g-FleeT Management

ANNUAL REPORT

2012/13

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Gauteng Provincial Government | Department Roads And Transport | Annual Report 2012/2013

PART A:

GENERAL INFORMATION

1. TRADING ENTITY'S GENERAL INFORMATION

DOMICILE:	Republic of South Africa
NATURE OF PRINCIPAL ACTIVITIES:	g-FleeT is a Provincial Trading Entity, which reports to the Accounting Officer of the Gauteng Department of Roads and Transport. The mandate of the Entity is to be a leading provider of fleet management services within Government. The vision of the Entity is to be a leading provider of reliable, cost-effective and customer focused fleet management services to all nine Provinces within South Africa.
REGISTERED OFFICE:	g-FleeT Management Gauteng Department of Roads and Transport Private Bag X 1 Bedfordview 2008
PHYSICAL ADDRESS:	g-FleeT Management 16 Boeing Road, East Bedfordview Johannesburg 2001
CHIEF EXECUTIVE OFFICER:	Mr. Chikane Chikane
CHIEF FINANCIAL OFFICER:	Ms. Natalie Govender CA (SA)
CHIEF OPERATIONS OFFICER:	Ms. Jackee Khumalo
BANKERS	First National Bank Limited
AUDITORS	Auditor General of South Africa
TELEPHONE NO:	(011) 372 - 8600
FACSIMILE NO:	(086) 669 - 6926
WEBSITE ADDRESS:	www. gfleet.gpg.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
MEC	Member of Executive Council
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Executive Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
BAS	Basic Accounting System
FIS	Fleet Information System
ESS	Employee Self Service
LDSP	Learner Driver Support Programme
GPG	Gauteng Provincial Government
CRM	Client Relationship Management
HoD	Head of Department
SLA	Service Level Agreement
WSP	Works Skills Plan
OD	Organisational Development

3. STRATEGIC OVERVIEW

3.1 Vision

To be the leading provider of reliable, cost effective and customer focused fleet management services to government.

3.2 Mission

We will achieve our vision by:

- Providing effective, competitive and efficient fleet services to government.
- Focusing on providing reliable fleet to meet client needs.
- Building and maintaining sustainable stakeholder relations.

3.3 Values

The values that guide the work of the staff and contractors working on behalf of the Entity remained as follows:

- **Good Governance**

We pledge to uphold sound principles of institutional management and efficient systems and processes in service delivery.

- **Responsiveness**

We shall be approachable, receptive, open and quick to respond to the needs of the stakeholders.

- **Innovative**

We commit to be original and inventive in the execution of our mandate.

- **Accountability**

We pledge to be answerable to our stakeholders in the execution of our mandate.

Passionate

We undertake to deliver services with passion, excitement and enthusiasm.

- **Professionalism**

We commit to be competent and excellent at all times.

- **Ethical**

We commit to be principled, fair and just in our conduct.

- **Commitment**

We commit to deliver a service that meets our stakeholders' expectations.

3.4 Strategic outcome orientated goals

The following Strategic Priorities/Goals have been agreed upon, to facilitate the Turnaround Strategy and achievement of the Departmental/ g-FleeT Medium Term Expenditure Framework (MTEF) goals:

Strategic Goal 1 (Summary)	**Improve operations and customer service**
Goal statement	To improve operations and customer service to world class standards by March 2014.
Justification	This goal will ensure that services offered to clients, meet expectations and that public funds are utilised to provide a services to support the mandates of client Departments.
Linkages	The achievement of this goal will broadly contribute towards the achievement of Outcome 12: An effective, efficient and development oriented public service. More specifically, this goal will ensure that service delivery, quality and access (Output 1) are improved by g-FleeT and thus by government Departments. This goal will also contribute towards the achievement of efficient business processes and improved accountability to stakeholders (Output 3).

Table 1: Strategic Goal 1 Assessment and Linkages to Outcomes

While there are many aspects of this strategic goal, it is important to highlight that several strategic interventions were implemented from the 2011/12 financial year. These interventions were aimed at improving customer satisfaction by providing accessible services, being more responsive to our client's needs, and offering value for money and adequate fleet support services.

The main focus was aimed at improving and streamlining operational and business processes to ensure high levels of client satisfaction and meeting stakeholder expectations.

This strategic goal was the key driver in facilitating the transformation of the organisation into one that is customer-centric and provides high standards of service delivery.

Strategic Goal 2 (Summary)	**Develop adequate management capacity and controls**
Goal statement	To develop adequate financial management capacity and controls to ensure clean audits for the 2012/13 financial year.
Justification	This goal will ensure that financial processes, systems and controls are implemented and monitored by staff with the requisite expertise. The achievement of this goal will ensure that the Entity achieves a clean audit from the Auditor General for the 2012/13 external audit, in line with the GPG target for all Departments and entities.
Linkages	The achievement of this goal will broadly contribute towards the achievement of Outcome 12: An effective, efficient and development oriented public service. More specifically, this goal will contribute towards ensuring that service delivery, quality and access (Output 1) are improved by g-FleeT. This goal will also contribute towards the development of efficient business processes and improved accountability to stakeholders (Output 3) by improving financial and SCM capacity. Adequate and efficient internal controls to be developed and enhanced will also result in tackling corruption effectively (Output 4).

Table 2: Strategic Goal 2 Assessment and Linkages to Outcomes

The development of adequate financial management capacity through new appointments and/or via on-going training and development initiatives supported the development of the required expertise within the Entity. This strategic goal, linked to strategic goal 5 (below), will require the allocation of sufficient funding towards a comprehensive training programme for each of the coming years. It is envisaged that the estimated budget will be between 2 - 4% of the compensation of staff budget in each year.

Strategic Goal 3 (Summary)	Improve quality and cost-effectiveness of fleet
Goal statement	To have a reliable, affordable fleet, which meets the needs of our clients by March 2014,
Justification	This goal will ensure that clients are provided with reliable and cost-effective fleet and support services, in line with client needs. This goal is also critical in ensuring that client expectations are met and that public funds allocated to state vehicles, are utilised efficiently across client Departments.
Linkages	The achievement of this goal will broadly contribute towards the achievement of Outcome 12: An effective, efficient and development oriented public service. This goal will specifically ensure that all four aspects of the service delivery, quality and access (Output 1) are improved by g-FleeT and thus within government Departments. It will also contribute towards the achievement of efficient business processes and improved accountability to stakeholders (Output 3).

Table 3: Strategic Goal 3 Assessment and Linkages to Outcomes

Several strategic interventions were implemented in the 2012/13 financial year; with a focus on the provision of services that offer value for money to client Departments and in the MTEF ensure that quality and cost-effective fleet is provided to clients.

Strategic Goal 4 (Summary)	Maintain and improve levels of self-sustainability
Goal statement	To remain self-sustainable and contribute to identified Gauteng Provincial Government (GPG) Projects in the 2013/14 financial year.
Justification	This goal will ensure that adequate financial systems are implemented to meet client expectations and that public funds are utilised to provide efficient and reliable fleet management services to support the mandates of client Departments.
Linkages	The achievement of this goal will broadly contribute towards the achievement of Outcome 12: An effective, efficient and development oriented public service. More specifically, this goal will contribute towards the achievement of efficient business processes and improved accountability (Output 3) to stakeholders. This goal will also ensure that service delivery, quality and access (Output 1) are improved by g-FleeT to benefit client Departments.

Table 4: Strategic Goal 4 Assessment and Linkages to Outcomes

Strategic Goal 5	Develop professional skills and expertise of all staff
Goal statement	To strategically develop targeted professional skills and expertise of all our staff on an on-going basis from the 2012 financial year.
Justification	This goal will ensure that services offered by g-FleeT to client Departments will meet and exceed client expectations, by professional and skilled staff.
Linkages	The achievement of this goal will broadly contribute towards the achievement of Outcome 12: An effective, efficient and development oriented public service. More specifically, this goal will ensure that service delivery, quality and access (Output 1) are improved by g-FleeT. This goal will also contribute towards the achievement of Human Resource Management and Development (Output 2) as well as efficient business processes and improved accountability (Output 3) to clients and stakeholders.

Table 5: Strategic Goal 5 Assessment and Linkages to Outcomes

The achievement of this goal will be largely dependent on the successful implementation of an organisational-wide Skills Development Programme to be implemented from the 2011/12 financial year, at an estimated cost of R1.9 million, which represents 2.5 % of the compensation of employee's budget. The strategic objective related to this strategic goal is strategic objective 2.5 (see below in the programme and sub-programme Annual and Quarterly Plans).

Strategic Goal 6	Broadly consult key stakeholders on positioning as a Public Entity
Goal statement	To initiate consultations to position and list the Entity as an effective and efficient Government Fleet Management Public Entity from 2013.
Justification	This goal will ensure that adequate consultations and engagements are held with all stakeholders to facilitate a decision on the re-positioning of the Entity as a Public Entity in the new term of government. This is intended to further harness the efficiencies and economies of scale to become a Public Entity that generates revenue for government.
Linkages	The achievement of this goal will broadly contribute towards the achievement of Outcome 12: An effective, efficient and development oriented public service. More specifically, this goal will ensure that service delivery, quality and access (Output 1) are further improved by g-FleeT as a Public Entity. It will also contribute towards the achievement of efficient business processes and improved accountability (Output 3) to stakeholders.

Table 6: Strategic Goal # 6 Assessment and Linkages to Outcomes

The achievement of this goal will be subject to the progress made with the successful implementation of the Turnaround Strategy and Annual Performance Plans for the 2011/12 and 2012/13 financial years.

4. LEGISLATIVE AND POLICY MANDATES

4.1 Legislative mandates

Treasury Regulation 19 issued in terms of the Public Finance Management Act of 1999, governs the operations of the organisation in terms of its policy and reporting framework, establishment, capital requirements, disposal of assets, surrender of surplus funds and financial reporting. In addition, the following legislative mandates are applicable:

- Cross-Border Road Transport Act, Act 4 of 1998
- Road Traffic Act, Act 29 of 1989
- Public Finance Management Act, Act 1 of 1999
- National Environmental Management Act 107 of 1998,
- Road Traffic Management Corporation Act, Act 20 of 1999
- National Road Traffic Act, Act 93 of 1996
- National Road Traffic Safety Act, Act 12 of 1972
- Gauteng Transport Framework Revision Act, Act 8 of 2002
- Gauteng Public Passenger Road Transport Act, Act 7 of 2001
- Gauteng Transport Infrastructure Act, Act 8 of 2001
- Gauteng Planning and Development Act, Act 3 of 2003
- Provincial Road Traffic Act, Act 10 of 1997.
- Gauteng Toll-Roads Bill 2005
- Road Traffic Act, Act 29 of 1989
- Administrative Adjudication of Road Traffic Offences Act, Act 46 of 1998
- Gauteng Transport Framework Revision Amendment Act, 2007

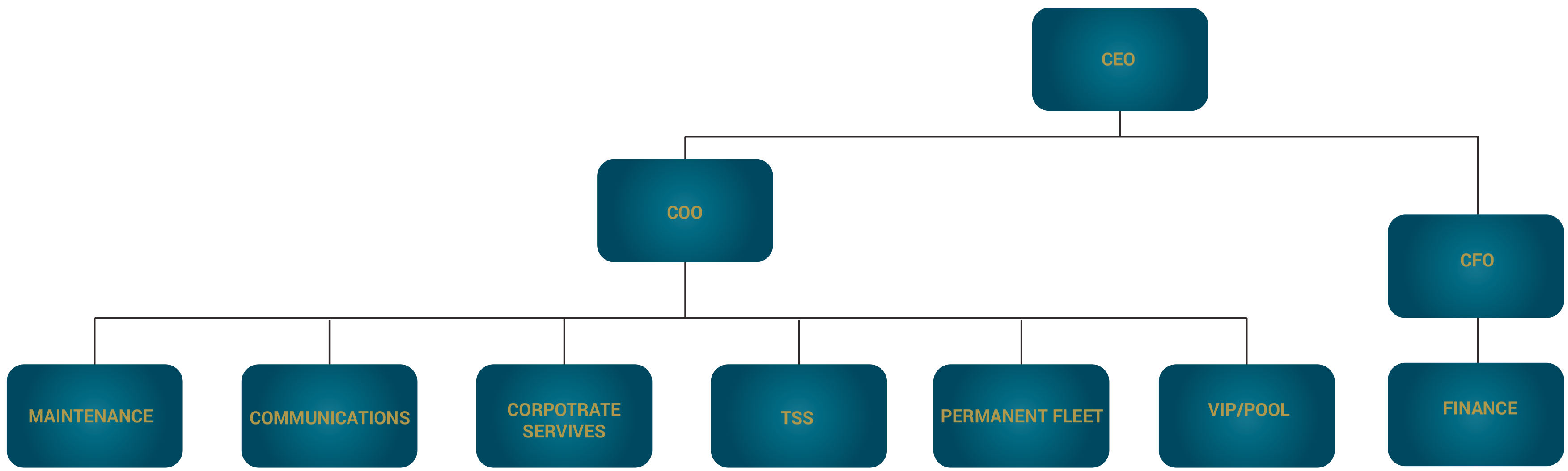
The Entity's operations are largely regulated by the National Transport Circular No. 4 of 2000, which governs all matters relating to the utilisation of government-owned transport.

4.2 Policy mandates

The following policy mandates are applicable:

- White Paper on National Transport Policy.
- National Land Transport Strategic Framework.
- Provincial Policy and Legislative Mandates
- Gauteng White Paper on Transport Policy.
- Gauteng Transport Legislative Framework.
- Gauteng Legislation on Development Planning.

5. ORGANISATIONAL STRUCTURE



6. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr Chikane Chikane
Chief Executive Officer

gFleeT Management has made great strides in improving its service delivery undertaking. During the year under review, the Entity acquired 938 vehicles for replacement purposes in terms of our replacement strategy of the planned target of 1 000 The Entity spent an amount of R231 million in the acquisitions of vehicles, disposed-off 1 473 vehicles through auctions, and received proceeds to the value of R54 million for the sale of these vehicles.

A total of 84 eco-friendly vehicles were acquired, which exceeded the target of 50 that was planned as part of the move towards assisting with the government's commitment to a green economy. This over-achievement was the result of a number of vehicles that were ordered by the Judges that met the eco-friendly requirement.

The financial position of the Entity continued to improve with most client departments paying their bills timeously. The Entity's financial performance is also encouraging in that service providers are paid within the 30 day period, as required by Section 8.2.3 of the Treasury Regulations. There are however, still some delays from other clients in making the payments on time and in settling outstanding debt. To improve our asset register, the Entity has approached Pastel Evolution for the Asset Management Module.

The short term and daily rentals are performing at a consistently higher level, indicating a possible area of greater focus for income generation. On price comparison - gFleeT is still competitive when compared to private service providers.

g-FleeT conducted an independent client satisfaction survey in the year under review and the report results indicate that 55% of its clients were satisfied with its performance. This report is an improvement on the 2010 report which indicated a 27% satisfaction level from clients.

g-FleeT's new organisational structure was approved and is in a process of being implemented. Vacant posts will soon be filled by competent employees who will assist the Entity in achieving all its objectives. The approval of the structure will also result in those employees currently on contract, being permanently appointed. A major boost with respect to staffing was the appointment of a qualified Chartered Accountant as the Chief Financial Officer.

The Entity increased its drive to access decision makers in the client departments through the development and submission of a monthly executive report to the Director Generals, Heads of Departments and Chief Executive Officers. The report captured the state of vehicles in their respective organisations, the problems that g-FleeT experienced and the possible challenges of fleet management in their departments. This strategy has yielded results, in that leadership at the highest levels of government have reviewed their utilisation of vehicles in order to improve their service delivery.

