

ANNUAL FINANCIAL STATEMENTS: MONIES IN TRUST

Administered by the Department of Justice and Constitutional Development

Statement of Financial Position as at 31 March 2006

	Note	2006 R	2005 R
ASSETS			
Current Assets		614,074,262	597,405,416
Fund receivables	6	69,449,171	52,760,254
Cash and cash equivalent	8	544,625,091	544,645,162
TOTAL ASSETS		614,074,262	597,405,416
LIABILITIES			
Current Liabilities		614,074,262	597,405,416
Fund payables	9	589,396,440	444,623,939
Funds suspense	10	-	134,099,609
State attorneys	11	24,677,822	18,681,868
TOTAL LIABILITIES		614,074,262	597,405,416

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Cash Flow for the year ended 31 March 2006

	Note	2006 R
Net cashflow from operating activities		(20,071)
Cash received from defendants		1,723,641,823
Cash paid to beneficiaries		(1,748,236,478)
Cash (utilised by) or generated from operations	12	(24,594,655)
Interest received		24,574,585
Net increase in cash and cash equivalents		(20,071)
Cash and cash equivalents at beginning of year		<u>544,645,162</u>
Cash and cash equivalents at end of year	8	<u>544,625,091</u>

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Notes to the Annual Financial Statements for the year ended 31 March 2006

1. ACCOUNTING POLICIES

1.1 Basis of preparation

These Annual Financial Statements have been prepared on a modified cash basis of accounting in terms of which transactions and other events are recognised only when cash is received or paid. Until the financial year ended 2003/4 MMT financial data was available on the FMS reporting system that was incomplete and inaccurate. In the absence of a more reliable reporting system management decided to prepare the current Annual Financial Statements directly from information available in the financial records at each Cash Hall. Certain offices could not provide reliable financial information for the period under review. The financial records of these offices were not included in these financial statements. Further information on this matter is presented in addenda.

1.2 Comparative figures

Comparative figures have been adjusted to conform with changes in presentation in the current year and these comparative figures are for one month only. The Cash Flow statement does not reflect comparative figures due to lack of information.

1.3 Revenue

Revenue is recognised on receipt of the funds. MIT revenues are compulsory receipts imposed by courts and/or quasi-judicial bodies for the benefit of third parties.

1.4 Interest received

Interest is recognised as revenue on receipt. Interest is earned from funds invested on short term call accounts with commercial banks at rates agreed to annually between banks and the National Treasury.

1.5 Bank charges

Bank charges are recognised as expenditure upon payment. Bank charges are netted off interest received and the surplus (if any) is paid to the Revenue Fund. Charges pertaining to post-dated cheques are recovered from the responsible DoJ&CD employee. It was not possible to ascertain the extent of post-dated cheque charges.

1.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at the bank. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

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1.8 Payables

Payables included in the Statement of Financial Position arise from advances received that are due to the trust fund beneficiaries.

1.9 Receivables

Receivables in the Statement of Financials Position are realised from monies due to the Department (Debtors Raised) e.g. Counter Shortages.

	2006 12 Months R	2005 1 Month R
2. REVENUE		
Revenue comprises the following receipts:		
- Bail	199,747,169	21,577,341
- Maintenance	941,340,990	79,543,761
- Fines	294,801,280	33,509,897
- Payments into Court	20,141,792	2,408,581
- Estates	34,805,363	7,347,853
- Contribution Orders	589,739	343,640
- Unclassified Income	239,643,535	17,286,748
- State Attorney	9,260,871	-
	<u>1,740,330,740</u>	<u>162,017,821</u>

Included in the above income is the income from 47 offices which is not complete. These offices did not submit returns/information for all the months. (Reference to Annexure A).

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3. FUNDS TRANSFERRED TO SARS

Net interest is paid monthly to the National Revenue Fund (NRF).

Paid during the current year	482,673	1,221,210
Funds to be surrendered	<u>3,884,659</u>	<u>-</u>
	<u>4,367,332</u>	<u>1,221,210</u>

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	2006 12 Months R	2005 1 Month R
4. BENEFICIARY PAYMENTS AND CHARGES		
Beneficiary payments:		
- Bail	187,797,172	22,108,015
- Maintenance	926,533,397	79,601,539
- Fines	281,119,182	35,549,726
- Payments into Court	18,081,903	969,291
- Estates	62,843,950	16,290,872
- Contribution Orders	405,539	336,285
- Unclassified Income	238,683,106	23,380,910
- State Attorneys	6,089,422	0
- Bank Charges	19,360,252	1,168,222
	<u>1,740,913,924</u>	<u>179,404,859</u>

Payments to beneficiaries are not complete as 47 offices submitted incomplete information. (Reference to Annexure A).

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	2006 12 Months R	2005 1 Month R
5. FINANCE INCOME		
ABSA	8,511,572	765,035
First National Bank	8,008,918	323,956
Nedbank	82,026	6,743
Standard Bank of South Africa Limited	7,972,069	859,176
	<u>24,574,585</u>	<u>1,954,910</u>

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	2006 R	2005 R
6. FUND RECEIVABLES		
Claims	-	48,410,959
Dishonoured cheques	3,383,828	4,381,226
Emergency cash advance to cover theft at Zwelisha Office	-	320,000
Surplus	-	(6,777,359)
Vote Loans (Loans to the Departments)	1,017,671	4,762,099
Counter Shortages	861,170	-
Fraud Reported	73,462	-
Other Shortages	14,872	-
Unreconciled Differences	62,329,908	-
National Office credit vouchers (Loans to the Department)	-	1,663,329
First National Bank	1,768,260	-
	<u>69,449,171</u>	<u>52,760,254</u>

Claims for the current year are split into fraud, count, other shortage and unreconcilled differences. These unreconcilled differences are differences that the offices can not explain.

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7. MMT DEFICIT

The quantified deficit of R50m (R44m in 2005) has been noted in the Department of Justice and Constitutional Development vote account for future settlement on a basis to be determined. This is shown as a net of cashbook surpluses.

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	2006 R	2005 R
8. CASH AND CASH EQUIVALENTS		
Consolidated National Bank balance	623,225,783	607,239,333
Guardian Fund Portion	(72,795,442)	(56,167,441)
Attributable to excluded offices	(33,998,738)	(22,672,206)
Main Account Balance	(11,607,947)	(7,700,078)
Total Attributable to reconciled offices	<u>504,823,656</u>	520,699,608
Cash on hand	10,289,818	-
State Attorney	29,511,617	23,945,554
	<u>544,625,091</u>	<u>544,645,162</u>

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	2006 R	2005 R
9. FUND PAYABLES		
Admission of Guilt	456,661	-
Bail	225,562,363	207,107,583
Fines	82,199,501	34,323,932
Maintenance	72,079,618	46,934,268
Estates	35,818,351	57,517,699
Unclassified Monies in Trust*	61,065,602	68,110,850
National Debit Vouchers	-	6,731,849
Contributions	30,550	97,084
Court Payments	23,794,944	23,800,675
Outstanding Cheques	56,516,316	-
Unallocated EFT	27,987,875	-
Revenue Fund	3,884,659	-
	<u>589,396,440</u>	<u>444,623,940</u>

*Current practice is to pay these funds over to the Revenue Fund after twelve (12) months. This practice is being reviewed in conjunction with National Treasury.

*Unclassified Monies are trust monies that cannot be allocated in any of the above modules.