainment allowances, telephone allowances, reimbursive travel allowances and accommodation allowances was a matter of concern.
- > Pension contributions had been calculated based on 7.5 per cent of basic salary, car allowance and entertainment allowance. As the method used to calculate pension contributions had been inconsistent, I was unable to verify the accuracy of amounts calculated on the payslips.
- > No approval could be submitted for the formula used to calculate leave payments.

3.3 Internal audit

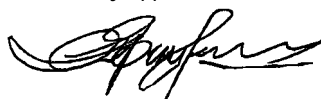
Upon evaluation of the internal audit department, it was found that no audit work was performed by internal audit and therefore no reliance could be placed on the work performed by internal audit.

3.4 Audit committee

The audit committee had not met during the period 1 April 2000 to 30 June 2000.

4. Appreciation

The assistance rendered by the Authority during the audit is sincerely appreciated.



JE van Heerden
for **Auditor-General**
Johannesburg
25/05/2001

Independent Broadcasting Authority
Balance sheet as at 30 June 2000

	Notes R	30 June 2000 R	31 March 2000 R
Assets			
Non current assets			
Fixed assets	2	1,550,510	1,724,068
Current assets			
Accounts receivable	3	5,731,588	26,142,605
Funds on call and on deposit	4	27,160,660	7,246,534
Cash on hand		3,429	1,863
Total assets		<u>34,446,187</u>	<u>35,115,070</u>
Equity and liabilities			
Reserves			
Retained income		17,669,621	17,662,507
Current liabilities			
Accounts payable and provisions		1,909,820	2,784,095
National revenue fund		13,849,570	13,849,559
Provision for audit fees		164,585	136,836
Provision for leave benefits		852,591	682,073
Total equity and liabilities		<u>34,446,187</u>	<u>35,115,070</u>

Independent Broadcasting Authority
Income Statement for 3 months ended 30 June 2000

	Notes	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Gross revenue		6,726,629	42,028,017
Administration expenses	5	(1,223,848)	(7,549,835)
Operating expenses	6	(5,668,211)	(26,574,653)
(Loss)/Income from operations		(165,430)	7,903,529
Investment income		172,544	436,356
Net income for the period/year		<u>7,114</u>	<u>8,339,885</u>

Independent Broadcasting Authority
Statement of Changes in Equity for 3 months ended 30 June 2000

	Retained income R
Balance at 31 March 1999	9,322,622
Income for the year	8,339,885
Balance at 31 March 2000	<u>17,662,507</u>
Income for the 3 months	7,114
Balance at 30 June 2000	<u><u>17,669,621</u></u>

Independent Broadcasting Authority
Cash flow Statement for 3 months ended 30 June 2000

Notes	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Cash inflow from operating activities	19,920,795	3,141,868
Cash receipt from customers	6,685,700	42,028,017
Cash paid to employees and suppliers	(6,704,320)	(32,543,445)
Cash generated from operations	(18,620)	9,484,572
Obtained from decrease/(increase) in working capital	19,948,493	(6,769,100)
Investment income	-	436,356
Interest paid	(9,078)	(9,960)
Net cash outflow from investing activities	(5,103)	(1,566,499)
Acquisition of fixed assets	(5,103)	(1,910,609)
Proceeds from disposals	-	344,110
Net increase in cash and cash equivalent	19,915,692	1,575,369
Cash and cash equivalent at beginning of period	7,248,397	5,673,028
Cash and cash equivalent at end of period	<u><u>27,164,089</u></u>	<u><u>7,248,397</u></u>

Independent Broadcasting Authority
Notes to the annual financial statements for the 3 months ended 30 June 2000

1. Accounting policies

The annual financial statements of the authority are prepared on the historical cost basis and incorporate the following principal accounting policies, which have been applied consistently in all material respects:

1.1 Income and expenditure

Operating income includes application fees, licence fees, interest received and government funding. Income and expenditure are recognised on the accrual basis.

1.2 Fixed assets

Fixed assets are shown at cost less accumulated depreciation. All fixed assets are depreciated using the straight line method to reduce the carrying value of the assets to their estimated realisable value over their useful lives.