As a Government Entity, g-FleeT has a goal to become a Schedule 3 public Entity in the future. This will allow the Entity to operate in an environment that has more opportunities through engagement with other state owned entities that require our services. The more clients the Entity has the more cost effective the business will become and ultimately resulting greater benefits for the clients and the communities that it serves.

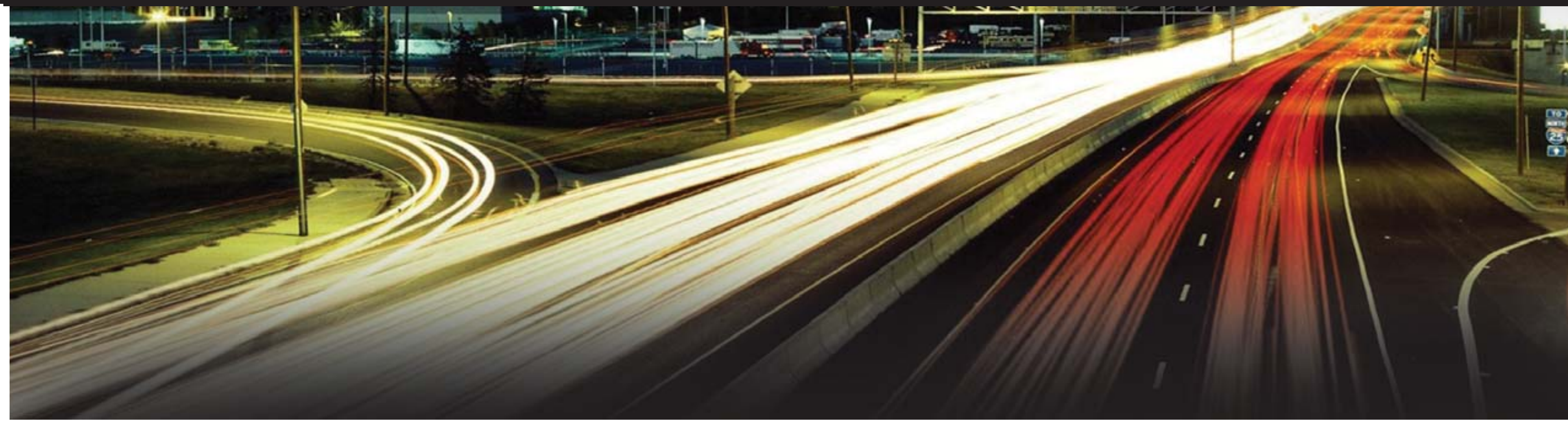
The Entity acknowledges the support it has received from the client departments through timeous payment of accounts and improved communication; the assistance of the HOD's from the Department of Roads and Transport in enabling the Entity to function effectively and efficiently and the MEC, Dr. Vadi for his consistent focus on the Entity and concerted efforts in ensuring we continue to improve our performance. Finally, we thank the staff of g-FleeT Management for their dedication and support in contributing to the success of the Entity.

Mr Chikane Chikane

Chief Executive Officer

g-FleeT Management

31 May 2013



PART B:

PERFOMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of responsibility for Performance Information For the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of the trading Entity's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing, and implementing a system of internal controls, designed to provide reasonable assurance as to the integrity and reliability of the performance information.

In my opinion, the performance information fairly reflects the actual achievements against the planned objectives, indictors and targets, as per the strategic and annual performance plan of the trading Entity for the financial year ended 31 March 2013.

g-FleeT Management's performance information for the year ended 31 March 2013 has been examined by the external auditors and their report is presented on page 273.

The performance information of the Entity set out on page 239 to page 254 was approved by the MEC as per the Entity's Annual Performance Plan (APP).

Mr Chikane Chikane

Chief Executive Officer

31 May 2013

2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 273 of the Report of the Auditor - General, published as Part E: Financial Information.

3. OVERVIEW OF TRADING ENTITY'S PERFORMANCE

3.1 Service delivery environment

g-FleeT Management's core purpose is to respond to client Departments' requirements for fleet management services. The service delivery environment overview for the year under review focused on three key areas, i.e. client demand, supplier/strategic partnership involvement and competitor analysis.

The actual number of clients increased from 52 as at 1 April 2012 to 53 by 31 March 2013. The number of active clients, who required on-going fleet services from g-FleeT increased to 46 or 87% of all clients with only 13% defined as ad hoc or inactive clients, as at financial year end.

The demand for additional vehicles and/or services amongst the existing clients resulted in the 9.9% growth of the fleet size, from 6,313 vehicles at the beginning of the year to 7,008 vehicles at year end.

The Entity engaged with all its stakeholders through the five Regional Transport Forums held in November 2012 and various client visits. A new initiative to provide Heads of Departments with monthly Executive Summary Reports led to the improved internal management of fleet by client Departments.

During the financial year, there were joint efforts between the Entity and Wesbank in improving the maintenance services provided to clients via the RT46 Contract. In April 2012, a Gauteng Service Level Agreement (SLA) linked to the RT46 Contract was entered into with Wesbank and was subjected to two reviews during the financial year, to assess its implementation and to ensure that service levels aimed at clients were improved. Further improvements and revisions to the SLA will be implemented in the 2013/14 financial year.

A partnership with KIA South Africa resulted in the conceptualisation and implementation of the Driver Training Programme, which was launched on 28 February 2013. The programme was aimed at providing driver awareness and assessments to 1000 drivers (from client Departments) who were previously involved in vehicle accidents. This programme will be implemented over a 12 month period and its impact will be evaluated in the 2013/14 financial year.

The Entity experienced significant competition from private fleet management companies, most notably from Phakisa World, which provides services to various National Departments and municipalities. The full effect on the Entity will be seen in the 2013/14 financial year, if several clients move some aspects of their fleet requirements to the competitor.

The late awarding of the RT57 Contract at the end of June 2012, negatively impacted the turn-around times for the delivery of new and replacement vehicles. Vehicle requisitions provided by clients in the 1^{st} quarter were only processed in the 2^{nd} quarter, with delivery of those orders taking place in the 3^{rd} and/or 4^{th} quarter. This was largely outside the control of the Entity and led to dissatisfaction amongst clients. To improve this in the new financial year. National Treasury has already initiated its work on the 2013/14 contract and it is envisaged that it will be awarded by end of May 2013.

3.2 Organisational environment

A notable achievement during the 2012/13 financial year was the Auditor General's Unqualified Audit Opinion Report for 2011/12 issued in August 2012. This was due to on-going efforts within the Entity to consolidate on the progress made from the 2010/11 financial year, to maintain and improve favourable audit opinions, as a build up to the clean audit opinion envisaged for the 2013/14 financial year. A new Chief Financial Officer was appointed in September 2012 to further strengthen the existing management team and there have been on-going efforts to work on the issues raised by the AG in the previous financial years.

During the 2012/13 financial year, there was steady progress in the achievement of several initiatives identified in the Turnaround Strategy developed and implemented to cover the three year period from 2011/12 to 2013/14. The implementation of the Client Relationship Management System was almost 90% complete as at 31 March 2013. The Risk Assessment conducted during the year indicated that several of the identified risk mitigation measures were implemented as at year end, leading to an improved outlook on the extent and impact of organisational risks.

Engagements with stakeholders and strategic partners were intensified, which largely resulted in the achievement of a 55% overall client satisfaction rating in the Independent Client Satisfaction Survey conducted and finalised on 31 March 2013.

The Entity maintained its competitive pricing within both the government and private fleet management industry, as demonstrated by the Price and Competitor Analysis Survey conducted independently from December 2012 and finalised on 31 March 2013. The survey focused on comparing tariffs and rates provided by g-FleeT and 6 private fleet companies. The survey outcome results suggest that g-FleeT is competitively priced across 10 vehicle categories/rental tariffs and this includes chauffer and VIP vehicle tariffs.

One of the challenges experienced by the Entity was the delayed approval of the organisational structure which led to the multiple extensions of 80 employee contracts during the financial year under review. Despite efforts to periodically communicate and engage with all employees on the consultation processes, the situation led to high levels of uncertainty amongst staff as well as an increased number of resignations.

Procurement delays created further challenges for the Entity in implementing its capital projects and this resulted in most of the projects being implemented late. All capital projects currently underway will only be completed in the next financial year.

3.3 Key policy developments and legislative changes

The Entity's operations in 2012/13 financial year were not affected by any major changes to relevant policies or legislation.

3.4 Asset profile and population

PROVINCE	PERMANENT VEHICLE	LEASE	POOL	VIP	TOTAL
Eastern Cape	117	134	25	18	**294**
Free State	72	81	7	16	**176**
Northern Cape	31	138	5	5	**179**
Gauteng	1 758	2 148	910	355	**5 171**
KZN	96	153	38	23	**310**
Limpopo	71	118	24	3	**216**
Mpumalanga	66	78	28	1	**173**
North West	124	143	78	9	**354**
Western Cape	12	108	8	7	**135**
TOTAL	**2 347**	**3 101**	**1 123**	**437**	**7 008**

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1: OPERATIONS

This programme is responsible for the provision of reliable fleet and fleet management services to client Departments, in line with Service Level Agreements and relevant legislation.

The following are the sub-programme structures:

- Permanent fleet
- VIP and Pool rentals
- Transport support services

Strategic objective 1.1: To provide our clients with affordable and reliable fleet.

SUB-PROGRAMME PERMANENT FLEET					
Measurable Objectives	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
To replace vehicles within the economic replacement life cycle for the 2012/13 year.	367 vehicles purchased.	1000 vehicles to be replaced.	938 vehicles were replaced.	62 (6.2%)	A total of 1 005 vehicles were ordered for replacement. However, due to the 3-4 month delivery period from manufacturers, not all deliveries were received at year end.
To increase the number of eco-friendly vehicles for the 2012/13 year.	Not reported on in previous year.	50 Eco-friendly vehicles.	84 Eco-friendly vehicles	+34 (+68%)	The business unit met its target of this planned output. Hire Pool which is also seen as a client of Permanent Fleet requested 60 vehicles which were ordered and delivered. 24 Judges ordered vehicles that met eco-friendly requirement and were not known to the Entity upfront.

Key performance indicators

SUB-PROGRAMME: PERMANENT FLEET					
Performance Indicator	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
Number of vehicles replaced within their economic replacement cycle.	367 vehicles purchased.	1,000 vehicles replaced.	938 vehicles replaced.	62 (6.2%)	A total of 1,005 vehicles were ordered for replacement. However, due to the 3-4 month delivery period from manufacturers not all deliveries were received at year end.
Number of eco-friendly vehicles.	Not reported on in previous year.	50 eco-friendly vehicles.	84 eco-friendly vehicles.	+34 (+68%)	The business unit met its target of this planned output. Hire Pool which is a client of Permanent Fleet requested 60 vehicles which were ordered and delivered. A number of Judges whose needs regarding the types of vehicles they will be ordering was unknown to the Entity, ordered 24 vehicles that met eco-friendly requirement.

SUB-PROGRAMME: VIP AND POOL					
Measurable Objectives	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
To lease 97% of VIP vehicles to clients for the 2012/13 financial year.	98% of all active VIP vehicles allocated and utilised by clients by 31 March 2012. (In the previous year, there was no split between VIP and Pool)	97% of active VIP vehicles leased to clients. (Baseline: 421)	98.5% of active VIP vehicles leased to clients. (Actual: 427)	6 (1.5%)	There was an over-achievement of the set target, due to the vehicles being allocated, in line with high demand and client requests.
To rent t 96% of Pool vehicles to clients for the 2012/13 financial year.	98% of all active VIP vehicles allocated and utilised by clients by 31 March 2012. (In the previous year there was no split between VIP and Pool).	96% of active Pool vehicles rented to clients. (Baseline: 977)	99.3% of active Pool vehicles rented to clients. (Actual: 984)	+33 (+3.3%)	There was an over-achievement of the set target, due to the vehicles being allocated, in line with high demand and client requests.
To track all active vehicles for the 2012/13 financial year.	Not reported on in previous year.	100% of active vehicles monitored and tracked.	23% of active vehicles tracked. (1 422)	4 791 (77%)	The SLA is still being worked on to try and finalise it.

Key performance indicators

SUB-PROGRAMME: VIP AND POOL					
Performance Indicator	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
Percentage of active VIP vehicles leased to clients.	98% of all active VIP vehicles allocated and utilised by clients by 31 March 2012. (In the previous year there was no split between VIP and Pool)	97% of active VIP vehicles leased to clients. (Baseline: 421)	98.5% of active VIP vehicles were leased to clients. (Actual: 427)	6 (1.5%)	There was an over-achievement of the set target, due to the vehicles being allocated, in line with high demand and client requests.
Percentage of active Pool vehicles rented to clients.	98% of all active VIP vehicles allocated and utilised by clients by 31 March 2012. (In the previous year there was no split between VIP and Pool)	96% of active Pool vehicles were rented to clients. (Baseline: 977)	99.3% of active Pool vehicles were rented to clients. (Actual: 984)	+33 (+3.3%)	There was an over-achievement of the set target, due to the vehicles being allocated, in line with high demand and client requests.

Key performance indicators

SUB-PROGRAMME: TRANSPORT SUPPORT SERVICES					
Performance Indicator	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
Percentage of active vehicles tracked. (6 213)	Not reported on in previous year.	100% of active vehicles monitored and tracked.	23% of active vehicles tracked. (1 422)	4 791 (77%)	The SLA is still being worked on and in the process of being finalised.

Narrative on actual performance for 2012/13

Replacement vehicles

The Entity planned to replace 1 000 vehicles in the year under review. A total of 1 005 replacement vehicles were ordered and 938 vehicles were delivered as at 31 March 2013. This was due to the RT 57 prices only being approved at end of June 2012, which impacted negatively on the timelines of ordering and delivering of vehicles for the year under review.

Eco-Friendly Vehicles:

The Entity increased its in-take of eco-friendly vehicles by 84 vehicles, which exceeds the target of 50 vehicles. The deviation was due to an order from Hire Pool, which is a client of Permanent Fleet for 60 vehicles which were ordered and delivered. The exact demand of the Judges specifications for their specific choice of vehicles could not be predetermined.

To lease out 97% of VIP vehicles to clients by 2013

VIP vehicles baseline was set at 408 vehicles for the year 2012/13. This number fluctuated according to the actual availability of active vehicles per month for rental, due to vehicles being withdrawn, in workshop for repairs or returned from workshop after repairs. The calculation for each quarter was arrived at, by dividing the actual number of vehicles rented out with actual active vehicles during that quarter.

During the 2012/13 financial year, the Entity registered a 98.5% actual performance which is 1.5% above the set target of 97%. On average, a total of 418 luxury vehicles were rented out to clients on a monthly basis and this is attributed to clients being serviced in accordance with available active vehicles and client request at a particular point and time.

To rent out 96% of Pool vehicles to clients by 2013

Pool vehicles baseline was set at 1014 vehicles for the financial year 2012/13. This number however fluctuated according to the actual availability of active vehicles per month per rental, due to vehicles being withdrawn for maintenance and repairs. The calculation for each quarter is arrived at by dividing the actual number of vehicles rented out with actual active vehicles during that quarter.

The actual performance registered by the Entity for sedans, bakkies and trucks was 99.3% which is 3.3% above the set target of 96%, for the year 2012/13. On average a total of 977 sedans, including bakkies and trucks, were rented out to clients on a monthly basis. This is attributed to clients being serviced in accordance with available vehicles and client requests at a particular point in time.

