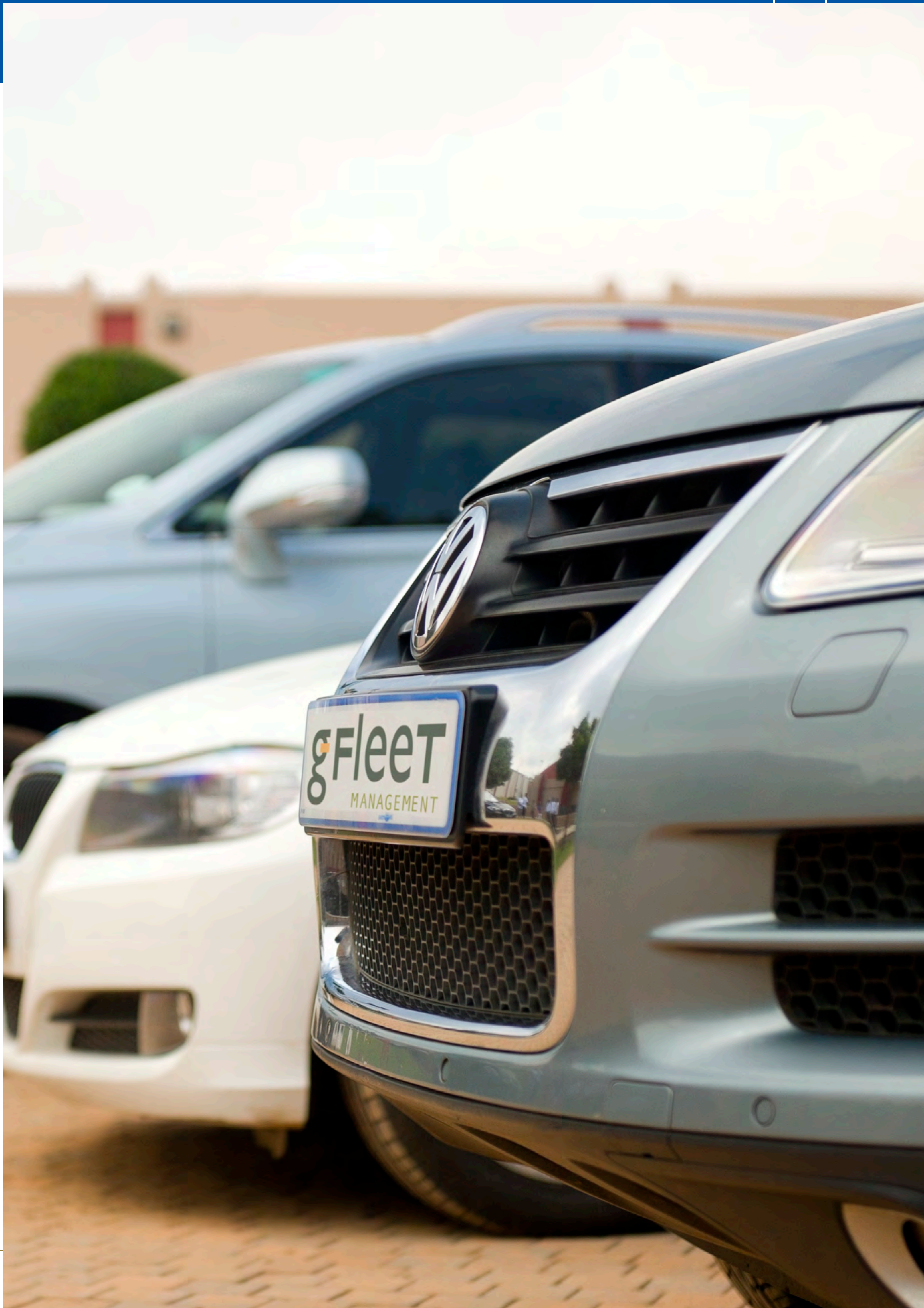
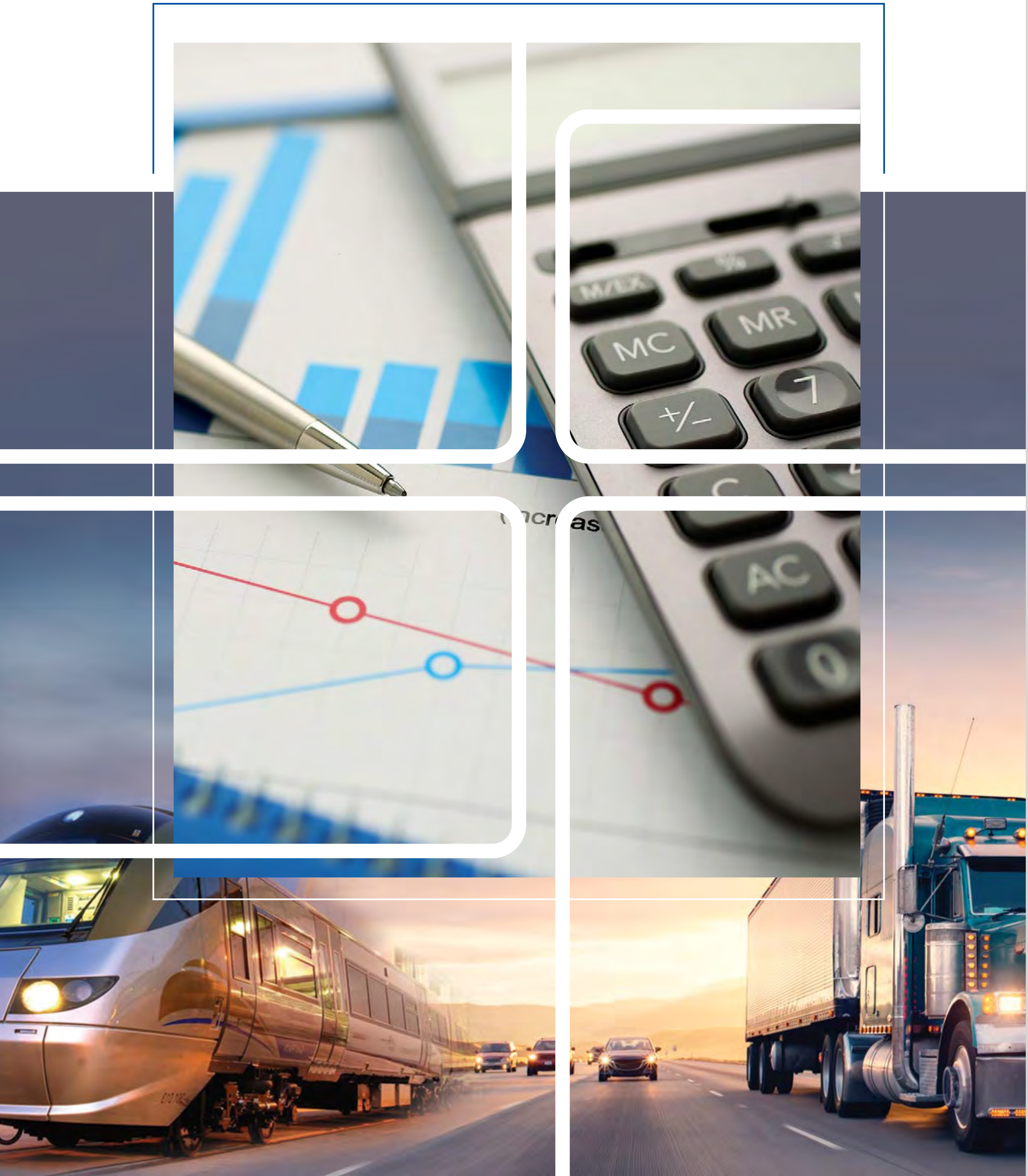

