ANNUAL FINANCIAL STATEMENTS

CONTENTS

Statement of Responsibility

for the year ended 31 March 2007

The Acting Chief Executive Officer, in his capacity as accounting officer, under the supervision of Council is responsible for the preparation and integrity of the annual financial statements and related information included in this annual report.

In order for Council to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Council reviews its internal controls primarily through internal audit activities and the Audit Committee.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the entity's policies and procedures. Trained, skilled personnel with an appropriate segregation of duties implement these controls. They are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

To review the system of internal control, an internal audit function has been set up that conducts operational, financial and specific audits and co-ordinates audit coverage with the Auditor-General. The Auditor-General is responsible for reporting on the annual financial statements.

The annual financial statements have been prepared in accordance with South African Generally Accepted Accounting Practice Standards and incorporate responsible disclosure in line with the accounting philosophy of the entity. The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Council believes that the entity will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

The annual financial statements for the year ended 31/03/2007 set out on pages 89 to 133, have been approved by Council and are signed by:

ACTING CHIEF EXECUTIVE OFFICER
31 May 2007

Report by the Audit Committee

for the year ended 31 March 2007

INTRODUCTION

The Audit Committee has pleasure in presenting to Parliament its report for the financial year ended 31 March, 2007 as required by the Treasury Regulations issued in terms of the Public Finance Management Act , Act 1 of 1999 (as amended) (PFMA).

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In accordance with its charter, the Audit Committee has met eight times since its 2006 report (dated: 31 July 2006). The membership and attendance at those meetings was as follows;

Meetings attended	Meetings
Sandile Swana	
(Chairperson – appointed 22 May 2007)	5
Graham Rosenthal	
(Member – retired 31 July 2007)	8
Ismail Mamoojee	
(Chairperson – resigned 30 April 2007)	3
Rene Kenosi (Member)	8
Danie Du Plessis	
(Member – appointed 22 May 2007)	2
Liezel Samuel	
(Member – appointed 22 May 2007)	1

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has:

- complied with its responsibilities and obligations as set out in section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13; and
- complied with and discharged all its responsibilities according to the Audit Committee charter, which regulates its formal terms of reference .

THE EFFECTIVENESS OF INTERNAL CONTROL

In its 2006 report the Audit Committee noted the need for improvement in internal controls as well as compliance with prescribed policies and procedures and regulations. The organisation has been hampered in its efforts to comply fully with the previous management letter and audit committee recommendations by vacancies at executive level, particularly at CEO and CFO level for prolonged periods of time in the period.

The audit committee concurs with the Auditor General that at this time there are no grounds for a qualified audit opinion. However issues of house keeping and monthly management accounting will have to receive sustained attention in order to make audit processes smoother in the coming year. This emphasis will manifest itself in the annual internal audit plan, the frequency of Audit Committee Meetings and reports to council on progress in the period leading to 31 March 2008.

The chairman of the audit committee has addressed the full council on the above as a basis for setting up a platform for excellence in governance and internal control more generally going forward.

EVALUATION OF THE FINANCIAL STATEMENTS

The Audit Committee has reviewed:

- the audited annual financial statements and discussed them with the Auditor General and the acting Chief Executive Officer (in his capacity as accounting officer);
- the Auditor-General's management letter and related management responses and
- the accounting policies and practices.

A number of significant adjustments resulting from the audit have been given effect in the annual financial statements particularly affecting fixed assets. The Audit Committee is satisfied that the annual financial statements comply in all material respects with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

The Audit Committee concurs and accepts the conclusion of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Sandile Swana
Chairperson
Audit Committee
31 July 2007

INTRODUCTION

1. I have audited the accompanying financial statements of ICASA which comprise the statement of financial position as at 31 March 2007, appropriation statement, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 91 to 120.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practices (GMP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, ‘1996 (Act No.108 of 1996) read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 647 of 2007, assued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basic of accounting

8. The entity’s policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of ICASA as at 31 March 2007 and its financial performance and

cash flows for the year then ended, in accordance with the basis of accounting as described in note 1, and in the manner required by the PFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Internal control

10. Lack of capacity in the finance section, non-compliance with policies and procedures as well as poor monitoring and supervisory controls resulted in material errors in financial statements.

Material corrections made to the financial statements submitted for audit

11. Material adjustments were made to the annual financial statements submitted for audit on 31 May 2007. These adjustments related to a decrease in revenue by R10,7million, an increase in expenditure of Rl,4million, an increase in property plant and equipment of R26,8million and an increase of R30,1million in deferred grants.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

12. I have audited the performance information as set out from page 59 to 80

Responsibilities of the accounting authority

13. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity

Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.

15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

16. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings.

Audit findings

17. No audit findings.

APPRECIATION

18. The assistance rendered by the staff of the ICASA during the audit is sincerely appreciated.

Ms. M.A. Masemola for Auditor-General
Johannesburg
31 July 2007

AUDITOR-GENERAL

Report by the Accounting Officer to Parliament

I have pleasure in presenting to Parliament the Independent Communications Authority of South Africa's ("ICASA") seventh annual report. The report covers the period 1 April 2006 to 31 March 2007. As required by section 16(1)(b)(i) of the ICASA Act 13 of 2000 ("ICASA Act". ICASA has prepared a detailed annual report for the activities during the financial year under review.