The depreciation rates are as follows:

Office machines	33%
Computer equipment	33%
Monitoring equipment	33%
Furniture and fittings	10%
Cellular phones	33%
Kitchen equipment	33%
Motor vehicles	25%

1.3 Taxation

No provision for normal SA taxation has been made as the Authority is exempted from income tax in terms of section 10(1)(cA)(1) of the Income Tax Act, 1962 (Act No. 58 of 1962).

1.4 Retirement benefit arrangements

Pension benefits are provided for employees by means of separate pension funds to which contributions are made.

1.5 Provision for leave benefits

Provision for leave benefits included in the financial statements is calculated on outstanding leave due at year end.

Independent Broadcasting Authority
Notes to the annual financial statements for the 3 months ended 30 June 2000 (continued)

2. Fixed assets

	Office machines R	Computer equipment R	Monitoring equipment R	Furniture and fittings R	Cellular phones R	Paintings and sign board R	Kitchen equipment R	Motor vehicles R	Total R
Net book value at 1 April 1999	-	610,081	4,615	1,084,558	3,302	-	-	26,077	1,728,633
Additions	492,950	853,226	518,000	-	1,680	42,121	2,632	-	1,910,609
Disposals	(389,305)	(368,365)	(56,229)	(379,045)	(4,981)	(39,725)	3,563	(10,055)	(1,244,142)
Depreciation	(42,699)	(278,714)	(218,429)	(109,175)	-	(2,313)	(3,679)	(16,022)	(671,032)
Net book value at 31 March 2000	60,946	816,228	247,957	596,338	1	83	2,516	-	1,724,068
Cost at 31 March 2000	337,366	2,288,294	1,258,954	1,084,377	1	42,121	47,424	69,917	5,128,454
Accumulated depreciation	(276,420)	(1,472,066)	(1,010,997)	(488,039)	-	(42,038)	(44,908)	(69,917)	(3,404,386)
Net book value at 31 March 2000	60,946	816,228	247,957	596,338	1	83	2,516	-	1,724,068
Net book value at 1 April 2000	60,946	816,228	247,957	596,338	1	83	2,516	-	1,724,068
Additions	-	-	-	-	5,103	-	-	-	5,103
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	(6,226)	(109,324)	(35,578)	(27,292)	-	(21)	(220)	-	(178,661)
Net book value at 30 June 2000	54,720	706,904	212,379	569,046	5,104	62	2,296	-	1,550,510
Cost at 30 June 2000	337,366	2,288,294	1,258,954	1,084,377	5,104	42,121	47,424	69,917	5,133,557
Accumulated depreciation	(282,646)	(1,581,390)	(1,046,575)	(515,331)	-	(42,059)	(45,128)	(69,917)	(3,583,047)
Net book value at 30 June 2000	54,720	706,904	212,379	569,046	5,104	62	2,296	-	1,550,510

Independent Broadcasting Authority

Note to the annual financial statements for the 3 months ended 30 June 2000

3. Accounts receivable	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Included in the accounts receivable are the following:		
Licence debtors	5,330,074	25,444,532
Provision for bad debts	(265,420)	(265,420)
Staff debtors	179,861	476,420
Prepaid expenses	407,441	407,441
Other	79,632	79,632
	<u>5,731,588</u>	<u>26,142,605</u>

4. Funds on call and on deposit

This amount represents call deposits of which R 500 000 are funds which have been pledged to the bank as security for monthly salaries, home loans and micro loans.

5. Gross revenue	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Included in gross revenue for the year are the following:		
Government funding	6,685,700	33,865,332
Licence and application fees	-	7,998,341
Miscellaneous income	-	164,344
	<u>6,685,700</u>	<u>42,028,017</u>

6. Administration and operating expenditure

Included in administration and operating expenditure are the following:

Depreciation	178,661	671,032
Merger costs	735,061	3,059,206
Office accommodation	991,756	5,413,384
Payroll costs	3,722,424	15,940,245
Professional fees and costs	599,533	2,892,753

7. Abnormal item - Bad debts written off

The abnormal item is the result of a write-off of expenses incorrectly recorded as accounts receivable in previous years, these amounts have been written off in full in the current year.