gFleet
MANAGEMENT

PART E: FINANCIAL INFORMATION



HIGHLIGHTS
G-FLEET

01

Entity generated revenue amounting to R43,544,195.87 from two auctions

02

The Entity owned and managed a fleet size of approximately 6 422 vehicles

03

A total of 718 vehicles were sold and this resulted in the Entity generating a total revenue of R78.539 million

04

The interest earned from the positive bank account increased by 0.26% to R31.800 million (2020/21: R31.717 million)

05

Revenue collected from the leasing of vehicles increased by 11.5% to R933.239 million (2020/21: R836.827 million)

Report of the auditor-general to the Gauteng Provincial Legislature on g-FleeT Management

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the g-FleeT Management set out on pages 382 to 406, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the g-FleeT Management as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Property, plant and equipment – motor vehicles

3. The trading entity did not recognise all items of property, plant and equipment in accordance with GRAP 17*, Property, plant and equipment*. Prepaid maintenance cost was incorrectly capitalised into the motor vehicle cost. I was unable to determine the full extent of the overstatement of motor vehicles and the understatement of prepayments as it was impracticable to do so. There was a resultant impact on the repairs and maintenance for the period and on the accumulated surplus.

4. The trading entity did not present motor vehicles for physical verification. This resulted in motor vehicles being misstated by R60 964 087.