Background

ICASA is the regulator of communications, postal and the broadcasting sectors. It was established in July 2000 in terms of the ICASA Act.

ICASA's key functions are to:

- make regulations and policies that govern postal, communications and broadcasting services;
- issue licences to providers of telecommunication, broadcasting and postal services;
- monitor the environment and enforce compliance with rules, regulations and policies;
- hear and decide on disputes and complaints brought by stakeholders;
- plan, control and manage the frequency spectrum and
- protect consumers from unfair business practices, poor quality services and harmful or inferior products.

The CEO of ICASA, Ms Jackie Manche, resumed her duties in September 2006 and tendered her resignation in December 2006. During the year under review, the postal regulatory activities previously performed by the Department of Communications were transferred to ICASA with effect from 1 January 2007.

After the promulgation of the amendments to the ICASA Act on 19 July 2006, the Minister of Communications, on the recommendations of the National Assembly appointed the following Councillors: Councillors M Mohlala, R. Nkuna, BB Ntombela, MM Socikwa and JCW van Rooyen SC for a term of four (4) years.

Applicable legislation

ICASA derives its mandate from the following statutes: ICASA Act, Postal Services Act 1998, Electronic Communications Act 35 of 2005, and the Broadcasting Act of 1999.

General review of the state of financial affairs

The annual financial statements have been prepared on a going concern basis and the financial performance and positions demonstrate that this basis is sound.

Progress has been made to improve the financial management of ICASA and financial policies have been developed to give effect to this.

In the 2005-2006 financial year National Treasury issued a circular whereby ICASA was granted permission to retain interest earned on favourable bank account balances. ICASA recognised R14.1million (2005-2006 – R11.3million) as interest income for the financial year under review.

Council and Executive Managements' remuneration

Details of Council and Executive managements' remuneration are set out in note 23 to the annual financial statements.

Events after the reporting date

Council and Executive Management are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with within the financial statements that would affect the operations or results of the Authority significantly.

It should be noted that the annual financial statements were submitted to the Auditor General for audit on 31 May 2007, in accordance with the requirements of the Public Finance Management Act. However, due to events subsequent to the reporting date and audit adjustments, the financial statements have been adjusted accordingly and signed by the Accounting Officer on 31 July 2007.

National revenue fund (NRF)

Separate financial statements have been presented for administered revenue on behalf of the National Revenue Fund (NRF) in the current financial year.

Business address

Physical address:	Postal address:
Pinmill Farm	Private Bag X10002
164 Katherine Street	Sandton
Sandton	2146
2128	

Stanley Mamaregane
Acting Chief Executive Officer
31 July 2007

Statement of financial performance

for the year ended 31 March 2007

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
REVENUE			
Total grants appropriated	2	190 877 914	159 174 178
Surplus on disposal of property, plant and equipment	3	-	239 748
Other income	4	123 146	-
		191 001 060	**159 413 926**
EXPENDITURE		**(180 716 746)**	**(176 557 156)**
Administrative expenses	5	(25 173 831)	(23 232 865)
Staff costs	6	(93 696 753)	(88 540 792)
Audit fees	7	(1 007 998)	(944 807)
Other operating expenses	8	(53 534 573)	(59 759 080)
Depreciation	12	(6 242 176)	(3 340 748)
Amortisation	25	(863 117)	(679 360)
Finance costs	9	(198 298)	(59 504)
SURPLUS / (DEFICIT) FROM OPERATIONS		**10 284 314**	**(17 143 230)**
Interest income	10	14 114 103	11 260 152
SURPLUS / (DEFICIT) FOR THE YEAR		**24 398 417**	**(5 883 078)**

Statement of financial position

for the year ended 31 March 2007

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
ASSETS			
Non-current assets		**49 228 309**	**41 221 366**
Property, plant and equipment	12	47 240 601	39 194 337
Intangible assets	25	1 987 708	2 027 029
Current assets		**84 677 741**	**58 466 274**
Trade and other receivables	13	2 363 301	4 001 719
Prepayments and advances	14	2 597 795	346 819
Cash and cash equivalents	15	79 716 645	54 117 736
TOTAL ASSETS		**133 906 050**	**99 687 640**
LIABILITIES			
Current liabilities		**34 408 616**	**30 513 494**
Trade and other payables	16	20 053 859	17 154 598
Current portion of lease commitments	17	5 567 684	3 145 886
Current portion of finance lease obligations	24	556 292	-
Provisions	18	8 230 781	10 213 010
Non-current liabilities		**79 582 415**	**73 657 544**
Deferred income grants	19	65 046 056	54 385 681
Non-current portion of lease commitments	17	13 676 035	19 271 863
Non-current portion of finance lease obligations	24	860 324	-
TOTAL LIABILITIES		**113 991 031**	**104 171 038**
EQUITY			
ACCUMULATED RESERVES		**19 915 019**	**(4 483 398)**
Start-up fund		33 731 342	33 731 342
Accumulated deficit		(13 816 323)	(38 214 740)
TOTAL EQUITY AND LIABILITIES		**133 906 050**	**99 687 640**