Monitoring and tracking of vehicles

The Entity did not achieve the targets set for this financial year mainly due to the SLA not being signed. After awarding the Tracking Tender, challenges occurred with regards to the terms and conditions of the SLA, which impacted on the achievement of the targets. The SLA was only concluded in June 2013

Strategy to overcome areas of under performance

- Targets for Permanent Fleet wil be reviewed as the first quarter target is normally not achieved due to the RT57 contract prices that are normally approved towards end of June each year.
- To finalise the tracking SLA and implementation plan to enable the project to continue and be finalised.

Changes to planned targets

No changes were made on any of the performance indicators or targets.

Linking performance with budgets

The following financial information relates to the three sub-programmes of programme 1

	2011/12			2012/13		
Sub- programme name	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Permanent fleet	305 564	289 424	16 140	256 106	329 310	(73 204)
VIP and Pool	33 094	10 169	22 925	17 193	8 344	8 849
Transport support service	133 263	185 030	(51 767)	272 543	166 378	106 165
Total	**471 921**	**484 623**	**(12 702)**	**545 842**	**504 032**	**41 810**

4.2 PROGRAMME 2: CLIENT AND COPRORATE SERVICES

This programme was aimed at developing and maintaining sustainable relationships and partnerships with customers and stakeholders by ensuring that professional customer services were provided to all clients and stakeholders, throughout the operational and regional network, in line with our Service Level Agreements.

The following are the sub-programme structures:

- Human Resources
- Marketing and Communications

Strategic Objective 2.1:

- To develop and implement a suitable organisational structure and HR plan to support organisational needs.

Strategic Objective 2.2:

- To develop adequate capacity and implement an organisational wide skills development programme for all staff.

Strategic Objective 2.2:

- To develop and implement a sustainable Customer and Stakeholder Relationship Management Strategy.

SUB-PROGRAMME: HUMAN RESOURCES					
Measurable objectives	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
To ensure organisational alignment to the strategy through the filling of vacant posts for the 2012/13 financial year.	Organisational structure not approved	95% of funded posts filled. (Baseline: 72 vacant posts on current structure).	0 funded vacant posts filled.	100%	A moratorium was placed on all vacant posts to ensure alignment to the new proposed structure which was approved on 5/11/ 2012.
To effectively capacitate g-FleeT staff for the 2012/13 financial year.	Training conducted as follows: 46 fleet operations, 35 fleet management, 135 Minimum Information Security Standard, 20 SCM, 7 Project Management, 53 Occupational Health and Safety and 9 EMPD (In total 305 employees trained).	100% of staff trained. Baseline: 269 employees as at 1 October 2012).	104 employees trained.	165 (61%)	Training plan approved in December 2012 and implemented in January to March 2013. Insufficient time to implement the training of all employees.

Key performance indicators

SUB-PROGRAMME: HUMAN RESOURCES					
Performance indicators	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
Number of vacant posts filled.	Organisational structure not approved.	95% of funded posts filled. (Baseline: 72 vacant posts on current structure)	0 funded vacant posts filled.	100%	A moratorium was placed on all vacant posts to ensure alignment to the proposed structure which was approved on 05 November 2012.
Percentage of employees trained as per training plan.	Training conducted as follows: 46 fleet operations, 35 fleet management, 135 Minimum Information Security Standard, 20 SCM, 7 Project Management, 53 Occupational Health and Safety and 9 EMPD (In total 305 employees trained).	100% of staff trained. (baseline: 269 employees as at 1 October 2012)	104 employees trained.	165 (61%)	Training plan approved in December 2012 and implemented in January to March 2013. Insufficient time to implement the training.

SUB-PROGRAMME: MARKETING AND COMMUNICATION					
Measurable objectives	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
To effectively manage stakeholder engagement and relations for the 2012/13 year.	Submission not approved by CEO. Project to conduct surveys halted.	65% of clients satisfied with g-FleeT services.	55% of respondents are satisfied with all g-FleeT services.	10%	The CRM system was not fully roll-out to assist in increasing the level of satisfaction.

SUB-PROGRAMME: MARKETING AND COMMUNICATION					
Performance indicator	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
Customer satisfaction survey reports.	Submission not approved by CEO. Project to conduct surveys halted.	65% of clients satisfied with g-FleeT services.	55% of respondents are satisfied with all g-FleeT services.	10%	The CRM system was not fully roll-out to assist in increasing the level of satisfaction.

Narrative on actual performance for 2012/13

To ensure organisational alignment with the strategy through the filling of vacant posts

The proposed structure was approved on 5 November 2012 after an intensive consultative process with relevant stakeholders. From 31 March 2013, the Entity has been in the process of implementing the approved structure through the migration of permanent employees from the old structure to the newly approved structure. Managers confirmed these placements which were submitted to DRT to be loaded onto PERSAL, and 80% of job profiles were completed and submitted to DRT Organisational Development (OD) in order to fast track the job evaluation process, on the new/redefined posts, to ensure that they are filled at the correct salary levels.

To effectively capacitate g-FleeT staff

From February 2012 to July 2012 an appointed service provider, together with Management and staff compiled a Workplace Skills Plan (WSP) which identified the skills gap and the types of training that officials should be provided with. This process was concluded in August 2012 and accredited service providers were requested to provide quotations in order to establish the training costs to be included in the training plan for approval. The training plan was approved in December 2012 after all internal processes were completed with Supply Chain Management (SCM). The training was implemented from January 2013 to 31 March 2013, with a total number of 104 officials trained.

DRT also offered generic training (i.e. Telephone Etiquette/ IOD etc.) which was not included in the WSP and this had no financial implications for the Entity (i.e. 126 officials were trained by the department). A total number of 230 officials attended training for the financial year 2012/13.

The following courses were attended by officials:

Name of course	Course objective
Account Management	To enable officials to develop skills on how to effectively manage their existing and prospective accounts, leading to improved customer retention and increased customer loyalty.
Customer Care	To enable officials to understand the concept of service delivery and the importance of effective interpersonal skills.
GRAP	To provide public officials with the basic understanding of GRAP and to address specific accounting standards that impact on their business unit or role in finance.
Business Reporting	To provide officials with the knowledge and the ability to handle proposals, business cases and status reports functions.
Strategic Planning	To enable officials to understand the value chain of the organisation and contribute to its enhancement.
Occupational Health and Safety (OHS) Act and Regulations Training.	To equip officials with the knowledge and understanding of the Act and general regulations, aiding and ensuring legal compliance.
ASHEPP And Introduction to SAMTRAC Training.	To equip officials with the knowledge and understanding of the techniques for hazard identification and risk assessment as well as understand HSE management system requirements and procedures. Through such capacity building, officials will be able to explain and apply safety, health and environmental requirements in the workplace.
Fleet Operations Training	To provide officials with the knowledge and the ability to manage fleet operating costs.
Fleet Management	To provide officials with the knowledge and the ability to fully implement fleet management principles.

To effectively manage stakeholder engagement and relations

The Entity's customer satisfaction report was conducted by an independent researcher with the findings indicating that 55% of clients were satisfied with the overall services provided to them. There were recommendations made to improve the service offering as well as improved customer service to reach the desired satisfaction level. The report from the researcher stated that; *"in order to improve the satisfaction level averages amongst respondents, it is imperative that concerns raised by the partially satisfied respondents (18%) are addressed. These respondents present an easier conversion opportunity to the satisfied level. Failure to address the issues flagged for example: availability of vehicle when required by clients, improvement on turnaround time on license discs and petrol cards and improvement in service levels by staff; will in time drive the respondents to fall out of the "partially satisfied" category, into the lower ranked indifferent or dissatisfied categories. Thus, impacting negatively on the organisations' key performance indicators as well as opening a gap for competitors".*

The implementation and roll-out of the Customer Relationship Management (CRM) system to monitor service delivery to clients will contribute to an increase in client satisfaction. The full implementation of the Stakeholder Plan for 2013/14 at financial year will further enhance this service level.

Strategy to overcome areas of under performance

- Implementation of the new structure through the recruitment of permanent staff to fill vacant positions during the 2013/14 financial year will improve the overal vacancy rate and reduce the number of employees on contract.
- Matching and placing processes should be undertaken for excess staff and vacant funded posts must be advertised in line with legislative prescripts.
- The Entity will ensure that the training plan is approved by 30 April of each year in order to implement and achieve the training objectives within the financial year.
- To ensure the full roll-out of the CRM system within the Entity which will monitor and improve the turnaround times in addressing client concerns.

Changes to planned targets

No changes were made on any of the performance indicators or targets.

Linking performance with budgets

The following financial information relates to the two sub-programmes of programme 2

	2011/12			2012/13		
Sub- programme name	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Corporate Services	44 176	27 703	16 473	67 583	23 224	44 359
Marketing and Communication	14 298	8 180	6 118	18 579	7 689	10 890
Total	**58 474**	**35 883**	**22 591**	**86 162**	**30 913**	**55 249**

4.3 PROGRAMME 3: FINANCE

This programme is responsible for the efficient management of financial resources and for the timeous procurement of goods and services, in line with the PFMA and Treasury Regulations.

The following are the sub-programme structures:

- Finance
- Supply Chain Management

Strategic Objective 3.1:

- To develop and implement adequate financial systems and internal controls to contribute towards the achievement of a clean audit.

Strategic Objective 3.2:

- To develop and implement adequate Revenue Management systems to ensure on-going financial sustainability.

SUB-PROGRAMME NAME: FINANCE					
Measurable objectives	**Actual achievement 2011/12**	**Planned target 2012/13**	**Actual achievement 2012/13**	**Deviation from planned target to actual achievement for 2012/13**	**Comments on deviation**
To achieve a clean audit for the 2012/13 year.	Unqualified opinion.	Clean audit opinion.	Unqualified opinion	-	The entity did not achieve clean report due to a number of emphasis that wre raised by the Auditor-General
To maximise debt collection for the 2012/13 year.	Average 338 days.	Average number of debt collection days reduced by 44 days.	75 days.	31 days	Clients do not prioritise outstanding interdepartmental debt. Late inter-phasing .Even though departments have insisted on timely interface, R70m of R123m outstanding is owed by Gauteng Departments.
Timeous payment of service providers for the 2012/13 year.	31 days	30 days from receiving an invoice .(Baseline: 1 965)	1 919 payments made within 30 days (98%).	46 payments (2%)	There were several invoices that needed additional information to be provided before effecting the payment. There were also a few disputed invoices that were not resolved on time.

Key performance indicators

Performance indicators	Actual achievement 2011/12	Planned target 2012/13	Actual achievement 2012/13	Deviation from planned target to actual achievement for 2012/13	Comments on deviation
SUB-PROGRAMME: FINANCE					
Audit opinion with no issues.	Unqualified opinion.	Clean audit opinion.	Unqualified opinion	-	The entity did not achieve clean report due to a number of emphasis that wre raised by the Auditor-General
Number of debt collection days.	Average 338 days .	Average number of debt collection days reduced by 44 days.	75 days.	31 days	Clients do not prioritise outstanding interdepartmental debt. Late inter-phasing. Even though departments have insisted on timely interface, R70m of R123m outstanding is owed by Gauteng Departments.
Number of payments made within 30 days after the receipt of the invoice.	31 days	30 days from receiving an invoice .(Baseline: 1 965)	1 919 payments made within 30 days (98%).	46 Payments (2%)	There were several invoices that needed additional information to be provided before effecting the payment. There were also a few disputed invoices that were not resolved on time.
SUB-PROGRAMME: SUPPLY CHAIN MANAGEMENT					
To empower BBBEE service providers for the 2012/13 year.	HDI = 118% (R19 813 366) Youth-owned = 35.5% Percentage owned by people with disabilities= 6% Women-owned = 48.46%	HDI: 60% Youth: 15% Disabled: 5% Women: 20%	55% 13% 3% 29%	5% 2% 2% +9%	The Entity had a fewer number of companies meeting the HDI, Youth-owned and people with disability principle responding to our request for quotations.
Percentage of tenders awarded to targeted groups	HDI = 118% (R19 813 366) Youth-owned = 35.5% Percentage owned by people with disabilities= 6% Women-owned = 48.46%	HDI: 60% Youth: 15% Disabled: 5% Women: 20%	55% 13% 3% 29%	5% 2% 2% +9%	The Entity had fewer numbers of companies meeting the HDI, Youth-owned and people with disability principle responding to our request for quotations.

Narrative on actual performance for 2012/13

Payment of suppliers within 30 days period

The Entity managed to improve the payment turnaround times to suppliers within 30 days. Only 2% of suppliers were paid outside of the 30 day period due to queries that the Entity had on the invoices, which delayed the effecting of the payments. The Entity is committed ensure that all invoices received are paid within the 30 days period.

Debtors collected within 30 days period

The Entity did not meet this target by the end of the financial year; however, improvements are noted in the collection of outstanding debts.

Strategy to overcome areas of under performance

- To ensure that client Departments effect payments on time, within the prescribed period of 30 days, interface between BAS and FIS needs to occur on a monthly basis.
- To ensure that all disputed invoices are resolved within the 30 day period, failure to submit will result in dispute a new invoice will have to be provided.
- Supply Chain Management to ensure that invitations are forwarded to companies that meet the BBBEE requirements for all the services required by the Entity.

Changes to planned targets

No changes were made on any of the performance indicators or targets.

Linking performance with budgets

The following financial information relates to the three sub-programmes of programme 3

	2011/12			2012/13		
Sub- programme name	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Office of the CFO	15 287	21 575	(6 288)	30 296	15 409	14 887
Total	**15 287**	**21 575**	**(6 288)**	**30 296**	**15 409**	**14 887**

5. SUMMARY OF FINANCIAL INFORMATION

5.1 Revenue collection

Sources of revenue	2011/12			2012/13		
	Estimate	Actual amount collected	(Over)/Under collection	Estimate	Actual amount collected	(Over)/Under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Leasing of vehicles	806 898	677 031	129 867	839 600	756 019	83 581
Other income (Transport fees)	-	-	-	-	1 488	(1 488)
Other income (Auctions)	-	5 207	5 207	-	54 461	(54 461)
Total	**806 898**	**682 238**	**124 660**	**839 600**	**811 968**	**27 632**

The Entity did not collect the revenue as initially estimated as a number of vehicles were withdrawn and no replacement vehicles were issued. This meant that the revenue base also decreased as a result of the number of vehicles withdrawn. The delay by client departments in collecting vehicles that were delivered also contributed to the Entity being unable to reach its estimated revenue, as the vehicles in the yard were not billed.

The interface between FIS and BAS did not take place for the entire year. The interface problem was addressed and the first interface is expected to start soon. The under collection of revenue did not have any impact on service delivery.

5.2 Programme expenditure

Programme name	2011/12			2012/13		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Operations	601 256	599 876	1 380	700 290	669 877	30 413
Corporate Services	46 724	30 453	16 271	82 364	37 158	45 206
Office of the CFO	15 287	21 575	(6 288)	30 296	15 416	14 881
Total	**663 267**	**651 904**	**11 363**	**812 950**	**722 450**	**90 500**

The reason for the Entity being unable to spend its budget as projected was due to the late implementation of the capital projects. In addition, a decision was taken not to procure a new Fleet Management system but to upgrade the existing one and this meant that more than R12million was unspent.