5. The trading entity did not recognise accumulated depreciation in accordance with GRAP 17, *Property, plant and equipment*. The depreciation calculation for motor vehicles was not in line with GRAP 17. I was unable to determine the full extent of the misstatement of the accumulated depreciation as it was impracticable to do so.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

7. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matter

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

Restatement of corresponding figures

10. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the 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.

12. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the trading entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the trading entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the trading entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2: corporate and financial management	308 – 315

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 2: corporate and financial management

Minimum of 30% of procurement spent on goods and services, and construction allocated to township businesses

20. The source information and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement of 29% reported against target 30% in the annual performance report.

Various indicators

21. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
Average % or rental days utilised by VIP self-drive vehicles.	72.29%
Average % of rental days utilised for pool vehicles.	95.01%

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. Refer to the annual performance report on pages 304 to 315 for information on the achievement of planned targets for the year and management's explanations provided for the under/over and achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 & 21 of this report.

Report on the audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified opinion.

Consequence management

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

33. The accounting officer did not adequately perform the oversight responsibility for financial and performance reporting and compliance with applicable legislation. This resulted in material misstatements on the financial statements and performance report and non-compliance with applicable laws and regulations. Action plans were developed but were not regularly monitored to ensure adequate implementation, considering the recommendations by internal audit, external audit and the audit committee.

34. The review processes of financial statements, compliance with legislation and performance reporting by senior management were not always adequate. This resulted in the matters reported under the basis of qualification paragraphs, material findings to the financial statements, findings in the performance report and non-compliance with applicable legislation.

Auditor-General.

Johannesburg

31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the trading entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 trading entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the g-FleeT Management to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a trading entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

gFleeT MANAGEMENT
"Making your fleet our business"

g-FleeT Management Financial Statements

for the year ended 31 March 2022

TABLE OF CONTENTS

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

PART E FINANCIAL INFORMATION

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 '000	2021 Restated* R '000
Assets			
Current Assets			
Inventories	3	23 814	91 233
Finance lease receivables	6	40 992	5 239
Receivables from exchange transactions	7	170 449	210 344
Prepayments	8	31 459	6 395
Other Receivables	32	65	85
Cash and cash equivalents	9	2 017 854	1 778 815
		2 284 633	**2 092 111**
Non-Current Assets			
Property, plant and equipment	4	1 317 137	1 298 347
Intangible assets	5	1 012	1 260
Finance lease receivables	6	87 659	12 432
Rental deposit	29	6	6
		1 405 814	**1 312 045**
Total Assets		**3 690 447**	**3 404 156**
Liabilities			
Current Liabilities			
Finance lease obligation	10	7	22
Payables from exchange transactions	12	46 696	78 261
Other Payables	13	15 032	13 515
		61 735	**91 798**
Non-Current Liabilities			
Finance lease obligation	10	14 632	14 641
Long-term leave accrual	11	2 628	2 967
		17 260	**17 608**
Total Liabilities		**78 995**	**109 406**
Net Assets		**3 611 452**	**3 294 750**
Accumulated surplus		3 611 454	3 294 749

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance for the period ended 31 March 2022

	Note(s)	2022 '000	2021 Restated* R '000
Revenue			
Revenue from exchange transactions			
Revenue from auction of vehicles	30	81 073	71 468
Revenue from leases	14	893 013	837 046
Proceeds from sale of Judges vehicles	31	2 524	-
Realisation of property lease liability	17	1 200	1 200
Debt impairment reversal	15	-	8 842
Other income	33	1 861	1 983
Interest received	16	48 526	34 372
Total revenue from exchange transactions		**1 028 197**	**954 911**
Expenditure			
Employee related costs	18	(84 556)	(89 988)
Depreciation and amortisation	40	(123 359)	(124 721)
Impairment loss	4	(32 881)	(22 487)
Finance costs	34	(1 208)	(1 509)
Bad debts written off	35	(27 836)	-
Repairs and maintenance	37	(125 757)	(115 525)
Cost of sales	36	(83 893)	(74 709)
General expenses	19	(232 005)	(190 235)
Total expenditure		**(711 495)**	**(619 174)**
Surplus for the period		**316 702**	**335 737**

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

	Accumulated surplus '000	Total net assets '000
Balance at 01 April 2020	**2 959 012**	**2 959 012**
Changes in net assets		
Surplus for the year	335 737	335 737
Total changes	335 737	335 737
Opening balance as previously reported	3 297 063	3 297 063
Adjustments		
Prior year error adjustments Note 2	(2 311)	(2 311)
Balance at 01 April 2021 as restated*	**3 294 752**	**3 294 752**
Changes in net assets		
Surplus for the year	316 702	316 702
Total changes	316 702	316 702
Balance at 31 March 2022	**3 611 454**	**3 611 454**