Statement of changes in net assets

for the year ended 31 March 2007

	Accumulated (deficit)/surplus R	Start up Fund R	Total R
Balance as at 31 March 2005 as previously reported	**(44 019 351)**	**33 731 342**	**(10 288 009)**
Retrospective application of SA GAAP accounting policy changes and estimates;			
Property, plant and equipment			
- Accumulated depreciation	12 749 670	-	12 749 670
- Reversal of deferred income grants	(12 749 670)		(12 749 670)
Balance as at 31 March 2005 as restated	**(44 019 351)**	**33 731 342**	**(10 288 009)**
SA GAAP Adjustment			
Property, plant and equipment - Cost	11 687 689	-	11 687 689
Deficit for the year restated	(5 883 078)		(5 883 078)
Deficit for the year as previously reported	(5 883 078)		(5 883 078)
SA GAAP Adjustment	2 048 401		2 048 401
Reversal of deferred income grants	(2 048 401)		(2 048 401)
Balance as at 31 March 2006 as restated	**(38 214 740)**	**33 731 342**	**(4 483 398)**
Surplus for the year	24 398 417	-	24 398 417
Balance as at 31 March 2007	**(13 816 323)**	**33 731 342**	**19 915 019**

Cash Flow Statement

for the year ended 31 March 2007

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from grants		201 538 289	150 489 000
Cash paid to employees and suppliers		(174 854 763)	(176 579 679)
Cash generated from/(utilised in) operations	22	26 683 526	(26 090 679)
Interest received		14 114 103	11 260 152
Interest paid		(198 298)	(59 504)
Net cash inflows / (outflows) from operating activities		**40 599 331**	**(14 890 031)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	(14 191 300)	(5 073 254)
Acquisition of intangible assets	25	(809 122)	(609 672)
Proceeds on disposal of property, plant and equipment		-	239 748
		(15 000 422)	(5 443 178)
Net increase / (decrease) in cash and cash equivalents		**25 598 909**	**(20 333 209)**
Cash and cash equivalents at the beginning of the year		54 117 736	74 450 945
Cash and cash equivalents at the end of the year	**15**	**79 716 645**	**54 117 736**

1 Accounting policies

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

Terminology differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/loss
Accumulated surplus/deficit	Retained earnings
Reporting date	Balance sheet date

Paragraphs 11 – 15 of GRAP 1 have not been implemented due to the fact that the budget reporting standard has not been developed by the local standard setter and the international standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

1.1 Basis of preparation

The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit and loss.

The annual financial statements incorporate the following principal accounting policies, which are consistent in all material respects with those applied in the previous year, except where stated otherwise.

1.2 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that effect the amounts presented in the annual financial statements and related disclosures. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Annual evaluation of property, plant and equipment

The Authority reviews its property, plant and equipment for possible impairment, changes in useful life and changes in residual values at the end of each financial year (refer note 12).

Provision for impairment of receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The calculation of the amount to be provided for impairment of receivables requires the use of estimates and judgements (refer note 13).

1.3 Property, Plant and Equipment

Property, plant and equipment (owned and leased) are stated at historical cost less depreciation and adjustment for any impairments. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Purchases of property, plant and equipment at a cost of less than R5 000 are expensed during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost, less residual values, of each asset over their estimated useful lives as follows:

Item	Useful life
Office equipment	5-10 years
Computer equipment	5 years
Furniture and fittings	8 years
Motor vehicles	10 years
Test equipment	10 years

Leasehold improvements over the period of the lease

The depreciation charge for each period is recognised in profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gains or losses arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Repairs and maintenance are charged to the income statement in the period in which they occur.

1.4 Intangible assets

Acquired computer software licences are carried at cost less any accumulated amortisation and any impairment losses. Amortisation on these costs is provided to write down the intangible assets, on a straight line basis, over their useful lives as follows:

Item	Useful life
Computer software	5 years

Expenditure on research is recognised as an expense when it is incurred.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Authority, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortised over their estimated useful lives.

Internally generated brands are not recognised as intangible assets.

1.5 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

1.6 Financial Instruments

Financial instruments carried on balance sheet date include cash and bank balances, trade receivables, prepayments and advances and trade payables. These instruments are generally carried at their estimated fair value.

Financial assets

The Authority classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

Gains and losses

Gains or losses arising from changes in financial assets or financial liabilities carried at amortised cost are recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.7 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash on hand, deposits held on call with banks and bank current accounts.

1.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'operational expenditure'.

1.9 Government grants

The Authority is financed from money appropriated by Parliament. Government grants are recognised when there is reasonable assurance that they will be received and that the Authority will comply with the conditions associated with the grant.

Government grants to cover operating expenses are recognised in profit or loss immediately.

Government grants relating to specific long-term projects are included in non-current liabilities as deferred income and are released to income on a systematic basis in subsequent years in the same period as the relevant expense.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are released to income on a systematic basis in subsequent years over the estimated life of the related assets.

1.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any penalty incurred as a result is recognized as an expense in the period in which termination occurs.

