



Reference: T7/2/1

## TREASURY CIRCULAR NO. 15/2015

THE PREMIER

THE MINISTER OF AGRICULTURE, ECONOMIC DEVELOPMENT AND TOURISM  
THE MINISTER OF COMMUNITY SAFETY  
THE MINISTER OF CULTURAL AFFAIRS AND SPORT  
THE MINISTER OF EDUCATION  
THE MINISTER OF FINANCE  
THE MINISTER OF HEALTH  
THE MINISTER OF HUMAN SETTLEMENTS  
THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING  
THE MINISTER OF SOCIAL DEVELOPMENT  
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

For information

THE SPEAKER: PROVINCIAL PARLIAMENT  
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)  
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS BH FAKIRA)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR Z HOOSAIN)  
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR MR G MORRIS)  
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)  
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR B ENGELBRECHT)  
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)  
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR T MGULI)  
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)  
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS J GOOCH)  
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)  
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)  
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)  
THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (DR H FAST)

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THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)  
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)  
THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)  
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)  
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)  
THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MS B SEWLALL-SINGH)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)  
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN) (ACTING)  
THE HEAD: PUBLIC POLICY SERVICES (MS M KORSTEN)  
THE HEAD: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)  
THE HEAD: LOCAL GOVERNMENT PUBLIC FINANCE (MR H MALILA) (PRO TEM)  
THE HEAD: ASSET MANAGEMENT (MR IG SMITH)

THE HEAD: FINANCIAL GOVERNANCE (MR A HARDIEN)  
THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)  
THE SENIOR MANAGER: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
THE SENIOR MANAGER: FINANCIAL GOVERNANCE (MR B VINK)  
THE SENIOR MANAGER: FISCAL POLICY (MS S DAVIDS) (ACTING)  
THE SENIOR MANAGER: INFRASTRUCTURE (MR P CHANDAKA)  
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MR Z HENDRICKS) (ACTING)  
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)  
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MS L MCCARTNEY)  
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)  
THE SENIOR MANAGER: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS M KORSTEN) (PRO TEM)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)  
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)  
THE PROVINCIAL AUDITOR  
MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT  
THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

## **ANNUAL FINANCIAL STATEMENTS: DISCLOSURE OF CASH AND CASH EQUIVALENTS**

### **PURPOSE**

1. To provide Accounting Officers and Chief Financial Officers of Departments with guidance on the compilation of annual financial statements pertaining to cash and cash equivalents.
2. This circular replaces Treasury Circular 21 of 2011 dated 26 May 2011 in its entirety.

### **BACKGROUND**

3. Departments have been compiling AFS in terms of the principles covered in **Modified Cash Standard** and Guidance provided in the **Accounting Manual for Departments**.
4. The current accounting framework still does not provide clear guidance on the disclosure of cash and cash equivalents information, hence guidance is provided in the circular.

### **CASH AND CASH EQUIVALENTS DISCLOSURE REQUIREMENTS**

5. The prescribed accounting policy on cash and cash equivalents contained in

the latest Word Specimen reads as follows:

**“Cash and cash equivalents:**

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.”

6. The AFS template **Notes 12 and 24** on “Cash and cash equivalents” requires disclosure of the following:
  - bank account balances (both domestic and foreign);
  - cash awaiting banking;
  - petty cash/imprest floats;
  - short-term deposits; deposits at call; and
  - other highly liquid investments that are readily convertible to cash on hand at the entity’s option
  
7. The PRF will at year-end (31/03) return all short-term invested and trust funds to departments and re-invest funds as temporary investments in the books of the department on the following day.
  
8. In terms of the MCS’s Chapter on Financial Statement Presentation, fair presentation that is consistent is required. Departments are therefore required to net off the paymaster general account and disbursements. This will result in the balance to be disclosed as either cash and cash equivalents (DR) or a bank overdraft (CR) as presented in the following scenarios:

**Scenario 1 (Paymaster general account exceeds disbursements)**

Department X

Paymaster general account	R3 456 700	a
Disbursements	(R1 900 300)	b

Disclosed in the AFS (Statement of Financial Position) as follows:

Cash and cash equivalents	R1 556 400 (a-b)
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**Scenario 2 (Paymaster general account less than disbursements)**

Department Y

Paymaster general account R50 000 a

Disbursements (R600 000) b

Disclosed in the AFS (Statement of Financial Position) as follows:

Bank overdraft (R550 000) (a+b)

**Scenario 3 (PRF withholds funds from department) \*\* Exception to the rule**

Department Z

Paymaster general account R50 000 a

Disbursements (R600 000) b

Short term investments R859 000 c

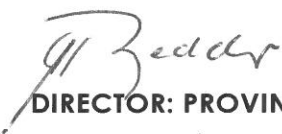
Disclosed in the AFS (Statement of Financial Position) as follows:

Cash and cash equivalents R859 000 (c)

Bank overdraft (R550 000) (a+b)

**REQUIRED**

9. Departments are requested to ensure that cash and cash equivalents are correctly disclosed in the financial statements submitted to the Auditor-General of South Africa and Provincial Treasury on 31 May.



**DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING AND COMPLIANCE**

**DATE:** 13/04/2015