5.3 Capital investment, maintenance and asset management plan

	2011/2012			2012/2013		
Infrastructure projects	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Partitioning and construction of offices at g-FleeT Wellness Centre.	-	-	-	613	-	-
Supply and installation of office furniture to g-FleeT Wellness Centre.	-	-	-	1 805	-	-
Perimeter lighting upgrade.	-	-	-	1 103	126	977
Upgrade of roads, parking and storm-water management.	-	-	-	28 800	748	27 823
Sewer and portable water reticulation.	-	-	-	1 687	410	1 277
Construction of carwash and boundary wall.	-	-	-	1 652	435	1 217
Professional fees.	-	-	-	-	1 675	(1 675)
Professional fees – assessment of infrastructure.	-	-	-	-	541	(541)
Demolition of concrete stabs.	-	-	-	-	103	(103)
Total	**-**	**-**	**-**	**35 660**	**4 038**	**31 622**

The Entity experience challenges in implementing most of its capital projects due to procurement delays that were encountered. This resulted in most of the projects being implemented late in the year under review. All capital projects currently underway, will only be completed in the 2013/14 financial year.

The Entity spent an amount of R231 million in the acquisition of 1 305 vehicles and disposed of 1 473 vehicles through auctions, to the value of R54 million. At the end of the financial year the Entity had an asset base of 7 008 vehicles.

The Entity used the excel spread sheet as its asset register and five people were sent for training on the Asset Management Module of Pastel Evolution. Currently implementation of the asset register on Pastel Evolution is underway and the planned completion date of the process is 31 May 2013.

The Entity is planning to refurbish the following buildings in the next financial year:

- Permanent Section building
- Maintenance building.
- Hanger building which is one of the heritage buildings.

Summary of payments by sub-programme

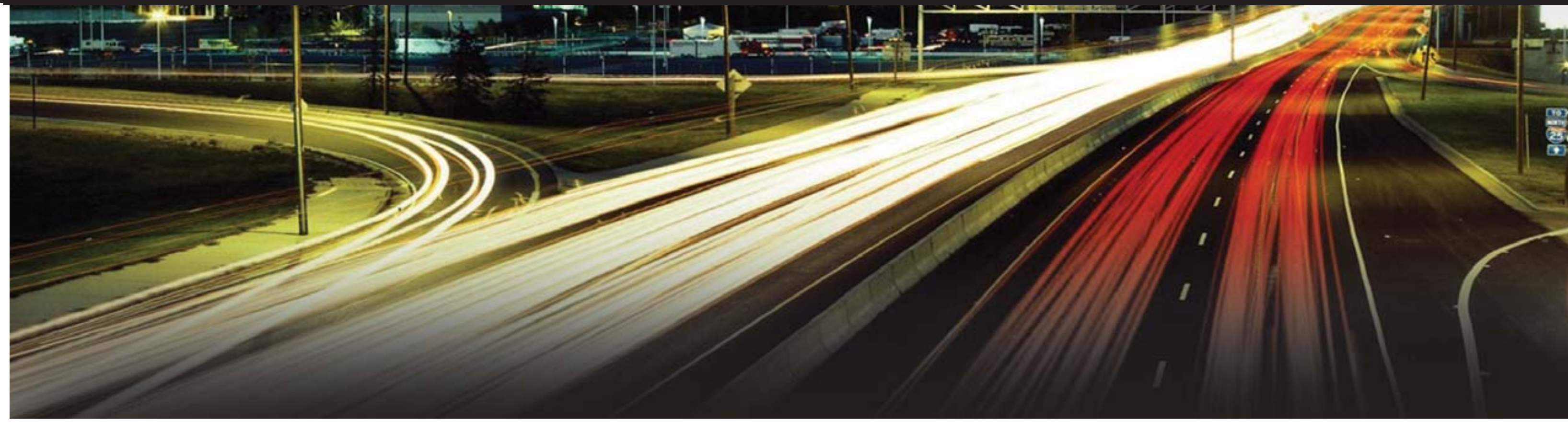
	2011/12			2012/13		
Sub- programme name	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**	**Budget**	**Actual expenditure**	**(Over)/Under expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Operations	601 256	599 876	1 380	700 290	669 877	30 413
Corporate Services	46 724	30 453	16 271	82 364	37 158	45 206
Office of the CFO	15 287	21 575	(6 288)	30 296	15 416	14 881
Total	**663 267**	**651 904**	**11 363**	**812 950**	**722 450**	**90 500**

Strategy to overcome areas of under performance

- Implementation is currently underway and projects will be concluded in the next financial year.
- Projects are monitored on a weekly and/or monthly basis to ensure that delays are eliminated.

Changes to planned targets

No changes were made on any of the performance indicators or targets.



PART C:

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which trading entities are directed, controlled and held to account. In addition to legislative requirements based on a enabling legislation, and the Companies Act, Corporate Governance with regard to a trading Entity, is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance.

The Executive and Accounting Authority of the trading Entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The following portfolio committee meetings were attended during the year under review

DATE OF MEETING	PURPOSE OF MEETING	ANY AREAS OF RISKS
04 May 2012	Resolutions for 3rd Quarter (11-12)	N/A
11 May 2012	12-13 Financial Year Annual Budget	N/A
	Fourth Quarter Report 2011/12	N/A
28 August 2012	First Quarter Presentation 2012/13.	N/A
19 October 2012	11-12 Financial Year Annual Report	N/A
13 November 2012	House Resolutions for 4th Quarter (11-12)	N/A
	12-13 FY 2nd Quarter Performance	N/A
	Budget 2012/13.	N/A
26 February 2013	Third Quarter Performance Review 2012/13.	N/A

3. EXECUTIVE AUTHORITY

No reports were presented to the Executive Authority other than those in the normal course of business which are presented in the forum named Executive Management Meeting.

4. RISK MANAGEMENT

The Entity's risk management function was the responsibility of the Executive Committee which consists of the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. The Entity has since moved away from this approach and has appointed a Risk Committee that consists of all the Senior Management team members.

The following strategic risks were identified during the risk assessment completed by the Entity and action plans to manage the risks were also identified:

Strategic risks	Action plans to address the risks
Inability to attract and retain technically skilled staff.	Develop and implement a staff Retention and Succession Strategy.
Inadequate Corporate Governance.	Establishment of all governance committees.
Late/Non-payment by Government Departments.	Enhance the Debtors Collection Strategy.
Limited Domestic Investment.	Establish a system of tracking the procurement of locally assembled vehicles.
Inadequate implementation of CO2 Projects.	Develop and implement a strategy towards carbon neutrality.
Lack of Integrated Systems (Asset Management, Fleet Information System, Tracking and Pastel).	Appointment of the service provider to assist with systems integration.
Theft and loss of assets.	Continuous improvement of the safety and security systems.
Fraud and corruption.	Develop and implement the fraud prevention plan.
Ageing fleet.	Full implementation of the vehicle replacement strategy.

Whilst the Entity has implemented some of the action plans to address the risks identified, there are those risks that still need to be addressed. The Risk Committee is responsible for ensuring that all the current and emerging risks are addressed appropriately.

5. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal audit function is provided by Gauteng Audit Service (GAS). Two audits were performed during the year under review, one relating to the Computer Audit and the other to the review of internal controls. The Entity together with Gauteng Audit Service developed actions plans and monthly status report to track improvements, which were provided to GAS.

6. COMPLIANCE WITH LAWS AND REGULATIONS

The Entity ensures that all services procured through Supply Chain Management, have been evaluated by the Evaluation Committee, whose mandate is to ensure that quotations provided are in line with the request for quotations received and are consistently applied.

7. FRAUD AND CORRUPTION

The Entity uses the fraud prevention plan of the Department and participates in the fraud hotline of the Public Service Commission.

8. MINIMISING CONFLICT OF INTEREST

The Entity through the internal control monitored by the Office of the MEC ensures that all its SMS members declare their interest on an annual basis in line with the requirements of the Public Service Commission.

Employees on level 1 to 12 are encouraged to request permission to perform work outside their normal remuneration work.

With regard to Supply Chain Management, directors of all companies submitting quotations are required to complete the SBD 4 Declaration forms.

9. CODE OF CONDUCT

The Entity's Code of Ethics was discussed and adopted by the Senior Management Team on 10 October 2012. The code has not as yet had an effect on the Entity as it still needs to be presented to the rest of the employees.

10. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Entity has a Health and Safety officer who deals with the Health Safety and Environmental issues of the Entity.

11. SOCIAL RESPONSIBILITY

The Senior Managers of the Entity participated in the Mandela Day activities that were organised the by the Department to celebrate the birth month of previous President Nelson Mandela.

12. AUDIT COMMITTEE REPORT

Audit Committee and Attendance:

The Audit Committee consists of the external members listed hereunder and is required to meet a minimum of at least two times per annum as per provisions of the Public Finance Management Act (PFMA). In terms of the approved Terms of Reference (GPG Audit Committee Charter), five meetings were held during the current year, i.e. three meetings for Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General Report.

Non-Executive Members:

Name of Member	Number of Meetings Attended
Lorraine Francois (Chairperson)	05
Masaccha Mbonambi (Member)	05
Zakhele Mkhize (Member)	05

Executive Members:

In terms of the GPG Audit Committee Charter, the Officials listed hereunder are obliged to attend the meetings of the Audit Committee:

Compulsory Attendees

Name of Member	Number of Meetings Attended
Chikane Chikane (Chief Executive Officer)	04
Natalie Govender (Chief Financial Officer)	05

The Audit Committee noted that the Chief Executive Officer did not attend one meeting. However a letter of apology was tendered with a duly authorised representative attending on his behalf. Therefore, the Audit Committee is satisfied that the Department adhered to the provisions of the GPG Audit Committee Charter.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control and deviations were reported by the Internal Audit department and confirmed by the Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

Governance and Risk Management

Due to lack of adequate resources Internal Audit did not review the department's IT Governance structures and therefore the right assurance was not provided to the Audit Committee in this regard. However, the general IT and application controls were reported to be inadequate.

Progress on Departmental risk management was reported to the Audit Committee on a quarterly basis. The Audit Committee is satisfied that the actual management of risk is receiving attention. Management should take full responsibility for the entire Enterprise Risk Management process and support the Chief Risk Officer.

The quality of in year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the Accounting Officer of the Department submitted quarterly performance information to the Audit Committee during the year under review. However, the content and quality requires some improvements to ensure the effective achievement of all departmental objectives.

The Audit Committee did not receive quarterly performance information of the Department's entity; G-Fleet. The report was only provided at the end of the financial year.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed with the audited / unaudited Annual Financial Statements to be included in the Annual Report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management report and Management's response thereto;
- reviewed the departments compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions 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.

Internal Audit

The Audit Committee is satisfied that the internal audit function is operating effectively, however it requires additional capacity in order to cover all critical risks identified and to provide consulting reviews in areas where internal controls do not exist.

Forensic Investigations

The Audit Committee is not satisfied that the forensic investigations are properly reported with age-analysis of all reported issues indicated. Details of results in respect of investigations conducted as a result of calls through the fraud hotline were not provided to the Committee.

One-on-One with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the Department to ensure that there are not unresolved issues

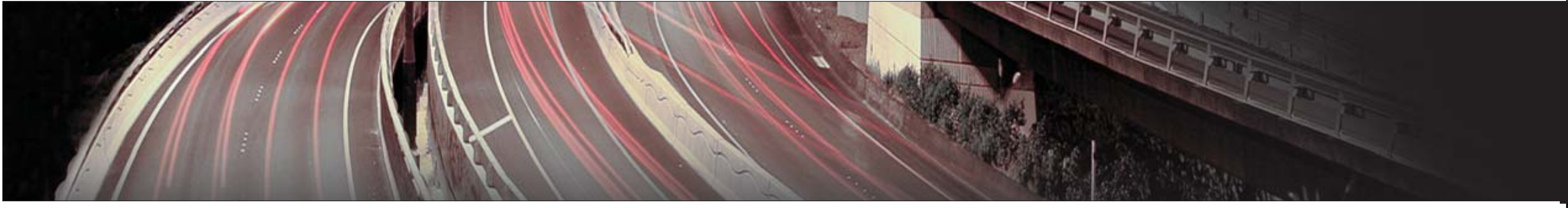
Auditor-General South Africa

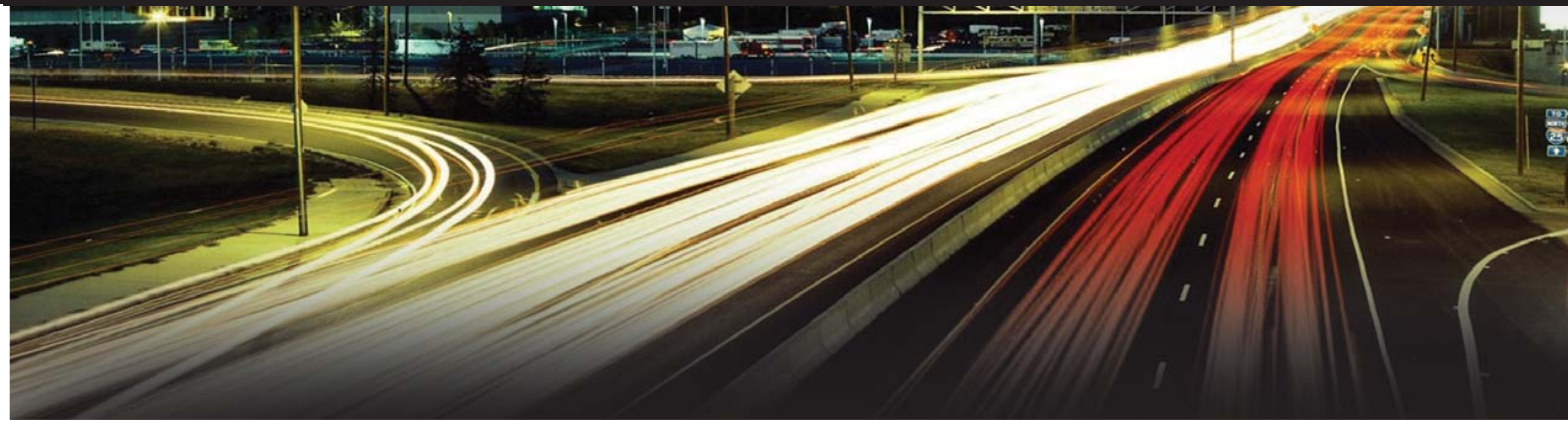
The Audit Committee has met with the Auditor-General South Africa to ensure that there are not unresolved issues.

Ms Lorraine Francois

Chairperson of the Audit Committee

31 May 2013





PART D:

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Entity is in the process of filling all vacant posts following the approval of the new organisational structure on 05 November 2012 and has now finally facilitated the Entity's ability to develop an HR Plan.

The approval of the organisational structure will also boost the morale of the employees who have been on contract for a number of years, not knowing what their future in the Entity hold.

The Workplace Skills Plan was implemented in the year under review which identified staff competencies, training needs and the skills shortage amongst staff which must be accessed from outside the Entity. .

The Entity has also embarked on a process of educating its employees about performance management, as junior employees were unable to link the Annual Performance Plan (APP) to their personal performances. Employees are provided with information on the APP and this has been empowering those who had no knowledge of it.

In terms of the employees wellness programme, the Entity uses the Department resources to assist employees deal with personal problems.