1.12 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated leave liability as a result of services rendered by the employees up to the balance sheet date.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.13 Retirement Benefits

The Authority operates defined contribution benefit plans, the assets of which are held in trustee-administered funds. Pension benefits are mainly provided by membership of the Government Employees Pension Fund (GEPF). Contributions to the defined contribution benefit plans in respect of service in a particular period are included in the employees' total cost of employment and are charged to the income statement in the year to which they relate as part of the cost of employment. The Authority has no legal or constructive obligation to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

1.14 Start-up Fund

In terms of section 20(1) of the Independent Communication Authority of South Africa Act (Act No.13 of 2000), "All assets, rights and obligations, which immediately before the establishment date (of ICASA), vest in the former authorities pass to the Authority on that date." Accordingly this start-up fund, which arose from the transfer of assets to the South African Telecommunications Regulatory Authority by the Department of Communications (DoC) with effect from 1 April 1997,was transferred to ICASA on 1 July 2000.

1.15 National Revenue Fund (NRF)

In terms of section 15(3) of the Independent Communication Authority of South Africa Act (Act No. 13 of 2000), the Authority is required to pay all fees received and held on their behalf to the NRF within 30 days after receipt of such revenue.

Separate bank accounts are held for the purpose of collecting these revenues and paying them across to the NRF. The Authority has an obligation in terms of statute to administer these funds on behalf of National Treasury and to pay them across within a prescribed time limit.

1.16 Interest received

In accordance with a National Treasury communication (dated 12 July 2004) all interest earned on surplus funds and funds collected on behalf of National Revenue Fund during the year is recognized as revenue.

Interest received is recognised on a time portion basis using effective interest method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest of the instrument, and continues unwinding the discount at interest income.

1.17 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).

1.18 Foreign currencies

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occur.

1.19 Irregular and Fruitless and Wasteful Expenditure

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

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The Public Finance Management Act (PFMA),
- Regulations issued in terms of the PFMA by National Treasury.

All irregular, fruitless and wasteful expenditure is charged against revenue in the period in which it is incurred.

1.20 Changes in accounting policy

The Authority has identified prior accounting policy that was not in accordance with international interpretations and applications. Retained income has been adjusted for prior-periods.

The adoption of the new and revised standards and interpretations has resulted in changes to the Authority's accounting policy in the following area that have affected the amount reported for the current and prior years;

- IAS 16 Property, plant and equipment requires that the residual values and useful lives of assets must be reassessed on an annual basis. This was taken into account when re-calculating the depreciation charge.

1.21 Comparative information

Where necessary, comparative figures has been re-classified to conform with changes in presentation in the current year and in order to comply with IFRS.

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)

2 Transfers and grants received

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
Government grants received		**201 538 289**	**150 489 000**
Original allocation from Department of Communications ("DoC") Budget vote		199 738 000	144 489 000
Additional funds received from DoC	(a)	1 800 289	6 000 000
Capital portion of grant received	19	(17 318 396)	-
Released portion of previous deferred government grant	12 & 25	6 658 021	4 020 108
Deferred income utilised for operations and projects		-	10 665 070
Deferred income on Postal roll over		-	(6 000 000)
		190 877 914	159 174 178

(a) The ICASA Amendment Act transferred the postal regulatory functions from Department of Communications to ICASA.
The additional funding transferred related to the transferred staff salaries for the period between 01 January 2007 to 31 March 2007.

3 Surplus on disposal of property, plant and equipment

	31 MARCH 2007 (R)	31 MARCH 2006 (R)
Surplus on disposal of property, plant and equipment	-	239 748

4 Other income

	31 MARCH 2007 (R)	31 MARCH 2006 (R)
Bid handling fee	2 960	-
Other	120 186	-
	123 146	-

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
5 Administrative expenses			
General and administrative expenses		507 138	1 052 663
Travel and subsistence		7 052 282	7 350 606
Regional service levy		59 545	286 996
Net foreign exchange deficits		5 355	86 517
Insurance		886 756	973 927
Printing and stationery		1 426 986	1 183 470
Publications		1 014 255	1 028 590
Publicity and advertising		3 639 512	3 291 042
Recruitment costs		1 572 128	631 551
Telephone, postage and fax		5 226 041	4 623 124
Training and conferences		3 783 833	2 724 379
		25 173 831	**23 232 865**
6 Staff costs			
Council and Executive Managements' remuneration	23	10 108 256	7 303 952
Salaries and wages		78 197 152	74 777 648
- Salaries		57 039 300	56 224 422
- Performance awards		7 672 675	3 574 742
- Periodic payments		3 028 068	1 596 846
- Temporary staff		494 317	799 028
- Leave payments		622 173	2 532 935
- Overtime pay		476 652	531 030
- Severance packages		854 907	2 172 009
- Defined pension contribution plan expense		8 009 060	7 346 636
Social contributions (Employer's contribution)		5 194 635	4 403 192
- Medical aid		4 467 082	3 972 010
- UIF		386 287	363 632
- Official unions and associations		-	67 550
- Workman's compensation		341 266	-
Other long-term employee benefits including long service leave, surplus sharing and deferred compensation		196 710	2 056 000
		93 696 753	**88 540 792**

		Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
7	**Audit fees**			
	- External audit		797 465	672 197
	- Internal audit		210 533	272 610
			1 007 998	**944 807**
8	**Other operating expenses**			
	Consultants, contractors and special services		8 568 066	7 994 390
	Equipment items expensed		3 572	493 647
	Legal fees		5 244 771	5 337 526
	Maintenance, repairs and running costs			
	- Property and buildings		157 709	2 679 184
	- Machinery and equipment		371 881	57 091
	- Motor vehicles		1 199 647	1 391 405
	- Other maintenance and repairs		1 774 990	49 490
	Penalties		-	757 000
	Information technology		5 024 062	3 934 480
	Regulatory bodies and related expenditure		-	1 146 345
	Bank charges		209 823	379 591
	Rental in respect of operating leases			
	- Buildings		27 232 369	22 518 372
	- Equipment		604 387	6 557 938
	Other		3 143 296	6 462 621
			53 534 573	**59 759 080**
9	**Finance costs**			
	Interest paid		198 298	59 504
10	**Interest income**			
	Interest received from cash and cash equivalents		14 114 103	11 260 152

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
11 Fruitless, wasteful and irregular expenditure			
Included in expenditure per the statement of financial performance is the following:			
Fruitless and wasteful expenditure			
Cash stolen from sale of scrapped assets		-	118 034
Interest costs		39 712	59 504
		39 712	**177 538**
Potential fruitless and wasteful expenditure			
Onerous contract for office equipment maintenance		-	431 946
Recruitment fees		-	246 999
Event management fees		-	176 251
Labour dispute settlement		-	2 172 009
Penalty on late PAYE payments		-	757 000
		-	**3 784 205**
Potential irregular expenditure			
Security costs		-	556 239
Insurance costs		-	723 927
Printing costs		-	312 147
Consulting fees		-	1 200 000
		-	**2 792 313**

12 Property, plant and equipment	Office and Computer Equipment R	Furniture and Fitting	Motor Vehicles R	Test Equipment R	Finance lease assets R	Leasehold Improve-ments R	Total R
Cost							
Balance as at 1 April 2006	15,361,264	5,518,026	9,270,250	47,585,197	-	1,404,632	79,139,368
Scrapping	(4,534,823)	(816,743)	(1,920,956)	(12,067,132)	-	-	(19,339,653)
Additions	9,973,927	819,803	-	101,116	1,789,090	1,507,364	14,191,300
Balance as at 31 March 2007	**20,800,368**	**5,521,085**	**7,349,295**	**35,619,181**	**1,789,090**	**2,911,996**	**73,991,015**
Accumulated Depreciation							
Balance as at 1 April 2006	**7,866,962**	**2,889,677**	**3,206,449**	**25,918,305**	**-**	**63,638**	**39,945,031**
Scrapping	(4,512,625)	(807,275)	(1,920,956)	(12,195,938)	-	-	(19,436,793)
Depreciation	1,669,518	443,124	607,427	3,017,215	447,273	57,619	6,242,176
Balance as at 31 March 2007	**5,023,855**	**2,525,526**	**1,892,920**	**16,739,583**	**447,273**	**121,257**	**26,750,414**
Net carrying amount as at 31 March 2007	**15,776,513**	**2,995,559**	**5,456,375**	**18,879,598**	**1,341,817**	**2,790,739**	**47,240,601**

12 Property, plant and equipment	Office and Computer Equipment R	Furniture and Fitting	Monitoring Equipment R	Motor Vehicles R	Test Equipment R	Leasehold Improvements R	Total R
Cost							
Balance as at 1 April 2005 as previously reported	9,958,588	5,475,242	26,557,791	6,022,259	11,641,531	-	59,655,411
Additions	654,065	60,127	2,476,467	1,259,108	306,234	317,253	5,073,254
Disposals	-	-	-	(370,999)	-	-	(370,999)
Re-classification and transfers	-	(757,556)	(29,034,258)	-	29,034,258	757,556	-
Balance as at 31 March 2006 as previously reported	**10,612,653**	**4,777,813**	**-**	**6,910,368**	**40,982,023**	**1,074,809**	**64,357,666**
SA GAAP adjustment	4,748,610	740,213	-	2,359,882	6,603,174	329,823	14,781,702
Balance as at 31 March 2006 as restated	**15,361,264**	**5,518,026**	**-**	**9,270,250**	**47,585,197**	**1,404,632**	**79,139,368**
Accumulated depreciation							
Balance as at 1 April 2005 as at previously reported	8,193,084	3,348,361	19,513,640	4,567,291	11,044,202	-	46,666,578
SA GAAP adjustment	(949,467)	(716,603)	(19,513,640)	(1,375,776)	12,812,611	51,580	(9,691,295)
Balance as at 1 April 2005 as restated	7,243,617	2,631,758	-	3,191,515	23,856,813	51,580	36,975,283
Depreciation	623,345	257,919	-	385,933	2,061,494	12,058	3,340,748
Disposals	-	-	-	(370,999)	-	-	(370,999)
Balance as at 31 March 2006 restated	7,866,962	2,889,677	-	3,206,449	25,918,305	63,638	39,945,031
Net Carrying Amount as at 31 March 2007	**7,494,302**	**2,628,349**	**-**	**6,063,801**	**21,666,891**	**1,340,995**	**39,194,337**

		Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
13	**Trade and other receivables**			
	Staff receivables		493 741	614 497
	Less: Impairment of staff receivables		(107 838)	(26 606)
	Net accounts receivable		385 903	587 891
	VAT – due from SARS		-	1 917 747
	Interest receivable		1 892 846	1 421 025
	Other receivables		84 552	75 056
			2 363 301	**4 001 719**
14	**Prepayments and advances**			
	Insurance		-	84 880
	Office rental		2 597 795	261 939
			2 597 795	**346 819**
15	**Cash and cash equivalents**			
	Cash and balances with banks			
	- current accounts		27 132 860	46 682 258
	- short term deposits		52 575 798	7 387 626
	Petty cash		7 987	47 852
			79 716 645	**54 117 736**
16	**Trade and other payables**			
	Trade creditors		20 053 859	14 718 119
	Amount due to the Department of Communication relating to VAT funding		-	2 436 479
			20 053 859	**17 154 598**

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
17 Lease commitments			
Current portion of lease commitments – included in current liabilities		5 567 684	3 145 886
Non-current portion of lease commitments – included in non-current liabilities		13 676 035	19 271 863
Net lease commitments – to be released over the period of the leases		**19 243 719**	**22 417 749**

18 Provisions

	PAYE penalty R	Leave pay R	Bonus R	Legal fees R	Total R
Opening balance at 1 April 2005	**343 000**	**6 797 140**	**4 500 000**	**-**	**11 640 140**
Provisions made during the year	*757 000*	*4 970 403*	*3 710 661*	*431 946*	*9 870 010*
Utilisation of provisions during the year	-	*(6 797 140)*	*(4 364 081)*	-	*(11 161 221)*
Unused amounts reversed during the year	-	-	*(135 919)*	-	*(135 919)*
Balance at 31 March 2006	**1 100 000**	**4 970 403**	**3 710 661**	**431 946**	**10 213 010**
Provisions made during the year	-	*1 189 196*	*3 897 032*	-	*5 086 228*
Utilisation of provisions during the year	-	*(622 173)*	*(6 446 284)*	-	*(7 068 457)*
Balance at 31 March 2007	**1 100 000**	**5 537 426**	**1 161 409**	**431 946**	**8 230 781**

SARS is still assessing the late payment of PAYE which happened during the IBA and SATRA regime.

The leave pay and bonus provisions relate to the existing liabilities arising as a result of services rendered by employees. The leave pay provision is provided for based on cost-to-company packages. The bonus provision comprises three months pro-rata remuneration in respect of the 13th cheque liability, which is paid in December.

The legal provision is in respect of an onerous contract for maintenance of office equipment. The supplier has been informed of ICASA's intention to cancel the contract, which may lead to litigation.

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
19 Grants - Deferred Income			
Balance as at 1 April 2006		54 385 681	50 321 190
Operating expenses and projects		-	(10 171 427)
Fixed assets expensed		-	(493 644)
Postal regulator funding		-	6 000 000
Capital portion of grant received		17 318 396	-
Amount realised in income statement		(6 658 021)	(4 020 108)
Reversal of deferred income grants		-	12 749 670
Balance as at 31 March 2007		**65 046 056**	**54 385 681**
20 Commitments			
Commitments for the acquisition of property, plant and equipment			
- Contracted for but not provided in the annual financial statements		28 166 758	12 727 000
- Authorised but not contracted for		1 625 651	12 125 000
		29 792 409	**24 852 000**
21 Operating lease arrangements			
At 31 March 2007 outstanding commitments existed under non-cancellable operating leases which fall due as follows:			
Up to 1 year		22 882 404	29 069 569
1 to 5 years		39 365 480	78 348 900
		62 247 884	**107 418 469**

The operating leases entered into represent arrangements to lease office premises and certain computer equipment. The operating lease commitments comprise cash flow commitments. These commitments do not take account of the straight line basis of accounting required by IAS17 Leases. The commitments are mainly in respect of property leases for ICASA's Head Office in Sandton and regional offices in Cape Town, Durban, Bloemfontein, Nelspruit and Port Elizabeth. The terms of the leases vary with expiry dates between 31 October 2007 and 31 October 2010. Escalation clauses range between 8 and 15 percent depending on the lease agreements. At 31 March 2007 the Authority had no commitments under non-cancellable operating leases as lessor.