Independent Broadcasting Authority

Note to the annual financial statements for the 3 months ended 30 June 2000 (continued)

	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
8. Net cash generated by operating activities	809	9,484,572
Net profit for the year	7,114	8,339,885
Adjustment for:		
Depreciation	178,661	671,032
Investment income	(172,544)	(436,356)
Finance cost	9,078	9,960
Profit on disposals	(21,500)	-
Assets written off	-	900,051
9. Decrease/(increase) in working capital	19,735,020	(6,769,100)
Decrease/(Increase) in debtors	20,411,017	(21,445,685)
(Decrease)/Increase in creditors	(675,997)	14,676,585

10. Comparatives figures

Comparative figures for the previous financial year have been reclassified where applicable.

Independent Broadcasting Authority

Detailed Income Statement for 3 months ended 30 June 2000

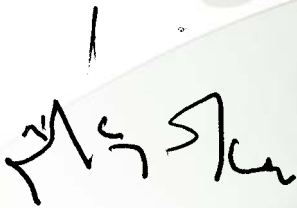
	Notes	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Total revenue		6,726,629	42,464,373
Government funding		6,685,700	33,865,332
Licence and application fees		-	7,998,341
Investment income		-	436,356
Miscellaneous income		409,29	164,344
Total expenses		6,892,059	34,124,488
Advertising and publicity		19,423	369,390
Bad Debts written off	7	153,822	-
Asset's written off		-	900,051
Depreciation		178,661	671,032
Equipment hire/Software hire		44,183	406,226
Meetings and conferences		6,352	56,288
Merger costs		735,061	3,059,206
Motor vehicle cost		-	25,689
Office accommodation		991,756	5,413,384
Office maintenance and repairs		11,926	812,389
Office supplies		53,431	1,291,062
Other staffing costs		32,292	723,062
Payroll costs		3,722,424	15,940,245
Professional fees and costs		599,533	2,892,753
Telecommunications		160,298	465,259
Travelling and subsistence		182,897	1,098,452
(Deficit)/surplus for the year		<u>(165,430)</u>	<u>8,339,885</u>

Telecommunications Regulatory Authority

Financial Statements for the 3 months at 30 June 2000

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The annual financial statements were approved by the Chief Executive Officer on 7 May 2001 and are signed by:



N. Nyoka
(Chief Executive Officer)

Report of the Auditor-General on the Financial Statements of The South African Telecommunications Regulatory Authority for the period 1 April 2000 to 30 June 2000

1. Audit assignment

In terms of section 18 of the Independent Communications Authority of South Africa Act, 2000 (Act No.13 of 2000), the Authority had been dissolved on 30 June 2000. This act established the Independent Communications Authority of South Africa (ICASA), effectively a merger between the said Authority and the Independent Broadcasting Authority.

The financial statements as set out on pages 49 to 56 excluding the detailed statement, for the period ended 30 June 2000, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 94 of the Telecommunications Act, 1996 (Act No. 103 of 1996). 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 and compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. Regularity audit

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed 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.

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

2.1.2 Compliance audit

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

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

2.2 Audit opinion

2.2.1 Financial audit

In my opinion, the financial statements fairly present, in all material respects, the financial position of the South African Telecommunications Regulatory Authority at 30 June 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

2.2.2 Compliance audit

Based on the audit work performed, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. Emphasis of matter

3.1 Internal audit

Upon evaluation of the internal audit department, it was found that no audit work had been performed by internal audit.

3.2 Travelling allowance

Included in the amount of R9 822 908 in respect of salaries was an amount of R127 200 paid to staff members as a travelling allowance according to an agreement dated 5 March 1998 entered into between the employees and the Department of Communications. In terms of this agreement, which was inherited by the former SATRA, an amount of R800 per month would be paid for a period of twelve months to all staff transferred from Pretoria to Sandton. Within the 12 months SATRA and the staff were given the opportunity to reach an agreement for the period thereafter. To date no new agreement has been entered into, although the allowance is still being paid. Furthermore, although this assistance is shown on the IRP5's as a travelling allowance, no income tax had been deducted in terms of section 8(1)(b) of the Income Tax Act, 1962 (Act No. 58 of 1962).