Policy development

The Entity uses policies developed by the Department and all the directives obtained from the Department of Public Service and Administration.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by salary band

Level	Personnel expenditure (R'000)	Percentage of personnel exp. to total personnel cost	Number. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	96	0.1	1	96
Skilled (Levels 3-5)	10 293	16	73	141
Highly skilled production (Levels 6-8)	8 108	12.6	34	238
Highly skilled supervision (Levels 9-12)	5 119	7.9	10	512
Senior management (Levels 13-16)	4 666	7.2	7	667
Contract (Levels 3-5)	6 424	10	46	140
Contract (Levels 6-8)	252	0.4	1	252
Contract (Levels 13-16)	2 508	3.9	2	1 254
Periodical Remuneration	26 476	41.1	147	180
TOTAL	**63 942**	**99.2**	**319**	**3 480**

Performance rewards

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	1	1	100	2	2 000
Skilled (Levels 3-5)	62	73	84.9	134	2 161
Highly skilled production (Levels 6-8)	33	34	97.1	125	3 788
Highly skilled supervision (Levels 9-12)	4	10	40	20	5 000
Contract (Levels 3-5)	0	46	0	0	0
Contract (Levels 6-8)	0	1	0	0	0
Periodical Remuneration	0	147	0	0	0
TOTAL	**100**	**312**	**32.1**	**281**	**12 949**

The total number of 46 includes contract employees on the LDSP programme, who were tranfered to the department as from 01 April 2012.

Training costs

Directorate/ Business Unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Office of the CFO	11 188	32	0.3	9	3.6
Corporate Services	6 231	702	11.3	81	8.6
Office of the COO	9 497	669	7	14	48
TOTAL	**26 916**	**1 403**	**5.2**	**104**	**60.2**

Employment and vacancies

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2), Permanent	16	1	93.8	0
Skilled (Levels 3-5), Permanent	179	73	59.2	0
Highly skilled production (Levels 6-8), Permanent	130	34	73.8	0
Highly skilled supervision (Levels 9-12), Permanent	51	10	80.4	0
Senior management (Levels 13-16), Permanent	7	7	0	0
Contract (Levels 3-5), Permanent	46	46	0	46
Contract (Levels 6-8), Permanent	1	1	0	0
Contract (Levels 13-16), Permanent	2	2	0	0
TOTAL	**432**	**174**	**59.7**	**46**

Vacant posts could not be filled until the new organisational structure was approved. The structure was approved on 05 November 2012 and the Entity is in a process of filling all vacant positions.

Employment changes

Salary band	Employment at beginning of period (April 2012)	Appointments	Terminations	Turnover rate
Lower skilled (Levels 1-2), Permanent	1	0	0	0
Skilled (Levels 3-5), Permanent	77	0	3	3.9
Highly skilled production (Levels 6-8), Permanent	38	0	4	10.5
Highly skilled supervision (Levels 9-12), Permanent	12	0	2	16.7
Senior Management Service Band A, Permanent	6	0	0	0
Senior Management Service Band B, Permanent	0	1	0	0
Contract (Levels 3-5), Permanent	49	0	3	6.1
Contract (Levels 6-8), Permanent	1	0	0	0
Contract (Band C), Permanent	1	0	0	0
Contract (Band D), Permanent	1	0	0	0
TOTAL	**186**	**1**	**12**	**6.5**

Reasons for staff leaving

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Resignation, Permanent	5	41.7	2.7	12	186
Discharged due to ill health, Permanent	1	8.3	0.5	12	186
Retirement, Permanent	6	50	3.2	12	186
TOTAL	**12**	**100**	**6.5**	**12**	**186**

Explanations: The reason for staff leaving the employment of the Entity was due to resignation, retirement or ill-health.

Labour Relations: Misconduct and disciplinary action

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Dismissals	4	100	4

Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior management, Permanent	2		0		0		0	
Professionally qualified and experienced specialists and middle management, Permanent	6		0		0		0	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9		0		0		7	
Semi-skilled and discretionary decision making, Permanent	52		1		1		6	
Unskilled and defined decision making, Permanent	1		0		0		0	
Contract (Top Management), Permanent	1		0		0		0	
Contract (Skilled technical), Permanent	1		0		0		0	
Contract (Semi-skilled), Permanent	32		0		0		0	
TOTAL	**104**		**1**		**1**		**13**	

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior management, Permanent	2		2		1		0	
Professionally qualified and experienced specialists and middle management, Permanent	2		1		0		1	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	7		0		0		11	
Semi-skilled and discretionary decision making, Permanent	10		0		0		3	
Unskilled and defined decision making, Permanent	0		0		0		0	
Contract (Top management), Permanent	1		0		0		0	
Contract (Skilled technical), Permanent	0		0		0		0	
Contract (Semi-skilled), Permanent	14		0		0		0	
TOTAL	**36**		**3**		**1**		**15**	

LEVELS	STAFF WITH DISABILITIES			
	Male		Female	
	Current	Target	Current	Target
Employees with disabilities	1		1	
TOTAL	**1**		**1**	

PART E:

FINANCIAL INFORMATION

1. STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the trading Entity's Annual Financial Statements (AFS) and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the trading Entity for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the AFS of the trading Entity.

The g-FleeT Management's Annual Financial Statements for the year ended 31 March 2013 was audited by the external auditors and their report is presented on page 273.

The Annual Financial Statements of the trading Entity set out on page 276 to page 321 were approved.

Mr. Ronald Swartz

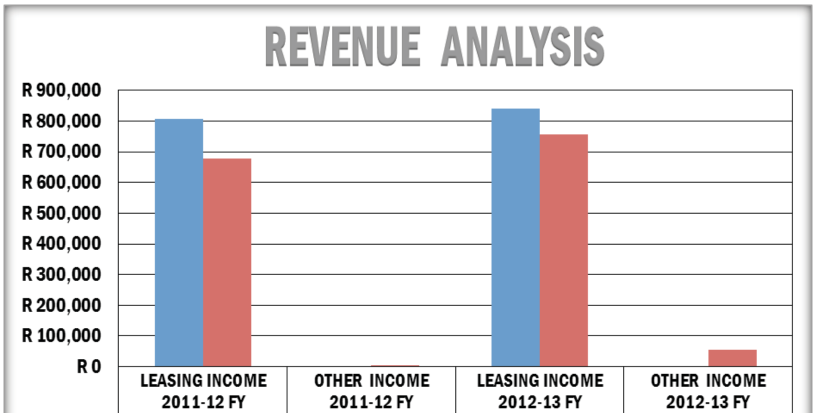
Head of Department

31 May 2013

2. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Entity performed well with regards to the collection of revenue when compared to the previous year. This improvement is attributed in part to the drastic measures taken by the Entity in not renewing petrol cards for those Departments that had long outstanding debts.

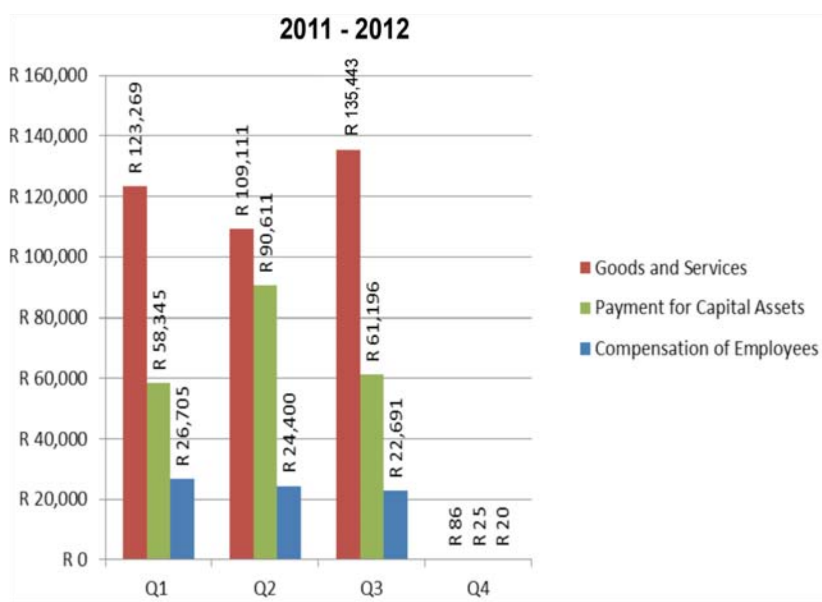
The following table represent the revenue analysis per annum for the 2011/12 and 2012/13 financial years:



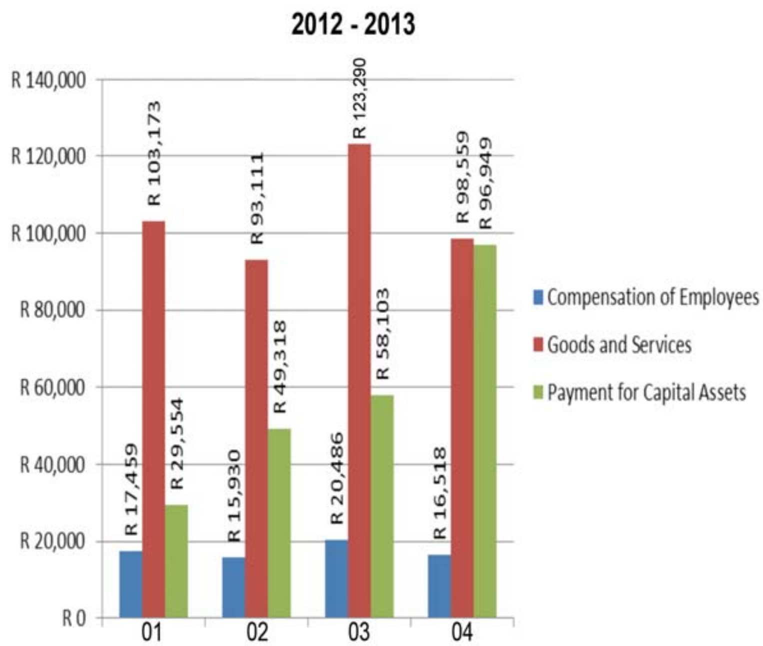
	LEASING INCOME 2011-12 FY	OTHER INCOME 2011-12 FY	LEASING INCOME 2012-13 FY	OTHER INCOME 2012-13 FY
BUDGET	R 806,898	R 0	R 839,600	R 0
ACTUAL	R 677,031	R 5,207	R 756,019	R 55,948

The Entity performed well overall, and the only negative was the late implementation of its capital projects which resulted in spending only 6% of the capital expenditure budget of R29 million. Some projects were budgeted under Goods and Services and the failure to implement these projects resulted in the under expenditure of 7% of the budget of R448 million.

The following tables represent the expenditure analysis per quarter for 2011/12 and 2012/13 financial years:



Total expenditure for 2011/12: R651 904 million



Total expenditure for 2012/13: R722 450 million

The fleet expanded by 1 308 new vehicles which improved the number of new vehicles within the Entity. A total of 1 473 older vehicles were disposed-off and generated proceeds of R54 million.

The Entity's organisational structure was only approved on 05 November 2012 after an extensive consultation process with relevant stakeholders. As at 31st March 2013 the Entity has been in the process of implementing the approved structure through the migration of permanent employees from the old structure to the newly approved structure, and the Job Evaluations to be undertaken on the new/redefined posts in order to ensure that they are filled at the correct salary levels.

During the financial year under review, the Entity's profile with regards to employees was a total of 316 employees, made up of 125 (40%) of the Entity's employees and 49 (16%) LDSP employees for whom the Entity was financially responsible for the payment of their salaries until the end of the year under review. A total of 142 (44%) were employed on contract basis.

It should also be noted that the approved structure includes the Special Projects component (LDSP) whose function has been transferred to the Department of Roads and Transport (DRT) and this portion of the structure would also have to be transferred to DRT in due cause.

The construction of paving in the yard, lighting within the yard, sewerage system, increased portable water pressure, boundary wall, car wash and landscaping are all underway and will be completed within the new financial year (2013/14). These projects commenced late, therefore, the remainder of the unspent budget of R27 million will be rolled-over to the 2013/14 financial year.

The Entity together with the department extended an invitation for all the suppliers to submit their profiles in order to update the supplier database. For suppliers that were already in the supplier database it was resolved that letters will be sent to them to provide updated information for the revised database.

The Entity through the Departmental Adjudication Committee awarded tenders for the provision of the following services:

NO	DISCRIPTION	AMOUNT R'000
1	Provision of a comprehensive vehicle tracking solution to g-FleeT Management for a period of three years.	38 951
2	Provision of auctioneering services to g-FleeT Management for a period of three years: Sellers Commission-5% excluding Value Added Tax (VAT). Buyers Commission-5% excluding VAT. Administration fee-R855.00 VAT inclusive per vehicle charged to the buyer.	
3	Partitioning and construction of offices at g-FleeT Wellness Centre.	613
4	Supply and install office furniture to g-FleeT Wellness Centre.	1 805
5	Perimeter lighting upgrade.	1 103
6	Upgrade of roads, parking and storm-water management.	28 800
7	Sewer and portable water reticulation.	1 687
8	Construction of carwash and boundary wall.	1 652
	TOTAL	**74 611**

In addition, the Entity issued 133 purchase orders to suppliers for goods and services below R500 000.00 through requests for quotations. The value of the purchase orders issued amounted to R10.8 million.

In terms of the challenges encountered, the Entity was unable to meet most of its BBBEE targets except for the target for women which was exceeded by 9%. The other targets were not met by the following shortfalls: HDI by 5% (target: 60%), Youth by 2% (target: 15%) and Disability by 2% (target: 5%).

In an attempt to address challenges in meeting the BBBEE targets, the Entity plans on inviting more companies that meet the BBBEE requirements to register on its supplier base. Workshops will be arranged with the SMME companies to educate them on how to complete proposal documents.

An action plan document was created for all matters that were raised by the Auditor General in the previous financial year (2011/12). While the Entity tried to address most of the issues raised, not all of them could be addressed. One of the challenges faced was in the implementation of the Employee Self Service (ESS) system which is aimed at addressing leave forms not captured on time and the late submission of leave forms.

The challenge faced by the Entity was that the system does not cater for contract employees and therefore does not have completely resolve the problem The approval of the organisational structure will ensure that all posts will be filled, thus, making the implementation of the ESS possible in the 2014/15 financial year.

Continuous improvements on FIS will be required to ensure that the Entity is able to bill all its clients and collect what is due on time.

The Entity is the most financially viable option for government departments to obtain vehicles to execute their service delivery mandates. It has maintained a positive balance of more than R200 million throughout the financial year.

The Entity remains committed to its long-term growth objectives and we are confident in our ability to provide value to our clients. The Entity fully implemented and rolled out its call centre system and is in the process of finalising the full implementation of the CRM system to monitor our service delivery to clients.

I thank all the g-FleeT Management and staff for the contributions made in assisting the Entity achieve its objectives.

Mr. Chikane Chikane

CHIEF EXECUTIVE OFFICER

g-FleeT Management

31 May 2013

3. REPORT OF THE AUDITOR-GENERAL

Report Of The Auditor-General To The Gauteng Provincial Legislature on g-FleeT Management Trading Entity

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the gFleeT Management Trading Entity (g-FleeT) set out on pages 276 to 321, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa,1999 (Act No 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the g-FleeT as at 31 March 2013, and financial performance and cash flows for the year then ended in accordance with the SA Statements of GAAP and the requirements of the PFMA.

Emphasis of matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 24 to the financial statements the corresponding figures for the year 2011/12 were restated as a result of an error on item property, plant and equipment that was discovered during 2012/13 financial year of gFleeT for the year ended 31 March 2012.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

9. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 239 to 254 of the annual report.

10. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned progamme. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information (FPPI).*

11. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

12. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

13. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

14. Of the total number of 12 targets planned for the year, 9 of targets were not achieved during the year under review. This represents 75% of total planned targets that were not achieved during the year under review.

    This was mainly due to the delays in delivery of vehicles, services level agreement that is not finalised with service provider, organisational structure that was approved late, invoices that needed additional information before effecting payment and indicators and targets that are demand driven.