22 Reconciliation of surplus / (deficit) to cash generated from / (utilised in) operations

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
Surplus / (Deficit) for the year		24 398 417	(5 883 078)
Adjusted for:		(10 550 151)	(9 798 479)
- Depreciation		6 242 176	3 340 748
- Amortisation		863 117	679 360
- Surplus on disposal of property, plant and equipment		-	(239 748)
- Interest received		(14 114 103)	(11 260 152)
- Interest paid		198 298	59 504
- Decrease in provisions		(1 982 229)	(1 427 131)
- Lease commitments		(3 174 028)	(951 060)
Increase in finance lease liability		1 416 616	-
Operating cash flow before working capital		13 848 266	(15 681 557)
Working capital changes		12 835 260	(10 409 122)
- Decrease in receivables and prepayments		(612 558)	(14 368 956)
- Increase in payables		2 899 261	12 645 012
- Increase in deferred income grants		10 548 557	(8 685 178)
Cash generated /(utilised in) operations		26 683 526	(26 090 679)

	31 MARCH 2007 (R)	31 MARCH 2006 (R)
23 Council and Executive Managements' remuneration	**10 108 256**	**7 303 952**

Details of remuneration paid are as follows:

Councils	Date of Appointment	Date of Resignation/ End of Term	Remuneration	
			31 March 2007 *R	31 March 2006 *R
M Langa	01/09/2000	30/06/2005	-	169 123
P Mashile	01/07/2005		791 416	638 677
N Bulbulia	01/07/2002	31/08/2006	180 942	525 234
T Cohen	01/07/2004		614 757	525 234
M Mohlala	18/07/2002	31/08/2006	228 915	525 234
M Mohlala	1/11/2006		282 301	-
L Mtimde	01/07/2002	30/06/2006	211 106	525 234
ZR Masiza	01/07/2004		613 459	525 234
R Nkuna	18/10/2006		308 356	-
BB Ntombela	01/11/2006		282 301	-
JCW Van Rooyen SC	01/01/2007		169 381	-
M Zokwe	01/07/2005		613 371	393 926
TOTALS			**4 296 305**	**3 827 896**

*Council remuneration is at cost to company and they do not receive performance bonuses

PERMANENT EXECUTIVE MANAGEMENT

Executive Management	Date of Appointment	Date of Resignation	Title	Remuneration 31 March 2007				Remuneration 31 March 2006	
				Salary R	Performance Bonus R	Acting Allowance R	TOTAL R	Salary R	TOTAL R
JB Manche	01/07/2004	30/12/2006	CEO	1 131 123	-	-	1 131 123	928 229	928 229
B Mohlala	16/08/2004	15/11/2005	CFO	-	-	-	-	411 122	411 122
T Mosia	06/11/2006		CFO	240 642	16 636	-	257 278	-	-
M Mopeli	01/01/2007		GM: HR	118 862	17 252	-	136 114	-	-
P Hlapolosa	04/05/1998	28/02/2006	GM: Telecom	-	-	-	-	493 366	493 366
J Naidoo	01/10/2001	31/03/2006	GM: Legal	-	-			539 891	539 891
E Nhlapo	01/08/2001	30/06/2006	GM: Broadcasting	420 836	-	88 923	509 759	563 557	563 557
W Skowronski	30/06/2006		GM: Spectrum & Engineering	206 895	-	-	206 895	539 891	539 891
Total				**2 118 358**	**33 888**	**88 923**	**2 241 169**	**3 476 056**	**3 476 056**

ACTING EXECUTIVE MANAGEMENT

Executive Management	Acting from	Acting to	Title	Remuneration 31 March 2007			TOTAL R
				Salary R	Performance Bonus R	Acting Allowance *R	
B G Jooste	01/07/2006	09/09/2006	CEO	402 026	67 236	62 021	531 283
M.P S Mamaregane	06/03/2006 28/06/2006 15/01/2007	28/06/2006 14/01/2007 -	GM: Telecom GM: Legal CEO	430 778	96 562	125 052	652 392
**L Langa	01/03/2007		GM:Postal	131 681	58 651		190 332
**V Letsiri	01/01/2007	28/02/2007	GM:Postal	110 435	58 651	20 000	189 086
P Molefe	01/07/2006		GM: Technology	406 682	63 659	47 323	517 664
P Moleele	28/06/2006		GM: Telecom	394 155	63 659	47 323	505 137
M Ngxingo	16/01/2007		GM: Legal	384 394	62 317	53 823	500 534
SP Tsotetsi	03/06/2006		GM: Broad casting	484 354	-	-	484 354
Total				**2 744 505**	**470 735**	**355 542**	**3 570 782**

* The acting allowance is apportioned in terms of the acting period.

** Transferred from Department of Communication to ICASA on 1 January 2007

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)
24 Finance lease obligations: non current (S			
Non-current portion of Finance lease obligations:		860 324	-
Current portion of Finance lease obligations:		556 292	-
		1 416 616	**-**

Reconciliation between the total of the minimum lease payments and the present value:

	Up to 1 year	1 - 5 years	Total
Instalments	708 080	941 471	1 649 550
Finance costs	(151 788)	(81 147)	(232 935)
Present value	**556 292**	**860 324**	**1 416 616**