Note(s)

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement for the period ended 31 March 2022

	Note(s)	2022 '000	2021 Restated* R '000
Cash flows from operating activities			
Receipts			
Revenue from Leases		847 235	836 827
Interest		32 092	30 244
Auction of vehicles		81 073	66 718
Transport fees		1 704	1 890
		962 104	935 679
Payments			
Employee costs		(84 556)	(90 691)
Suppliers		(344 211)	(364 834)
		(428 767)	(455 525)
Net cash flows from operating activities	20	**533 337**	**480 154**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(382 320)	(199 901)
Proceeds from sale of property, plant and equipment	4	2 524	-
Proceeds from sale of finance lease receivables		86 706	2 128
Net cash flows from investing activities		**(293 090)**	**(197 773)**
Cash flows from financing activities			
Capital repayment of finance lease		-	(42)
Interest repayment of finance lease		(1 208)	(1 204)
Net cash flows from financing activities		**(1 208)**	**(1 246)**
Net increase/(decrease) in cash and cash equivalents		**239 039**	**281 135**
Cash and cash equivalents at the beginning of the year		1 778 815	1 497 680
Cash and cash equivalents at the end of the year	9	**2 017 854**	**1 778 815**

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Background

g-FleeT is a provincial Trading Entity and reports to the Accounting Officer of the Gauteng Department of Roads and Transport as its controlling entity. The mandate of the entity is to be the leading provider of fleet management services within government The Entity is incorporated and operates in the Republic of South Africa

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 40(1) of the Public Finance Management Act, 1, 1999 (PFMA). These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity, unless stated otherwise the financial statement amounts are rounded to the nearest thousand.

1.2 Going concern assumption

Financial Statements are prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

1.3 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP

1.4 Significant judgements and sources of estimation uncertainty

Management has made the following accounting estimates which have the most significant effect on the amounts recognised in the financial statements:

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible and intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including trade values and retail values together with economic factors such as interest rates.

Provisions

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to the required to settle the obligation.

Segment reporting

Significant judgement is used in identifying service and geographical segments of the g-FleeT Management.

Impairment of Trade and other receivables

The Entity makes provision for doubtful debts relating to all long outstanding debts from customers. In determining the value of doubtful debts, the Entity estimates future expected cash flows arising from those receivables which, in its judgement, are impaired.

Useful lives and residual values of property, plant and equipment (PPE)

Reassessments of useful lives and residual values are performed annually after considering factors such as the condition of the asset, maintenance programmes, and relevant market information, and manner of recovery. In re-assessing residual values, the Entity considers the remaining life of the asset and its projected disposal value.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

Classification of leases

The Entity has entered into lease agreements acting as both a lessor and lessee. The Entity uses judgement to determine, based on the evaluation of the terms and conditions of lease agreements, the appropriate treatment of the leases as either finance leases or operating leases.

Contingent liabilities

The existence of the obligation arising from legal claims against the Entity may only be determined through the outcome of legal proceedings. Management applies its judgement in determining whether a present obligation exists, and therefore whether these claims should be recognised as provisions or disclosed as contingent liabilities.

Cash- and non-cash generating assets

Management has applied its judgement in determining the cash generating capabilities of all the entity's assets. The entity is required to sustain itself financially and most of its assets are employed in generating enough profit and cash flow to remain self-sustained.

1.5 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Item	Depreciation method	Useful life
Machinery and tools	Straight line	5 Years
Furniture and office equipment	Straight line	5 - 25 years
Motor vehicles	Straight line	7-11 years
Computer equipment	Straight line	3 - 6 years
Leasehold improvements	Straight line	20 - 30 years
Leased assets	Straight line	Lease term
Assets under construction	Straight line	Not depreciated

The gains or losses arising from derecognition are determined as the difference between the carrying amount and the proceeds from disposal.

1.6 Intangible assets

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the intangible asset's useful life, which is estimated to be between 2 - 9 years.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the carrying amount and the proceeds from disposal.

1.7 Segment Reporting

GRAP 18.20 states that an entity shall disclose the following general information: (a) factors used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in goods and/or services, geographical areas, regulatory environments, or a combination of factors); (b) whether segments have been aggregated and the basis of the aggregation; and (c) types of goods and/or services delivered by each segment.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.8 Financial instruments

The Entity has the following types of financial assets:

- Receivables from exchange transactions
- Cash and cash equivalents
- Finance lease receivable

The Entity has the following types of financial liabilities:

- Payables from exchange transactions
- Finance lease obligation

The financial assets and liabilities of the Entity have all been classified as carried at amortised cost.