Compliance with laws and regulations

15. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements

16. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of Section 40(1)(a) of the PFMA. Material misstatements of disclosure items identified by the auditors were subsequently corrected.

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

18. The accounting officer did not adequately monitor the approval, updating and implementation of documented policies and procedures. This identified internal control weakness together with the accounting officer's inadequate reviews of monthly and quarterly prepared financial information has resulted in the reported material adjustments to financial statements and instances of non-compliance with both the PFMA and Treasury Regulations.

Financial and performance management

19. Management did not adequately monitor and review the preparation of monthly and quarterly financial information resulting in the material misstatements being identified by auditors.

Governance

20. The fraud prevention plan that is aligned to the business environment of the trading entity was not developed and effectively communicated to all officials of the trading entity. The adopted the department's fraud prevention plan which also outdated. The code of conduct was developed but was not communicated to all members of staff nor implemented by the management.

OTHER REPORTS

Investigations

21. Investigations relating to financial misconduct were completed and disciplinary processes were instituted during the year under review.

Auditor-General

Johannesburg

31 July 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS

CONTENTS PAGE

The report set out below comprise the Annual Financial Statements presented to the Provincial Legislature:

g-FLEET MANAGEMENT

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	NOTES	2013 R '000	RESTATED 2012 R '000
ASSETS			
Non-Current Assets		**645,476**	**661,899**
Property, Plant and Equipment	1	444,323	469,037
Intangible Assets	2	75	100
Non-Current Investments	4	91	91
Other non-current financial assets	5	88,854	86,773
Non-Current Finance Lease Receivable	9	112,133	105,897
Current Assets		**593,972**	**439,718**
Construction Receivable	5	1,200	1,200
Trade and Other Receivables	6	251,350	359,380
Finance Lease Receivables	9	56,123	4,303
Cash and Cash Equivalents	3	285,299	74,835
Non Current Assets Held for sale		**22,951**	**12,717**
Non-current assets held for sale	8	22,951	12,717
TOTAL ASSETS		**1,262,399**	**1,114,335**
EQUITY AND LIABILITIES			
Capital and Reserves		**1,051,531**	**934,296**
Retained Earnings		1,051,531	934,296
Non Current Liabilities		**89,001**	**74,233**
Non-Current Portion of Finance Lease Obligations	10	-	84
Deferred Income	22	89,001	74,149
Current Liabilities		**121,867**	**105,806**
Payments received in advance	22	11,025	11,025
Trade and other payables from exchange transactions	7	103,896	85,967
Current portion of finance lease liability	10	98	708
Current Provisions	11	6,848	8,106
TOTAL EQUITY AND LIABILITIES		**1,262,399**	**1,114,335**

g-FLEET MANAGEMENT

STATEMENT OF FINANCIAL PERFOMANCE

FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	2013	RESTATED 2012
		R '000	R '000
REVENUE		**722,255**	**687,286**
Sale of Goods & Rendering of Services	14	720,400	685,100
Other income	14	1,855	2,186
EXPENDITURE		**598,813**	**541,750**
Employee Costs	18	71,090	72,764
Bad Debts		26,842	-23,509
General Expenses	17	310,600	288,085
Depreciation and Amortisation	14	108,435	118,877
Repairs and Maintanence	15	76,540	85,532
Finance Costs	16	5,306	-
OTHER NET GAINS AND LOSSES		**(6,207)**	**(48,984)**
Gain on sale of assets	12	7,686	5,207
Fair Value Adjustment Loss		(6,898)	(53,739)
Impairment Loss		(6,995)	(452)
NET PROFIT FOR THE YEAR		**117,235**	**96,552**

g-FleeT MANAGEMENT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	2013 FY R '000	
	ACCUMULATED SURPLUS (DEFICT)	TOTAL NET ASSETS
BALANCE AT 31 MARCH 2011	**747,532**	**747,532**
Correction of prior period error	90,213	90,213
BALANCE AT 01 APRIL 2011	**837,745**	**837,745**
Net Profit for the year	96,552	96,552
BALANCE AT 01 APRIL 2012	**934,296**	**934,296**
Net Profit for the year	117,235	117,235
BALANCE AT 31 MARCH 2013	**1,051,531**	**1,051,531**

g-FleeT MANAGEMENT

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	2013 R '000	RESTATED 2012 R '000
CASH FLOWS FROM OPERATING ACTIVITIES	**20**	**421,833**	**107,062**
Receipts		**854,530**	**583,432**
Sale of goods and rendering of services		851,263	581,244
Other receipts		3,267	2,188
Payments		**(432,697)**	**(476,370)**
Compensation of employees		(71,090)	(72,764)
Goods and services		(361,607)	(403,606)
CASH FLOWS FROM INVESTING ACTIVITIES		**(219,765)**	**(134,636)**
Purchase of assets		(148,008)	(201,735)
Proceeds from sale of assets		54,460	66,507
Purchase of available-for-sale financial assets		(692)	-
Purchase of other intangible assets		(9)	-
Movement in provision for bad debts		(26,842)	
Additional movements		(38,537)	
Movement in WIP		(2,081)	(3,199)
Acquisition of investments		(58,056)	3,791
CASH FLOWS FROM FINANCING ACTIVITIES		**8,396**	**164**
Repayment / issuance of financial contracts		9,007	2,008
Finance lease payments		(611)	(1,844)
Net (Decrease)/Increase in Cash and Cash Equivalents		210,463	(27,410)
Cash And Cash Equivalents at the Beginning of the Year		74,835	102,245
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3**	**285,299**	**74,835**

g-FleeT MANAGEMENT

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2013

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis Of Preparation

The Annual Financial Statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) issued by Accounting Standards Board and the Public Finance Management Act of 1999 as amended. SA GAAP has been withdrawn with effect from 01 December 2012 therefore the Entity will be reporting on these standard for the last time this financial year, instead it will be reporting on GRAP.

2. Presentation Currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Entity.

3. Going Concern Assumption

These annual financial statements were prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

4. Comparative Information

4.1 Current year comparatives (Budget)

Budget information has been provided in a separate disclosure note to these Annual Financial Statements.

4.2 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of SA GAAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

5. Significant Judgements And Estimates

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

5.1 Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

g-FleeT MANAGEMENT

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2013

5.2 Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the Entity's accounting policies the following estimates, were made:

5.3 Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

5.4 Pension and other post-employment benefits

"Post-employment benefits offered by the Entity take the form of defined benefit plans.

The cost of defined benefit pension plans, other post-employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. "

5.5 Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the Entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

5.6 Effective interest rate

The Entity uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

5.7 Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts.

Management makes certain assumptions

regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

5.8 Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

6. Revenue recognition

Revenue comprises both vehicle rental revenue and revenue from the disposal of vehicles and excludes value added tax. Rental revenue includes fees from the provision of services incidental to vehicle rental (such as the sale of fuel).

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

a. the amount of revenue can be measured reliably;

b. it is probable that the economic benefits associated with the transaction will flow to g-FleeT;

c. the stage of completion of the transaction at the balance sheet date can be measured reliably; and

d. the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

7. Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as income in the Statement of Financial Performance.

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA)] or is in contravention of the Entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income.

8. Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the Entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value less the adjustment factor of 30%.

A change in accounting policy was implemented in the 2012/13 financial year whereby the 30% adjustment factor was removed as it was depreciating the vehicles sooner than anticipated. The change was applied retrospectively to all the previous financial periods.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives:

- 3 - 5 Years - Light vehicles
- 5 - 36 Years - Heavy vehicles
- 5 - 25 Years - Office furniture
- 5 - 25 Years - Kitchen equipment
- 3 - 6 Years - Computer equipment
- 5 - 25 Years - Technical equipment
- 5 - 25 Years - Office equipment
- 5 - 25 Years - Workshop equipment

Impairments

The Entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

9. Intangible Assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will

flow to the Entity and the cost or fair value of the asset can be measured reliably.

ntangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

10. Non-current assets held for sale

Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Immediately before classification as held for sale, the asset is measured in terms of the Entity's accounting policies.

Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Derecognition

Non-current assets and disposal groupies held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

11. Impairment

Recognition

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired.

Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount).

An assets recoverable amount (or recoverable service amount is the higher of the fair value less costs to sell, and the value-in-use of the asset).

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the Entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value is use is determined as a function of the discounted future cash flows from the asset.

Where the asset is non-cash generating asset the value in use is determined through one of the following approaches:

- Depreciated replacement cost approach – The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
- Restoration cost approach - Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.
- Service units approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Entity makes an estimate of the assets or cash-generating unit's recoverable amount.

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

12. Financial instruments

Initial Recognition

The Entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the Entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial Measurement

When a financial instrument is recognised, the Entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

a. Financial instruments at fair value.
   - Derivatives.
   - Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.

- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.

Derecognition

"A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

a. Significant risks and rewards are transferred to another party; or

b. Despite having retained significant risks and rewards, the Entity has transferred control of the asset to another Entity."

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Offsetting

The Entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying

amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

13. Financial Risk Management

Overview

Information about g-FleeT's exposure to risks, its objectives, policies and processes for measuring and managing such risks are disclosed in the Accounting Policies. The quantitative disclosure is provided in this note.

g-FleeT's activities exposes the organization it to the following risks:

- Credit Risk and;
- Liquidity Risk.

The carrying amount of financial assets represents the maximum credit exposure. Further quantities disclosure of the Entity's exposure to each of the above risks, at the reporting date, have been disclosed in Note No. 28 below.

13.1 Credit Risk

g-FleeT's mandate is involved in servicing the government departments, all its receivables are from provincial and national departments. The Entity's exposure to risk is detailed below:-

g-FleeT's fundamental objective (and mandate) is focused toward servicing all Government Departments with South Africa. As a result all receivables are due from Provincial and National Departments, including Public Entities and Municipalities respectively.

The Entity determines the credit quality of its trade and other receivables from exchange transactions.

As at 31 December 2012 the Entity did not consider there to be any significant concentration of credit risk that had not been adequately provided for.

Impairment provision largely comprises of amounts that are being disputed by user departments.

Impaired was performed at the end of the reporting period on all assets and tools were impaired due to obsoleteness.

Loss on disposal of assets is made of obsolete and uneconomical vehicles sold on auction during the reporting period.

No security is held against Cash and Cash Equivalents.

13.2 Deposits

g-FleeT limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing as approved by the Treasury Department.

The credit qualities of counterparties are also reviewed on a continuous basis by the Treasury Department.

13.3 Liquidity Risk

Liquidity risk is the risk that g-FleeT will not be able to meet its financial obligations as they fall due.

Liquidity risk arises primarily from an uncertainty in revenue and expenditure flows.

g-FleeT manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that the Entity always has sufficient liquidity to meet the liabilities when due, in both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Entity's reputation.

14. Trade receivables

Trade receivables are 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 Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, 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 original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

16. Trade payables

Trade and other payables are carried at the fair value of the consideration to be paid in future for goods and services that have been received or supplied or invoiced or formally agreed with the supplier.

17. Employee benefits

17.1 Retirement benefits

The Entity provides retirement benefits for its employees through a defined contribution plan for government employees. For defined contribution plans, the Entity pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The Entity has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in profit or loss in the periods during which the services are rendered by the employees.

17.2 Termination benefits

Termination benefits are payable when employment is terminated by the Entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Entity recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Entity has made an offer, the offer is expected to be accepted, and the number of employees expected to accept can be estimated reliably. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

17.3 Medical benefits

The Entity provides medical benefits for its employees through defined contribution plans. The Entity has no further payment once contributions have been paid. The contributions are recognised as employee benefit expenses in profit or loss in the periods during which the services are rendered by the employees.

17.4 Bonus plans

The Entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation as a result of services received from the employee and the obligation can be measured reliably.

17.5 Leave entitlement

Employee entitlements to Annual leave are recognised when they accrue. An accrual is raised for the estimated liability for Annual leave as a result of services rendered by employees up to the reporting date. The related expense is recognised as employee benefit expenses in profit or loss

17.6 Government Grants

Grants from government departments are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss as other income over the period on a systematic basis in the same periods in which the expenses are recognised.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants (deferred income) and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

18. Leases

The Entity as Lessor

Recognition

The Entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the Entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Finance lease receivables are recognised at an amount equal to the Entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

Finance lease receivables are derecognised when the Entity's right to the underlying cash flows expire or when the Entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the Entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the Entity's right to the underlying cash flows expire or the Entity no longer expects economic benefits to flow from the operating lease asset.

19. Fair Valuation

The fair value of expenditure and financial liabilities for disclosure purposes is estimated by discounting the future cash flows at a discount rate derived from comparable market interest rates.

20. Finance Costs

Finance costs comprise interest expense on borrowings (including finance lease liabilities) and the unwinding of discount on liabilities that been calculated at the present value of the expected cash flows.

21. Post-Reporting Date Events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting

events after the reporting date).

The Entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

22. Related Parties

The Entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an Entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an Entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the Entity any one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Entity to have adopted if dealing with that individual Entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting Entity's legal mandate;

23. Related Parties

Further details about those transactions are disclosed in the notes to the financial statements.

Information about such transactions is disclosed in the financial statements.

24. Standards And Interpretations

New standards and interpretation not adopted

SA GAAP has been withdrawn with effect from 01 December 2012 therefore the Entity will be reporting on these standard for the last time this financial year, thereafter it with be reporting on GRAP.

1 PROPERTY, PLANT AND EQUIPMENT:

ALL AMOUNTS BELOW ARE EXPRESSED IN R '000	OFFICE FURNITURE AND EQUIPMENT	MOTOR VEHICLES	MACHINERY AND TOOLS	GRAND TOTAL
CARRYING AMOUNT AT 01 APRIL 2012	**13,294**	**455,725**	**18**	**469,038**
Cost	25,037	936,170	3,576	964,783
Accumulated Depreciation	(11,743)	(479,306)	(768)	(491,817)
Accumulated Impairement	-	(1,139)	(2,790)	(3,929)
MOVEMENT FOR THE YEAR	**(2,891)**	**(21,824)**	**(6)**	**(24,721)**
Additions	684	148,007	-	148,691
Disposals	-	(115,600)	-	(115,600)
Depreciation	(3,575)	(104,826)	(6)	(108,407)
Impairment of assets	-	(6,995)	-	(6,995)
Impairment of NCAHFS	-	6,813	-	6,813
Transfer to NCAHFS - cost	-	(53,342)	-	(53,342)
Transfer to non-current assets held for sale - accumulated depreciation	-	22,391	-	22,391
Accumulated depreciation on disposals	-	81,728	-	81,728
CARRYING AMOUNT AT 31 MARCH 2013	**10,409**	**433,901**	**13**	**444,323**
Cost	25,721	915,235	3,576	944,532
Accumulated Depreciation	(15,312)	(480,013)	(773)	(496,098)
Accumulated Impairement	-	(1,321)	(2,790)	(4,111)

g-FleeT MANAGEMENT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

1. PROPERTY, PLANT AND EQUIPMENT:

ALL AMOUNTS BELOW ARE EXPRESSED IN R '000	OFFICE FURNITURE AND EQUIPMENT	MOTOR VEHICLES	MACHINERY AND TOOLS	GRAND TOTAL
CARRYING AMOUNT AT 01 APRIL 2011	**15,823**	**376,001**	**35**	**391,859**
Cost	23,800	863,168	3,576	890,544
Accumulated Depreciation	(7,977)	(486,246)	(751)	(494,974)
Accumulated Impairement	-	(921)	(2,790)	(3,711)
MOVEMENT FOR THE YEAR	**(2,529)**	**79,724**	**(17)**	**77,178**
Additions	1,237	200,213	-	201,450
Disposals	-	(39,917)	-	(39,917)
Depreciation	(3,766)	(50,950)	(17)	(54,733)
Impairment of assets	-	(218)	-	(218)
Transfer to various other departments	-	(1,329)	-	(1,329)
Depreciation of vehicles sold and stolen in prior year	-	4,715	-	4,715
Reclassification of property, plant and equipment to finance lease	-	(50,198)	-	(50,198)
Transfer to NCAHFS - cost	-	(35,767)	-	(35,767)
Transfer to non-current assets held for sale - accumulated depreciation	-	26,646	-	26,646
Accumulated depreciation on disposals	-	26,290	-	26,290
CARRYING AMOUNT AT 31 MARCH 2012	**13,294**	**455,725**	**18**	**469,038**
Cost	25,037	936,170	3,576	964,783
Accumulated Depreciation	(11,743)	(479,306)	(768)	(491,817)
Accumulated Impairement	-	(1,139)	(2,790)	(3,929)

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	2013 R 000	2012 R 000
2. INTANGIBLE ASSETS - COMPUTER SOFTWARE		
CARRYING AMOUNT AT THE BEGINING OF THE YEAR	**100**	**200**
Cost	502	502
Accumulated Amortisation	(402)	(302)
MOVEMENT FOR THE YEAR	**(25)**	**(101)**
Additions	9	-
Disposals	-	-
Amortisation	(34)	(101)
CARRYING AMOUNT AT THE END OF THE YEAR	**75**	**100**
Cost	511	502
Accumulated Amortisation	(436)	(402)
TOTAL	**75**	**100**
3. CASH AND CASH EQUIVALENTS:		
Paymaster General Account	285,294	74,835
Cash on hand	5	-
TOTAL	**285,299**	**74,835**

Cash and cash equivalents comprises of all cash on hand and bank deposits held that is highly liquid and is held with registered banking institutions. The Enity's account is held with First National Bank Limited. The carrying amount of these assets is shown at fair value. At reporting date, there are no restrictions and no securieties held against the bank balance of R 285 million.

