

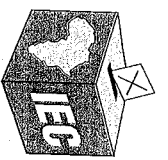
**BALANCE SHEET**  
at 31 March 2003

	Notes	
	2003 R	2002 R
<b>ASSETS</b>		
Non-current assets		
Equipment, furniture and vehicles	2 38 875 354	11 572 636
Current assets		
Consumables held for future use	3 399 333	349 316
Receivables and prepayments	3 14 518 859	14 009 070
Cash and cash equivalents	4 83 532 535	103 173 264
<b>Total assets</b>	<b>98 450 727</b>	<b>117 531 650</b>
<b>RESERVE AND LIABILITIES</b>		
Reserve		
Unutilised surplus	5 66 192 362	89 596 949
Current liabilities		
Trade and other payables	6 63 389 033	30 561 205
Provisions for liabilities and charges	7 3 918 781	3 351 673
Deposits held in trust	8 3 825 905	5 594 459
<b>Total reserve and liabilities</b>	<b>71 133 719</b>	<b>39 507 337</b>
	<b>137 326 081</b>	<b>129 104 286</b>

*A. M. L. G.*

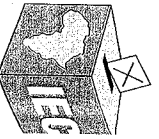
30 MAY 2003

CHIEF ELECTORAL OFFICER DATE



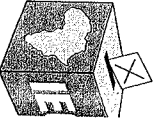
**INCOME STATEMENT**  
for the year ended 31 March 2003

	Notes	2003 R	2002 R
<b>REVENUE</b>	9	211 140 677	110 202 758
Operating expenditure		<u>(246 325 860)</u>	<u>(251 400 018)</u>
Operating deficit	9	(35 185 183)	(141 197 260)
Net finance income	10	<u>11 780 596</u>	<u>14 093 175</u>
<b>Deficit for the year</b>		<u><b>(23 404 587)</b></u>	<u><b>(127 104 085)</b></u>



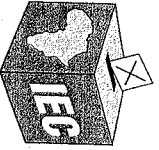
**CASH FLOW STATEMENT**  
for the year ended 31 March 2003

	Notes	
	2003	2002
	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from/(utilised by) operations	11.1 2 193 374	(131 276 793)
Interest received	11 780 596	14 094 898
Interest paid	-	(1 723)
Net cash inflow/(outflow) from operating activities	13 973 970	(117 183 618)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(34 012 717)	(5 073 729)
Proceeds on disposal of fixed assets	398 018	2 227 555
Net cash outflow from investing activities	(33 614 699)	(2 846 174)
Net decrease in cash and cash equivalents	(19 640 729)	(120 029 792)
Cash and cash equivalents at beginning of period	103 173 264	223 203 056
Cash and cash equivalents at end of year	83 532 535	103 173 264



STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2003

	Unutilised surplus R
Balance at 31 March 2001	216 701 034
Deficit for the year	<u>(127 104 085)</u>
Balance at 31 March 2002	89 596 949
Deficit for the year	<u>(23 404 587)</u>
Balance at 31 March 2003	<u>66 192 362</u>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2003

**1. Accounting policy**

The annual financial statements are prepared on the historical cost basis, and conform, in all material respects, to generally accepted accounting practice.

The principal accounting policies adopted and applied are set out below.

**1.1 Revenue recognition**

Government grants for the financing of operating expenditure and capital are accounted for as Income on the accrual basis.

Interest is recognised on a time proportion basis.

Donor funds received are not included as income nor are the payments made out of these funds treated as expenses as these amounts are only administered by the Commission on behalf of the relevant parties or beneficiaries.

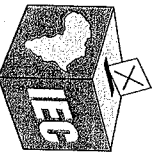
Income other than grants and interest, are accounted for in the year of receipt.

**1.2 Equipment, furniture and vehicles**

Equipment, furniture and vehicles are shown at historical cost less accumulated depreciation.

Depreciation on equipment, furniture and vehicles are calculated to write off the cost thereof on a straight-line basis over its expected useful life. Artwork is written off in the year of purchase to a residual value of R1 per item. All assets purchased at a value of less than R1 000 have been written off to R1 per item. The expected useful lives for depreciation purposes, for the main categories of equipment, furniture and vehicles, are as follows:

Computer equipment and software	3 years
Scanners	3 years
Office machines and equipment	6 years
Cell phones	3 years
Furniture and fittings	5 - 6 years
Motor vehicles	5 years
Appliances	6 years
Artwork	1 year
Pre-fabricated buildings	5 - 6 years



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2003**

**1.3 Intangible assets**

No value is attributed to internally developed trademarks. Costs incurred on trademarks are charged to the income statement in the period in which they are incurred.