3.3 National revenue fund

In terms of section 88(4) of the Telecommunications Act, 1996 (Act No.103 of 1996), the Authority shall pay all fees and penalties received into the national revenue fund within 30 days of receipt thereof. At 30 June 2000 an amount of R142 493 733 had not yet been paid over to the national revenue fund, but was kept in a deposit account as reflected in the bank balance at 30 June 2000.

4. Appreciation

The assistance rendered by the staff of the South African Telecommunications Regulatory Authority during the audit is sincerely appreciated.



Doris L.T. Dondur
for Auditor-General
Johannesburg, 24 July 2001

South African Telecommunications Regulatory Authority
Balance Sheet as at 30 June 2000

	Note	30 June 2000 R	31 March 2000 R
Assets			
Non current assets			
Fixed assets	9	13,303,525	18,102,367
Capital work in progress	6	3,557,805	-
Current assets			
Licences and other receivables	5	1,296,702	5,844,604
Cash and cash equivalents		179,795,109	39,012,724
Total assets		197,953,141	62,959,695
Equity and liabilities			
Reserves			
Accumulated loss		(25,640,152)	(25,021,978)
Start-up donation	2	33,731,342	33,731,342
Current liabilities			
National revenue fund	8	170,575,767	39,924,591
Other payables	7	19,286,184	7,178,140
Pre-payments	7	-	7,147,600
Total equity and liabilities		197,953,141	62,959,695

South African Telecommunications Regulatory Authority
Income Statement for 3 months ended 30 June 2000

	Notes	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Operating income		17,549,129	64,500,000
Operating expenditure	3	18,167,303	75,680,881
Net operating deficit for the period		(618,174)	(11,180,881)

South African Telecommunications Regulatory Authority
Statement of Changes in Equity for 3 months ended 30 June 2000

	R
Balance at 31 March 1998	(1,590,278)
Loss for the year	<u>(12,250,819)</u>
Balance at 31 March 1999	(13,841,097)
Loss for the year	(11,180,881)
Balance at 31 March 2000	<u>(25,021,978)</u>
Loss for the 3 months ended	(618,174)
Balance at 30 June 2000	<u><u>(25,640,152)</u></u>

South African Telecommunications Regulatory Authority
Cash flow Statement for 3 months ended 30 June 2000

	Note	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Cash generated by operating activities:		141,132,743	(88,143,281)
Cash received from customers		<u>17,549,129</u>	<u>552,040,205</u>
Cash paid to employees and suppliers		<u>(16,575,908)</u>	<u>(550,910,279)</u>
Net cash (used)/generated by operating activities	10	<u>973,221</u>	<u>1,129,926</u>
Obtained from the decrease/ (increase) in working capital	11	<u>140,159,522</u>	<u>(89,273,207)</u>
Cash utilised in investing activities:		(350,357)	(1,946,779)
Adjustment of fixed assets	12	<u>3,207,448</u>	<u>(1,946,779)</u>
Adjustment of capital work in progress	6	<u>(3,557,805)</u>	<u>-</u>
Increase/ (decrease) in cash and bank		140,782,385	(90,090,060)
Cash and cash equivalents at the beginning of the year		<u>39,012,724</u>	<u>129,102,784</u>
Cash and cash equivalents at the end of the period		<u><u>179,795,109</u></u>	<u><u>39,012,724</u></u>

South African Telecommunications Regulatory Authority

Notes to the annual financial statements for the 3 months ended 30 June 2000

1. Accounting policies

The annual financial statements of the Authority are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those of previous years.

1.1 Income

Operating income comprises of Government funding.

1.2 Licence fees

All licence fees and related income in terms of section 88 of the Telecommunications Act, No. 103 of 1996 are accounted for on a cash basis. The Authority is required to pay all licence application fees and annual fees received into the national revenue fund in terms of section 88(4) of the Telecommunications Act No. 103 of 1996.

1.3 Government grants

All government grants are accounted for in the income statement for the year to which they relate.

1.4 Fixed assets and depreciation

Fixed assets are shown at cost less accumulated depreciation. Fixed assets are depreciated on the straight line method at rates which are estimated to write off each asset over its useful life.