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	2013 R 000	2012 R 000
4. NON-CURRENT INVESTMENTS: *FINANCIAL INSTRUMENTS*		
Fixed Deposits	91	91
TOTAL	**91**	**91**

Pre-Ppayments comprise of the deposits paid for the rental of property. Non-current portion of construction work in progress (rent paid in advance).

	2013 R 000	2012 R 000
Reconciled as follows:		
Opening amount at beginning of the year	91	91
Additional Deposits during the year	-	-
Closing balance at year end	**91**	**91**

	2013 R 000	2012 R 000
5. WORK - IN - PROGRESS:		
Opening amount at beginning of the year	87,975	84,776
Improvements for the year	3,281	4,399
Operating Lease Liability - Rental	(1,200)	(1,200)
TOTAL	**90,056**	**87,975**
Reconciled as follows:		
Non-current portion of Wok-in-Progress	88,856	86,775
Current portion of rent paid in advance	1,200	1,200
Closing balance at year end	**90,056**	**87,975**

Rent paid in advance arose when the Entity and the Department of Roads and Transport entered to an agreement which stipulates that rental payments by the Entity of their Bedfordview offices should be set off against any expenditure incurred by the Entity on improvements.

	2013 R 000	2012 R 000
6. TRADE AND OTHER RECEIVABLES:		
RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade Receivables	244,056	357,885
Other Receivables	7,295	1,497
TOTAL	**251,350**	**359,382**

	GROSS BALANCE	RECEIVABLES PROVISION	NET BALANCE
BALANCE AS AT 31 MARCH 2013:	**R '000**	**R '000**	**R '000**
Trade Receivables	283,039	-	283,039
- Provision for Doubtful Debts	-	(32,427)	(32,427)
Other Receivables	7,295	-	7,295
- Fair Valuation of Receivables	-	(6,557)	(6,557)
Total Receivable as as 31 March 2013	**290,334**	**(38,984)**	**251,350**
BALANCE AS AT 31 MARCH 2012:			
Trade Receivables	368,937	-	368,937
- Provision for Doubtful Debts	-	(5,585)	(5,585)
Other Receivables	1,497	-	1,497
- Fair Valuation of Receivables	-	(5,467)	(5,467)
Total Receivable as as 31 March 2012	**370,434**	**(11,052)**	**359,382**

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	2013 R 000	2012 R 000

6. TRADE AND OTHER RECEIVABLES: (continued)

6.1. RECONCILIATION OF DOUBTFUL DEBT PROVISION:

	2013 R 000	2012 R 000
Balance at beginning of the year	5,585	29,094
Contributions to provision	-	-
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Increase / (Decrease) due to change in estimate	26,842	(23,509)
Change due to correction of errors	-	-
Closing Balance at year end	**32,427**	**5,585**

6.2. TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED:

	2013 R 000	2012 R 000
The ageing of amounts past due but not impaired is as follows:		
Neither past due nor impaired		
Less than 30 days	81,933	102,485
31 to 60 days	34,998	56,097
61 to 90 days	32,273	31,158
91 to 120 days	13,723	20,159
Greater than 120 days	101,072	159,038
Closing Balance at year end	**263,999**	**368,937**

6.3. TRADE AND OTHER RECEIVABLES IMPAIRED:

	2013 R 000	2012 R 000
The ageing of these receivables is as follows:		
1 to 3 months past due	-	-
3 to 6 months past due	-	-
6 to 9 months past due	-	-
More than 9 months past due	28,721	5,595
TOTAL	**28,721**	**5,595**

6.4. DEBTORS BY CUSTOMER CLASSIFICATION

	NATIONAL GOVERNMENT	PROVINCIAL GOVERNMENT	TOTAL BALANCE
	R '000	*R '000*	*R '000*
Current (0 – 30 days)	32,558	49,375	81,933
31 - 60 Days	25,622	9,376	34,998
61 - 90 Days	-	32,273	32,273
91 - 120 Days	4,437	9,286	13,723
121 - 365 Days	5,218	95,854	101,072
Sub-total	**67,834**	**196,165**	**263,999**
Less: Provision for doubtful debts	6,897	24,095	30,992
Total Debtors by Customer Classification	**142,566**	**146,790**	**477,057**

6.5. Credit quality of trade and other receivables from exchange transactions

The carrying amount of financial assets represents the maximum credit exposure. Further quantitive disclosure of the Enity's exposure to each of the above risks, at the reporting date, have been disclosed in Note No. 27 below. The Entity determines the credit quality of its trade and other receivables from exchange transactions.

Impairment provision largely comprises of amounts that are being disputed by user departments. g-FleeT's fundamental objective (and mandate) is focused toward servicing all Government Departments with South Africa. As a result all receivables are due from Provincial and National Departments, including Public Enities and Municiplaities respectively.

6.6. Method of determining credit quality of trade and other receivables from exchange transactions:

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to credit ratings obtained, for the customers included in the balance, from external credit ratings agencies.

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

		2013 R' 000	2012 R' 000
7.	**TRADE AND OTHER PAYBLES:**		
	Trade payables	84,634	85,778
	Accrued Interest	882	882
	Other Creditors	25,229	5,066
	Net Trade Payables	**110,745**	**91,726**
	Less: Fair Valuation of Trade Payables	6,849	5,759
	TOTAL	**103,896**	**85,967**
8.	**NON-CURRENT ASSETS HELD FOR SALE:**		
	Carrying amount at beginning of year	12,718	3,830
	Disposals	(13,905)	-
	Transfer from PPE	53,342	(35,767)
	Impairment charge	(6,813)	(234)
	Accumulated depreciation on assets Transferred from PPE	(22,391)	(26,645)
	Carrying amount at end of the period	**22,951**	**12,718**

Non-Current assets held for sale comprise of vehicles transferred from property plant and equipment as reflected in Note No. 3 above. The transferred assets consist of vehicles that are uneconomical to maintain and those that were involved in accidents. Management have committed to selling these assets through an auction to be held in the new financial year.

		2013 R' 000	2012 R' 000
9.	**FINANCIAL LEASE RECEIVABLES:**		
	Non-current portion of finance lease receivable	112,133	105,897
	Less: Current portion of finance lease receivable	56,123	4,303
	TOTAL	**168,256**	**110,200**

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

AMOUNTS PAYABLE UNDER FINANCE LEASE RECEIVABLES:

AS AT 31 MARCH 2013	MINIMUM LEASE RECEIVABLES	FUTURE FINANCE CHARGES	RESENT VALUE OF MINIMUM LEASE RECEIPTS
	R '000	R '000	R '000
Within one year	89,267	33,144	56,123
Within two to five years	93,329	25,636	67,693
Later than five years	44,441	-	44,441
Sub-total	**227,037**	**58,780**	**168,256**
Less: Amount due within one year	89,267	33,144	56,123
TOTAL	**137,770**	**25,636**	**112,133**

AS AT 31 MARCH 2012	MINIMUM LEASE RECEIVABLES	FUTURE FINANCE CHARGES	RESENT VALUE OF MINIMUM LEASE RECEIPTS
	R '000	R '000	R '000
Within one year	5,417	1,114	4,303
Within two to five years	92,034	22,070	69,964
Later than five years	35,933	-	35,933
Sub-total	**133,385**	**23,185**	**110,200**
Less: Amount due within one year	5,417	1,114	4,303
TOTAL	**127,967**	**22,070**	**105,897**

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	2013 R' 000	2012 R' 000
10. FINANCIAL LEASE OBLIGATIONS:		
Non-current portion of finance lease obligations	-	84
Current portion of finance lease obligations	98	708
TOTAL	**98**	**792**

AMOUNTS PAYABLE UNDER FINANCE LEASE:	**MINIMUM LEASE PAYABLE**	**FUTURE FINANCE CHARGES**	**MINIMUM LEASE PAYABLES**
AS AT 31 MARCH 2013	**R '000**	**R '000**	**R '000**
Within one year	100	16	84
Within two to five years	-	-	-
Later than five years	-	-	-
Sub-total	**100**	**16**	**84**
Less: Amount due within one year	-	-	-
TOTAL	**100**	**16**	**84**
AS AT 31 MARCH 2012			
Within one year	762	54	708
Within two to five years	-	-	-
Later than five years	-	-	-
Sub-total	**762**	**54**	**708**
Less: Amount due within one year	**100**	**16**	**84**
TOTAL	**862**	**70**	**792**

The average lease term is years and the average effective borrowing rate is 0%. Interest rates are not fixed. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent.

The finance leases obligations are repayable monthly over the different lease term. The finance lease obligations are secured by finance lease assets included in property, plant and equipment.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

11. CURRENT PROVISIONS:

(a.) RECONCILIATION OF MOVEMENT IN PROVISION

	PROVISION FOR LEAVE PAY	PROVISION FOR PERFORMANCE BONUS	GRAND TOTAL PROVISION
AS AT 31 MARCH 2013			
ALL AMOUNTS IN R '000			
Opening Balance	7,096	1,010	8,106
Provisions Raised	-	-	-
Unused Amounts Reversed	-	-	-
Amounts Used	(1,115)	(142)	(1,257)
Closing Balance	**5,981**	**868**	**6,849**

(b.) RECONCILIATION OF MOVEMENT IN PROVISION

	PROVISION FOR LEAVE PAY	PROVISION FOR PERFORMANCE BONUS	GRAND TOTAL PROVISION
AS AT 31 MARCH 2012			
ALL AMOUNTS IN R '000			
Opening Balance			
Provisions Raised	7,096	1,010	8,106
Unused Amounts Reversed	-	-	-
Amounts Used	-	-	-
Closing Balance	**7,096**	**1,010**	**8,106**

No performance bonuses were paid during the year. The balance of the performance bonus provisions relate to amounts not yet paid to certain employees due to disputes over the assessment process.

These are usally paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

		2013 R' 000	2012 R' 000
12.	**GAIN AND (LOSS) ON SALE OF ASSETS:**		
	Property, plant and equipment	7,686	5,207
	Total Gain / (Loss) on Sale of Assets	**7,686**	**5,207**

Vehicles held for sale comprise of vehicles transferred from property, plant and equipment as reflected in Note No. 2 above. The transferred assets consist of vehicles that are uneconomical to maintain and those that were involved in accidents. Management have committed to selling these assets through an auction to be held in the new financial year.

		2013 R' 000	2012 R' 000
13.	**REVENUE FROM EXCHANGE TRANSACTIONS**		
	Revenue from Exchange Transactions	-	-
	Sale of goods and services	720,400	685,100
	INCOME SPLIT		
	INCOME TYPE		
	OPERATING LEASES	697,703	670,584
	Finance Income (Interest)	22,697	14,516
	Sale of goods & rendering of service	**720,400**	**685,100**
	OTHER INCOME		
	Revenue from Exchange Transactions - Sundry income	1,855	2,186
	Revenue from exchange transactions	**722,255**	**687,286**
14.	**DEPRECIATION AND AMORTISATION EXPENSE:**		
	Property, plant and equipment	108,400	118,777
	Intangible assets	35	100
	TOTAL	**108,435**	**118,877**

A change in accounting policy was implemented in the 2012/13 financial year whereby the 30% adjustment factor was removed as it was depreciating the vehicles sooner than anticipated. The change was applied retrospectively to all the previous financial periods.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

		2013 R' 000	2012 R' 000
15.	**REPAIRS AND MAINTENANCE:**		
	Repairs and maintenance during the year	76,540	85,532
	TOTAL	**76,540**	**85,532**
16.	**FINANCE COSTS:**		
	Finance leases	5,306	-
	TOTAL	**5,306**	**-**
17.	**OPERATIONAL EXPENSES:**		
	Included in general expenses are the following:-		
	Advertising	317	17
	Admin fees	10,588	2,392
	Audit fees	2,545	3,860
	Bank charges	26	47
	Conferences and delegations	449	517
	Consulting fees	5,271	8,008
	Electricity/rates	1,000	1,202
	Fuel and oil	163,255	116,720
	Legal expenses	373	106
	Licence fees - computers	105	-
	Parking	128	99
	Printing and stationery	231	1,774
	Rental of computer equipment	77,729	96,663
	Other rentals	8,673	10,147
	Stocks and material	25,116	20,333
	Subscribtion & publication	53	31
	Telephone cost	2,568	3,112
	Training	1,460	1,449
	Travel and subsistence - Local	871	825
	Other	9,841	20,782
	TOTAL	**310,600**	**288,068**

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

		2013 R' 000	2012 R' 000
18.	**EMPLOYEE RELATED COSTS:**		
	Employee related costs - Salaries and Wages	28,550	31,381
	Employee related costs - Contributions for UIF, pensions and medical aids	3,957	4,338
	Motor car, accommodation, subsistence & other allowances	-	36
	Housing benefits and allowances	1,080	1,298
	Overtime payments	1,585	-
	Performance and other bonuses	327	232
	Long-service awards	4,190	4,398
	Other employee related costs	31,400	31,080
	TOTAL	**71,090**	**72,764**
	Average number of employees	**269 employees**	**310 employees**
19.	RELATED PARTY TRANSACTIONS:		
(a).	***NAME OF RELATED PARTY:***		
	NATURE OF THE RELATIONSHIP:		
	Amount payable to DRT by g-FleeT	12,443	10,239
	Amount receivable by DRT from g-FleeT	(817)	(209)
	TOTAL	**11,626**	**10,030**

(b). **NAME OF RELATED PARTY:**

NATURE OF THE RELATIONSHIP:

The above transaction occurred under terms that were no less favourable than those available in similar arms length dealings with other government institutions.