**1.4 Consumables**

Consumable stock items are valued at the lower of average cost or estimated net realisable value.

**1.5 Foreign currencies**

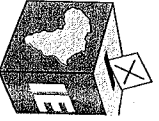
Transactions in foreign currencies are accounted for at the rate ruling on the transaction date or the contractually agreed to rate if applicable. Gains and losses arising from the settlement of such transactions are recognised in the income statement as part of operating expenditure.

**1.6 Financial instruments**

Financial instruments carried on the balance sheet include cash and cashbook balances, call deposits, receivables and trade creditors. These instruments are generally carried at their estimated fair value. For example, receivables are carried net of the estimated doubtful receivables. The particular recognition methods adopted are disclosed in the individual notes associated with each item.

**1.7 Trade receivables**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2003

**1.8 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with banks.

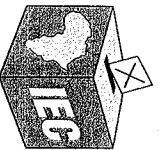
**1.9 Provisions**

Provisions are recognised when the IEC 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 when 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 liability for annual leave as a result of services rendered by employees up to the balance sheet date.

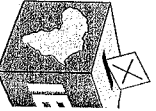
**1.10 Comparative figures**

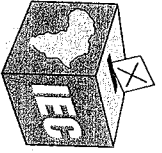
Provisions for liabilities and trade and other payables have been restated as at 31 March 2002 to conform with changes in presentation in the current year.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2003

	2003	2002
	R	R
<b>3. Receivables and prepayments</b>		
Trade accounts receivable	310 577	4 795 064
Deposits	268 395	468 595
Prepayments	2 395 990	-
Accrued interest	105 717	2 311 169
Outstanding bank deposits	183 370	18 729
Sundry	631 952	632 978
VAT claims	10 622 858	5 886 481
Less: Provision for irrecoverable debts	-	(103 946)
	<u>14 518 859</u>	<u>14 009 070</u>
<b>4. Cash and cash equivalents</b>		
Bank balances – current accounts	14 467 101	5 785 539
Call deposits	69 052 615	97 370 386
Petty cash	12 819	17 339
	<u>83 532 535</u>	<u>103 173 264</u>
<b>5. Unutilised surplus</b>		
Opening unutilised surplus	89 596 949	216 701 034
Deficit for the year	(23 404 587)	(127 104 085)
Unutilised surplus at 31 March 2003	<u>66 192 362</u>	<u>89 596 949</u>





**REPORT OF THE  
AUDITOR-GENERAL**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2003

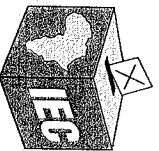
2003                      2002  
R                              R

**6. Trade and other payables**

Trade accounts payable	59 702 543	26 653 586
State Electoral Fund	210 804	210 804
Deposits	353 820	1 290 270
Sundry	429 645	384 127
Cheques not presented for payment	2 692 221	2 022 418
	<u>63 389 033</u>	<u>30 561 205</u>

**7. Provisions**

	Audit fee	Leave pay	Total
At 31 March 2001	1 888 848	762 072	2 650 920
Additional provisions	1 285 120	907 399	2 192 519
Unused amounts reversed	(786)	-	(786)
Utilised during the year	(1 481 888)	(9 092)	(1 490 980)
At 31 March 2002	<u>1 691 294</u>	<u>1 660 379</u>	<u>3 351 673</u>
	Audit fee	Leave pay	Total
At 31 March 2002	1 691 294	1 660 379	3 351 673
Additional provisions	1 767 900	367 267	2 135 167
Utilised during the year	(1 568 059)	-	(1 568 059)
At 31 March 2003	<u>1 891 135</u>	<u>2 027 646</u>	<u>3 918 781</u>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2003

**Audit fee**

A provision has been recognised at the year-end to cover the expected external audit costs for the year. It is estimated that the majority of the provision will realise in the following financial year.

**Leave pay**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for accrued leave as a result of services rendered by employees up to the balance sheet date. The increase in provision is mainly due to an increase in salary cost. The provision will be realised as and when staff take leave.

	2003 R	2002 R
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**8. Deposits held in trust**

Grants received in respect of the furtherance of democracy

- European Union – previous Commission	3 682 527	3 682 527
- Department for International Development (DfID)	1 43 378	1 43 378
- Department of Foreign Affairs – Lesotho Elections	-	1 768 554
	<u>3 825 905</u>	<u>5 594 459</u>

The above balance represents the unexpended portion of grants/pledges of R3 825 905 (2002: R5 594 459) received from the various donors which the Electoral Commission is still to utilise in accordance with contractual arrangements.