The depreciation rates per annum are as follows:

Monitoring equipment	20%
Test equipment	20%
Motor vehicles	20%
Computer equipment	20%
Office equipment	20%
Cellular phones	20%
Furniture and fittings	16.7%
PABX	20%
Computer software	50%

1.5 Taxation

No provision has been made for income tax as the Authority is exempted in terms of section 10 (1) (cA) (1) of the Income Tax Act, 1962 (Act No.58 of 1962).

1.6 Retirement benefits

Pension benefits are provided for employees by means of separate pension funds to which contributions are made.

2. Donation

Transfer of assets to SATRA by the Department of Communication with effect from 1 April 1997.

South African Telecommunications Regulatory Authority
Notes to the annual financial statements for the 3 months ended 30 June 2000
(continued)

	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
3. Expenditure		
Included in the operating expenditure is the following:		
Auditor's remuneration	21,183	225,054
Audit fees	21,183	150,000
Underprovision prior year	-	75,054
Depreciation	1,591,395	12,310,807
Asset write off	204,942	-
Rental premises	2,423,640	9,803,697
Professional fees	1,403,834	4,342,446
Councillor's remuneration	414,416	2,933,407

4. Asset write-off - abnormal item

The asset write off is a result of the correction of the fixed asset register which has not been updated for the last two financial years, all write-ups and write-offs have been approved via a council resolution.

The following fixed asset adjustments were made to correct the accounting records to the fixed assets register:

Cost	6,863,455	
Accumulated depreciation	(5,432,058)	
Write-back of depreciation on direction finding equipment	(1,226,455)	
	<u>204,942</u>	

5. Licences and other receivables

During the 1997/1998 financial year, a number of cheques amounting to R359 540 was misappropriated. 50% of the value amounting to R179 770 was written off as irrecoverable during the current period while the remaining 50% has been reflected under other receivables. A final settlement of this amount was received from the bank on 4th July 2001.

6. Capital work in progress

During the period, the Authority re-classified certain direction finding equipment as capital work in progress. This equipment with a cost of R 3 557 805 is still to be commissioned and therefore has not been depreciated.

South African Telecommunications Regulatory Authority
Notes to the annual financial statements for the 3 months ended 30 June 2000
(continued)

	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
7. Accounts payable, provisions and accruals		
Accounts payable	15,304,227	3,284,188
Other	15,304,227	3,284,188
Provisions and accruals	3,981,957	3,893,952
Annual leave	2,631,621	2,219,121
Audit fees	21,183	150,000
Bonus	955,681	955,681
Orders not invoiced	32,728	20,790
Spectrum management	340,744	548,360
Total other payables	19,286,184	7,178,140
USF Prepayment - Vodacom	-	7,147,600
	19,286,184	14,325,740

**8. Revenue collected by SATRA for the National revenue fund (NRF)
was as follows:**

Balance outstanding at the beginning of the year	39,924,591	-
Licence fees	41,576,572	82,563,561
Miscellaneous income	474,689	5,707,378
Interest	2,338,444	14,766,580
Net operating fees	119,110,092	384,113,944
Terminal equipment	193,639	272,192
Other	7,186,699	116,550
Total revenue collected for NRF	210,804,726	487,540,205
Transfer to NRF	40,228,959	447,615,614
Outstanding revenue collected to be paid to NRF	170,575,767	39,924,591

South African Telecommunications Regulatory Authority
Notes to the financial statements for the 3 months ended 30 June 2000 (continued)