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)24
25 Intangible assets			
Cost			
Balance as at 1 April 2006			**11 326 263**
Additions			809 122
Scrapping			(6 715 848)
Balance as at 31 March 2007			**5 419 537**
Accumulated Amortisation			
Balance as at 1 April 2006			**9 299 234**
Amortisation			863 117
Scrapping			(6 730 522)
Balance as at 31 March 2007			**3 431 829**
Net carrying amount at 31 Mar 2007			**1 987 708**
Cost			
Balance as at 1 April 2005 as previously reported			**13 402 598**
Additions			609 672
Re-classification			408 007
Balance as at 31 March 2006 as previously reported			**14 420 277**
SA GAAP Adjustment			(3 094 014)
Balance as at 31 March 2006 as restated			**11 326 263**
Accumulated Amortisation			
Balance as at 1 April 2005 as previously reported			**11 675 248**
SA GAAP Adjustment			(3 055 374)
Balance as at 1 April 2005 as restated			8 619 874
Amortisation			679 360
Balance as at 31 March 2007			**9 299 234**
Net carrying amount at 31 Mar 2006			**2 027 029**

	Notes	31 MARCH 2007 (R)	31 MARCH 2006 (R)

26 Contingent liabilities

Litigation (a)		-	2 320 000
		-	2 320 000

The Authority's decisions are often challenged through the legal system. There are a number of ongoing legal cases which the Authority is in the process of defending or instituting. The final outcome cannot be reliably determined as it is dependent on the strength of both parties' case and the Judiciary's findings. A contingent liability has been noted for legal cases that may have unfavourable decisions. An estimate of final costs has been made based on time spent by attorneys and legal counsel to date on the cases plus estimated time to finalise the cases.

27 Related party relationships and transactions

During the year the Authority entered into the following arm's length transactions with related parties.

Department of Communications			
Grants received (note 2)		201 538 289	150 489 000
Payments made (note 16)		2 436 479	-

28 Financial risk management

Forward foreign exchange contracts
No foreign exchange contracts were entered into during the current year under review.

Credit risk
Financial assets which potentially subject the Authority to concentrations of credit risk consist principally of cash and cash equivalents and other receivables. The cash and cash equivalents are placed with high credit quality financial institutions. Trade and other receivables are presented net of the allowance for doubtful receivables. The Authority has no significant concentration of credit risk.

Interest rate risk
Cash and cash equivalents have maturities of less than three months and are not subject to significant interest rate risk.

Fair values
The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

Risk management policies
There is no significant exposure to foreign currency risk, interest rate risk, credit risk and liquidity risk.

29 Restatement

The Authority did adjust its opening balance sheet and comparative figures for the retrospective application of SA GAAP restatements.

29.1 Reconciliation of accumulated deficit at 1 April 2005

	GAAP 1 April 2005 R	GAAP restatements - IAS 16	GAAP 1 April 2005 R
ASSETS			
Non-current assets	15 121 190	12 749 670	27 870 860
Current assets	80 738 744	-	80 738 744
TOTAL ASSETS	**95 859 934**	**12 749 670**	**108 609 604**
LIABILITIES			
Current liabilities	33 540 930	-	33 540 930
Non-current liabilities	72 607 013	12 749 670	85 356 683
TOTAL LIABILITIES	**106 147 943**	**12 749 670**	**118 897 613**
EQUITY			
ACCUMULATED RESERVES	(10 288 009)	-	(10 288 009)
Start-up fund	33 731 342	-	33 731 342
Accumulated deficit	(44 019 351)	-	(44 019 351)
TOTAL EQUITY AND LIABILITIES	**95 859 934**	**12 749 670**	**108 609 604**

29.2 Reconciliation of accumulated deficit at 31 March 2006

	GAAP 31 March 2006 R	GAAP restatements - IAS 16	GAAP 31 March 2006 R
ASSETS			
Non-current assets	14 735 607	26 485 759	41 221 366
Current assets	58 466 274	-	58 466 274
TOTAL ASSETS	**73 201 881**	**26 485 759**	**99 687 640**
Current liabilities	30 513 494	-	30 513 494
Non-current liabilities	58 859 474	14 798 070	73 657 544
LIABILITIES	**89 372 968**	**14 798 070**	**104 171 038**
EQUITY			
ACCUMULATED RESERVES	(16 171 087)	11 687 689	(4 483 398)
Start-up fund	33 731 342	-	33 731 342
Accumulated deficit	(49 902 429)	11 687 689	(38 214 740)
TOTAL EQUITY AND LIABILITIES	73 201 881	26 485 759	99 687 640

29.3 Reconciliation of net deficit for the year ended 31 March 2006

	GAAP 31 March 2006 R	GAAP restatements - IAS 16	GAAP 31 March 2006 R
REVENUE	**159 413 926**	**2 048 401**	**161 462 327**
EXPENDITURE	(176 557 156)	(2 048 401)	(178 605 557)
SURPLUS / (DEFICIT) FROM OPERATIONS	(17 143 230)	-	(17 143 230)
Income from Investment	11 260 152	-	11 260 152
SURPLUS / (DEFICIT) FOR THE YEAR	**(5 883 078)**	**-**	**(5 883 078)**

Notes supporting the restatements

Property, plant and equipment

IAS 16 - Property, plant and equipment states that an entity is required to assess the useful life and residual value of items of property, plant and equipment at least at each year-end. The Authority has previously, under SA GAAP, accounted for residual values based on the requirement of AC 123.

The Authority has assessed the useful lives and residual values of all individual components of property, plant and equipment and adjusted the carrying values of both the property plant and equipment and the deferred income grant accordingly.