(c). NAME OF RELATED PARTY:

NATURE OF THE RELATIONSHIP:

NAME OF CLIENT DEPARTMENT

Northern Cape Agriculture
Northern Cape Premier's office
Department of Justice and Constitutional Development
Department of Public Service and Administration
Department of Social Development
Department of Sport and Recreation
Eastern Cape: Dept. of Local Authority
Eastern Cape: S.A. Social Security Agency (SASSA)
Emfuleni Municipality
Free State Health
Free State - Sport Art and Culture Science and Tech
Free State Public Roads and Works
Free State Tour, Environ and Economic Affairs
Free State: Naledi Local Municipality
Free State: Nat: Sassa
Gauteng Department of Education
GPG : DID Department of Infrastructure and Development
GPG: Agriculture Conservation and Environment
GPG: Community Safety
GPG: Dept of Health and Social Development (Social)
GPG: Dept of Housing and Local Govt (Housing)
GPG: Finance and Economic Affairs
GPG: Gauteng Department of Finance (GSSC)
GPG: Gauteng Department of Finance (TREASURY)
GPG: Health and Social Development (Health)
GPG: Legislature
GPG: Medsas
GPG: Office of The Premier
GPG: Sports, Arts, Culture and Recreation
Housing and Local Government(Local Govt)
Independent Complaints Directorate
JHB Metropolitan Police
KZN: Maphumulo Municipality

19 RELATED PARTY TRANSACTIONS (continued):

NAME OF CLIENT DEPARTMENT

KZN: Mpofana Municipality
KZN Economic Affairs
KZN: Education and Culture
KZN: Premier
KZN: Department of Health
KZN: Department of Local and Govt and Traditional Affairs
KZN: Nat: SASSA
KZN: Umgungundlovu District Municipality
Limpopo - Local Government
Limpopo Province: Department of Education
Limpopo Province: Department of Finance and Expenditure
Limpopo: Nat: S.A. Social Security Agency (SASSA)
Metsweding District Municipality
Mogale City Local Municipality
Mpumalanga Premier
Mpumalanga: Nat (SASSA)
NAT: Department of Housing: Head office: Pta
NAT: Department of Arts and Culture
NAT: Department of Agriculture
NAT: Department of Basic Education
NAT: Department of Communication
NAT: Department of Energy
NAT: Department of Housing
NAT: Department of Minerals Resource
NAT: Department of Provincial and Local Government
NAT: Department of Public Enterprises
NAT: Department of Public Works
NAT: Department of Social Development
NAT: Department of Higher Education and Training
NAT: Department of Rural Development and Land Reform
NAT: Government Printing Works
NAT: Department of Home Affairs
NAT: International Relations and Cooperation
NAT: Office of The President
NAT: Public Service Commission

19. RELATED PARTY TRANSACTIONS (continued):

NAME OF CLIENT DEPARTMENT

NAT: Service Products
NAT: South African Law Reform Commission
NAT: South African Social Security Agency
NAT: The National Youth Commission
NAT: Government Communication & Information System
NAT: Public Administration & Leadership Man.Academy
National Prosecution Authority Of South Africa
National Treasury
North West : Nat: S.A Social Security Agency (SASSA)
Northern Cape: Nat: SASSA
Northwest Education
Org1000 Sametco
Public Protector
Q600701-Emoyeni Trading Entity
South African Defense Force
Statistics South Africa
Umshwathi Municipality:
W/Cape - Planning & Local Government
Western Cape: Nat: S. A. Social Security Agency

g-FleeT MANAGEMENT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	2013 R' 000	2012 R' 000
20. NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		
Net surplus as per Statement of Comprehensive income	117,235	96,552
Adjusted for items separately disclosed:		
ADJUSTED FOR NON-CASH ITEMS:		
Profit/Loss on Sale of Assets	(7,686)	(5,207)
Depreciation of Fixed Assets	108,435	118,875
Fair value of Debtors	(9,231)	-
Movement in provisions	26,842	-
Amortisation of Intangible Assets	36	100
Interest received-Held-to-maturity	(10,234)	-
Contribution to provisions - non-current	50,582	-
Movement in current provisions	(1,258)	-
Movement in finance lease liability	(694)	
Impairment loss / (reversal of impairment loss)	6,995	452
Finance lease receivable	-	1,517
Cash flow generated by operating activities before cash utilised to increase/decrease working capital	**281,022**	**212,289**

	2013 R' 000	2012 R' 000
20. NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		
Cash utilised to increase/decrease working capital		
(Increase)/decrease in trade and other receivables	108,030	(36,976)
Increase/(decrease) in trade and other payables	17,929	(68,251)
Increase/(Decrease) in deferred income	14,852	
Net cash flow generated by operating activities	**421,833**	**107,062**

	2013 R' 000	2012 R' 000

21. FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE

21.2. Reconciliation of fruitless and wasteful expenditure

Included in finance cost expenditure per the statement of comprehensive income is the following

	2013 R' 000	2012 R' 000
Opening balance	1,851	4,146
Fruitless and wasteful expenditure – relating to prior year	3,674	-
Fruitless and wasteful expenditure – relating to current year	5,190	33
Less: Amounts resolved	-	(2,328)
Less: Amounts transferred to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting resolution	**10,715**	**1,851**

21.1.1. Analysis of awaiting resolution per economic classification

Current	8,864
Capital	-
Transfers and subsidies	-
Total	**8,864**

21.1.2. Analysis of Current Year's Fruitless and wasteful expenditure

Incident	2012/13
Interest charged on long outstanding accounts	8,864
	8,864

	2013 R' 000	2012 R' 000

21. FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE

21.2. Reconciliation of irregular expenditure

	2013 R' 000	2012 R' 000
Opening balance	**31,453**	**17,922**
Add: Irregular expenditure - relating to prior year	-	-
Add: Irregular expenditure - relating to current year	8,673	13,531
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	**40,126**	**31,453**

	2013 R' 000
Analysis of awaiting condonation per age classification	
Current year	8,673
Prior years	31,453
Total	**40,126**

Details of irregular expenditure

	2013 R' 000	2012 R' 000
Acquisition of tracking system - 2005 contract expired and on month to month	**8,673**	**8,673**

22. PAYMENTS RECEIVED IN ADVANCE (DEFERRED INCOME)

	2013 R' 000	2012 R' 000
Opening balance	85,174	83,166
Advances	14,852	11,772
Income recognised	-	(9,764)
Closing balance	**100,026**	**85,174**
Current Portion of Deferred Income	11,025	11,025
Non-current Portion of Deferred Income	89,001	74,149
	100,026	**85,174**

g-FleeT receives grants, which are recognised as a liability in the year in which they are received from the user departments. These amounts are then recognised as revenue over the periods in the proportions in which depreciation on these assets is charged.

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FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	R' 000	R' 000

23. CONTINGENT LIABILITIES

Contingent liabilities consist of:

Type of matter	Value
Contract claim for outstanding invoices and accident damages	1,000
Tender repudiation of appointment: Plaintiff is claiming damages arising out of the repudiation of contract by g-FleeT.	18,000
Application for: 1. Lien on Property, 2. Interdict to proceed with affected construction on g-FleeT's site and 3. Payment of various claims.	7,509
Housing guarantees	72
	26,581

24. PRIOR PERIOD ERROR NOTE:

During the reconciliation of disposed vehicles and the Fixed Assets Register (FAR) it was discovered that there were vehicles sold that were not in the FAR. Further investigation revealed that those vehicles were in the Fleet Information System (FIS), this therefore meant that FIS was not reconciling with the FAR. This resulted in management taking a decision to appoint an audit firm to perform the full reconciliation between FIS and FAR.

The results were that 647 and 113 vehicles were not in the FAR but could be found in the FIS which is the source or point of entry for all vehicles bought by the Entity. further to this management took a decision to reclassify 207 vehicles from Old Operating Lease Model (OOLM) to IAS16, a number of assets classified as IAS17 were also reclassified as IAS 16. All these resulted in a prior period error as reported in the financial statements.

The overall financial impact of the prior year error that has been included in their respective asset categories (line items) in the Statement of Financial Position amounts to R 90 million and recognised as the basis of asset management accounting principles for the prior period ending 31 March 2012.

STATEMENT OF FINANCIAL POSITION:

Fixed Assets - Vehicles	Increase	180,076
Fixed Assets - Accumulated Depreciation - Vehicles	Decrease	(76,207)

Retrospective adjustments for vehicles that were never accounted for in the statements, including the retrospective adjustment of depreciation and review of vehicle useful lifes.

		2013 R' 000

24. PRIOR PERIOD ERROR NOTE (continued):

Fixed Assets - Vehicles	Increase	6,195
Non-Current Finance Lease Debtor	Decrease	(3,269)
Fixed Assets - Accumulated Depreciation - Vehicles	Decrease	(1,888)

Retrospective adjustments for non-current assets that were incorrectly accounted for in the annual financial statements, including the retrospective adjustment of depreciation and review of vehicle useful lifes.

Non-Current Finance Lease Debtor	Increase	6,658

Retrospective adjustments for vehicles that were incorrectly accounted for in the 2012FY statements as finance leases but should have been classified under Property Plant and Equipment, including the retrospective adjustment of depreciation and review of vehicle useful lifes.

Non-Current Finance Lease Obligation	Increase	13

Retrospective adjustments of depreciation for leased cell phones that were incorrectly accounted for in the financial statements.

Non-Current Finance Lease Debtor	Decrease	(27,105)

Retrospective adjustment of computer equipment and furniture and fittings that were incorrectly calculated and accounted for in the annual financial statements.

Accumulative Depreciation - Furniture & Fittings	Decrease	2,783

Retrospective adjustment of depreciation for furniture and fittings that were incorrectly calculated and accounted for in the annual financial statements.

		2013 R' 000
Accumulative Depreciation - Finance Lease Office Equipment	Decrease	2,856

Retrospective adjustment of depreciation for leased assets - office equipment that were incorrectly calculated and accounted for in the annual financial statements.

Assets at cost - Leased Cell phones	Decrease	161
Accumulative Depreciation - Leased Cell phones	Decrease	(136)

Retrospective adjustments of depreciation for leased cell phones that were incorrectly accounted for in the financial statements.

Assets-Fixed Assets at Cost - Furniture & Fitt	Decrease	(8)
Assets-Accum Dep - Furn and Fitings	Decrease	1

Retrospective adjustments of depreciation for furniture and fittings that were incorrectly accounted for in the financial statements.

EFFECT ON OPENING RETAINED EARNINGS FOR THE YEAR	**INCREASE**	**90,213**

25. GOING CONCERN:

Management is not aware of any matters or circumstances arising since the end of the financial year not otherwise dalt with in the Annual Financial Statements, which significantly affect the financial position of the Entity or the results of its operations.

26. SENIOR EXECUTIVE EMOLUMNETS:

Refer to the following page.

27. SUBSEQUENT EVENTS:

The Service Level Agreements relating to the tracking system was signed by the Head of Department on 24 June 2013. This therefore means that implementation will now start.

	2013 R' 000	2012 R' 000

28. FINANCIAL RISK MANAGEMENT

Credit Risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013 R' 000	2012 R' 000
Trade and Other Receivables	251,350	359,380
Cash and cash Equivalents	285,299	74,835
	536,649	**434,215**

At 31 March 2013, g-FleeT did not consider there to be any significant concentration of credit risk that had not been adequately provided for.

No security is held against Cash and Cash Equivalents.

Concentration risk

As g-FleeT is involved in servicing the government departments, all its receivables are from provincial and national departments.

28. FINANCIAL RISK MANAGEMENT (CONTINUED):

ii) Past due analysis

	2013	2013	2012
	Goss	**Impaiment**	**Goss**
Past due 0 to 30 days	116,233		102,485
Past due 30 to 60 days	34,998		56,097
Past due 61 to 90 days	32,273		31,158
Past due 91 to 120 days	13,724		20,159
Past due121 to 150 days	8,984		18,766
Past due 151 to 180 days	3,658		16,901
Past due 181 to 365 days	35,423	26,842	94,434
Past due 366 days	6,057		7,862
	251,350	**26,842**	**347,862**

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2013 R' 000	2012 R' 000
Balance at 1 April 2012	5,584	26,495
Increase/(Decrease) provision	21,258	(20,911)
Balance at 31 March 2013	**26,842**	**5,584**

Liquidity Risk

	Finance Lease Liabilities	Trade and Other Payables
Less than 1 year	708	98,049
Between 1 and 2 years	-	-
Between 2 and 5 years	-	
	708	**98,049**

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29. SENIOR MANAGEMENT EMOLUMENTS:

ALL AMOUNTS EXPRESSED IN R '000

AS AT 31 - MARCH - 2013	POSISTION HELD	BASIC SALARY	PERFORMANCE BONUSES	PENSION CONTRIBUTION	OTHER BENEFITS	GRAND TOTAL
Mr. Chikane Chikane	Chief Executive Officer	1,109,329	92,444	144,267	254,794	**1,600,833**
Ms. Natalie Govender (5 Sept 2012)	Chief Financial Officer	381,358	-	163,636	32	**545,025**
Ms. Jackee Khumalo	Chief Operations Officer	685,616	-	243,418	213,714	**1,142,748**
Mr. Hlalanathi Sishi	Director - Maintenance	516,233	43,019	290,072	11,118	**860,442**
Ms. Tebogo Mokete	Director - Finance	465,140	38,762	60,468	210,917	**775,287**
Ms. Andile Ngcobo	Director - Marketing	444,477	37,057	57,836	201,049	**740,418**
Mr. Teboho Moqhobai	Director - VIP and Pool	451,152	37,590	58,650	204,228	**751,621**
Ms. Salomie Jafta	Director - TSS	431,768	35,980	56,184	195,735	**719,666**
Ms. Ravanne Matthews	Director - Permanent	451,152	37,575	72,366	190,443	**751,537**
Mr. Thulani Mkwanazi	Director - Project Management	431,768	35,981	78,744	174,509	**721,001**
GRAND TOTAL		**5,367,993**	**358,408**	**1,225,638**	**1,656,539**	**8,608,578**

g-FleeT MANAGEMENT

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AS AT 31 - MARCH - 2012	POSISTION HELD	BASIC SALARY	PERFORMANCE BONUSES	PENSION CONTRIBUTION	OTHER BENEFITS	GRAND TOTAL
Mr. Chikane Chikane	Chief Executive Officer	915,565	78,843	534,080	54	**1,528,542**
Ms. Jackee Khumalo	Chief Operations Officer	660,172	-	226,455	213,714	**1,100,341**
Mr. Hlalanathi Sishi	Director - Maintenance	511,574	43,295	286,864	11,118	**852,851**
Ms. Tebogo Mokete	Director - Finance	452,282	37,397	58,976	204,802	**753,457**
Ms. Andile Ngcobo	Director - Marketing	415,745	35,802	54,047	188,525	**694,119**
Mr. Teboho Moqhobai	Director - VIP and Pool	427,924	35,263	55,630	193,720	**712,537**
Ms. Salomie Jafta	Director - TSS	415,745	35,802	54,047	228,117	**733,711**
Ms. Ravanne Matthews	Director - Permanent	427,924	35,774	54,630	194,046	**712,374**
Ms. Thembani Banda (resigned)	Director - Corporate Service	327,696	64,978	42,600	211,846	**647,120**
GRAND TOTAL		**4,554,627**	**367,154**	**1,367,329**	**1,445,942**	**7,735,052**

NOTE: THE ABOVE PERFORMANCE BONUS PAYMENT RELATES TO THE PAYMENT OF AN OFFICIAL'S 13th CHEQUE- AS PER SALARY STRUCTURED PACKAGE.