9. Fixed assets	Radio frequency monitoring equipment	Test equipment	Data equipment	PABX	Motor vehicles	Office equipment	Furniture & fitting	Computer software	Cellular phones	Total
Net book value at 1 April 1999	12,006,548	6,556,234	4,851,418	906,666	1,875,750	468,038	1,574,282	141,559	85,900	28,466,395
Additions	287,036	751,880	458,328	-	2,103	52,284	395,148	-	-	1,946,779
Depreciation	(5,996,013)	2,311,894	(2,137,863)	(228,837)	(934,604)	(152,519)	(356,078)	(107,099)	(85,900)	(12,310,807)
Net book value at 31 March 2000	6,297,571	4,996,220	3,171,883	677,829	943,249	367,803	1,613,352	34,460	-	18,102,367
Cost at 31 March 2000	30,074,283	11,727,609	10,849,559	1,144,185	4,674,599	790,378	2,238,450	214,198	176,438	61,889,699
Accumulated depreciation	(23,776,712)	(6,731,389)	(7,677,676)	(466,356)	(3,731,350)	(422,575)	(625,098)	(179,738)	(176,438)	(43,787,332)
Net book value at 31 March 2000	6,297,571	4,996,220	3,171,883	677,829	943,249	367,803	1,613,352	34,460	-	18,102,367
Net book value at 1 April 2000	6,297,571	4,996,220	3,171,883	677,829	943,249	367,803	1,613,352	34,460	-	18,102,367
Fixed assets adjustments*	(1,766,918)	760,810	(2,645,954)	(20,202)	(7,469)	119,737	150,407	202,141	-	(3,207,448)
Depreciation	(635,887)	(551,981)	(56,623)	(56,069)	(107,181)	(50,325)	(107,217)	(26,113)	-	(1,591,395)
Net book value at 30 June 2000	3,894,766	5,205,048	469,307	601,559	828,599	437,215	1,656,542	210,489	-	13,303,525
Cost at 30 June 2000	28,207,051	12,971,357	686,137	1,121,375	4,757,597	1,050,811	2,568,073	362,355	-	51,724,756
Accumulated depreciation	(24,312,285)	(7,766,309)	(216,830)	(519,816)	(3,928,997)	(613,596)	(911,531)	(151,866)	-	(38,421,231)
Net book value at 30 June 2000	3,894,766	5,205,048	469,307	601,559	828,599	437,215	1,656,542	210,489	-	13,303,525

* This amount is the net book value of all adjustments to fixed assets during the period. Refer note 12 for details.

South African Telecommunications Regulatory Authority
Notes to the annual financial statements for the 3 months ended 30 June 2000
(continued)

	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
10. Net cash generated / (used) by operating activities	973,221	1,129,926
Net operating deficit	(618,174)	(11,180,881)
Adjustment for depreciation	1,591,395	12,310,807
11. Decrease in working capital	140,159,522	(89,273,207)
Decrease/(Increase) in debtors	4,547,902	(866,916)
Increase/(Decrease) in creditors	135,611,620	(88,406,291)
12. Fixed assets adjustment		
Cost	(9,865,961)	-
Additions	555,299	-
Adjustments to correct difference on fixed assets register	(6,863,455)	-
Re-allocation of direction finding equipment	(3,557,805)	-
Accumulated depreciation	6,658,513	-
Adjustments to correct difference on fixed assets register	5,432,058	-
Write-back of depreciation on direction finding equipment	1,226,455	-
Net book value	<u>(3,207,448)</u>	<u>-</u>

South African Telecommunications Regulatory Authority
Detailed Income Statement for 3 months ended 30 June 2000

	Note	3 Months to 30 June 2000 R	12 Months to 31 March 2000 R
Income		17,549,129	64,500,000
Government grants	1.3	17,549,129	64,500,000
Operating expenditure		18,167,303	75,680,881
Audit fees	3	21,183	225,054
Bad debts	5	179,770	-
Bank charges		8,337	59,152
Data processing		357,801	551,515
Depreciation	9	1,591,395	12,310,807
Asset write off	4	204,942	-
Equipment rental & maintenance		172,387	1,412,359
General expenses, stores & supplies		43,182	290,885
Incidental expenses		2,345	42,745
Insurance		19,876	740,213
Motor vehicle expenses		198,984	1,183,703
Office accomodation		2,423,640	9,803,697
Other		727,616	1,579,794
Printing & stationery		95,127	824,892
Professional fees (Consultancy)		1,403,834	4,342,466
Publications		155,425	680,581
Rsc levies		59,032	67,679
Salaries & related expenses		9,357,895	35,232,995
Telephones, postage & fax		782,227	3,201,241
Training & conferences		146,785	980,686
Travelling & subsistance		215,520	2,150,417
Net operating (loss)/Profit		(618,174)	(11,180,881)
Accumulated loss at beginning of year		(25,021,978)	(13,841,097)
Accumulated loss at end of year		(25,640,152)	(25,021,978)