<u>Trade and other receivables from exchange transactions</u>

Trade and other receivables are stated at amortised cost using the effective interest rate method, less a provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost using the effective interest rate method. For purposes of the cash flow statemen cash and cash equivalents comprise cash at banks and short-term deposits.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means

1.9 Leases

<u>Finance leases - lessor</u>

Amounts due from lessees under finance leases are recorded as receivables at commencement of the lease and measured at the amount of Entity’s net investment in the leases.

The Entity recognises gains or losses arising from the sale in terms of the finance lease at inception of the lease. The gain or loss is determined by the difference between the net investment in the lease and the carrying value of the vehicle. The gain or loss is included in surplus or deficit.

During the lease term, finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Entity’s net investment outstanding in respect of the leases. The accounting policy for impairment of trade and other receivables is also applied to impairment of the net investment in lease receivable.

The accounting policy for derecognition of trade and other receivables is also applied to derecognition of the net investment in lease receivable. At the end of the lease term, the Entity recognises the unguaranteed residual value of the leased vehicle as part of property plant and equipment. If at the end of the lease term the lessee is still in possession of the leased vehicle, the lease is then accounted for as month-to-month lease contract.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.9 Leases (continued)

Finance leases - lessee

Where the Entity enters into a finance lease, assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment.

Corresponding liabilities are included in the Statement of Financial Position as finance lease liabilities. Lease payments are allocated between the lease finance cost and the capital repayment. The finance charge is allocated to each period during the lease term so as to achieve a constant rate of interest on the outstanding liability. The accounting policy for derecognition of trade and other payables is also applied to derecognition of the finance lease payable.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The Entity does not include lease rental escalation clauses in the agreements.

Operating leases - lessee

Operating lease expense is recognised as expenditure on a straight-line basis over the lease term.

1.10 Inventories

Inventory is measured at the lower of cost or net realisable value.

1.11 Impairment of cash-generating and non-cash-generating assets

The Entity assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exist, or when annual impairment testing for assets is required, the Entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recognition of the impairment loss is recognised as part of the surplus or deficit in the Statement of Financial Position.

1.12 Employee benefits

Short-term employee benefits

The Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for service.

The Entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Entity measures the expected cost of bonus, incentive and performance related payments at the best estimate of the present value of future cash flows.

1.13 Commitments

Commitments are disclosed for contracts that are entered into before the reporting date, but goods and services have not yet been received.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.14 Revenue from exchange transactions

Revenue from auction of vehicles

Revenue is measured at the price determined on auction.

Kilometre tariffs

Revenue from excess kilometres (kilometres in excess of the contracted kilometres) is charged as the excess kilometre are travelled.

Income from other services relating to leases

For lease arrangements, a portion of the payments made by clients are for providing services ancillary to the lease, such as administration and tracking the vehicle. These payments are recognised on a straight-line basis over the term of the lease.

Transport services to government employees

The entity earns revenue from providing transport services to government employees from other Government Departments impacted by the relocation of Provincial Governments from Pretoria to Johannesburg after the 1994 elections. Transport service revenue is recognised once a trip is completed.

Interest

Interest from bank accounts is recognised using the effective interest method.

Interest on finance lease receivables is recognised from commencement of the lease until the finance lease is settled, based on the interest rate implicit in the lease as determined at inception of the lease.

Recoveries from clients

Toll, fuel, oil, accident and traffic fine revenue is a direct charge and recoverable from the clients. This revenue is recognised when the client incurs the cost.

Income Tax

In terms of Income tax Act No.58 of 1962, Section 10 Exemptions, subsection 1 " There shall be exempt from the tax (a) the receipts and accruals of the Government, any provincial administration or of any other state "

1.15 Finance costs

Finance costs are measured using the effective interest rate method.

1.16 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure is also disclosed in the notes to the financial statements.

1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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Accounting Policies

1.17 Irregular expenditure (continued)

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense or a assets in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine in which case reasons therefore is provided in the note. Irregular expenditure is disclosed in the notes to the financial statements and removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

1.18 Related parties

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.19 Subsequent Events

Events after the reporting date are those events both favourable and unfavourable that occur between the reporting date and the date when the Annual Financial Statements are authorised for issue and are treated as follows.

- The entity shall adjust the amounts recognised in its Annual Financial Statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date; and
- The entity shall not adjust the amounts recognised in its Annual Financial Statements to reflect non-adjusting events after the reporting date for those events that are indicative of conditions that arose after the reporting date.

1.20 Standards of GRAP approved but not required to be applied by the entity

Standard/Interpretation:	Legislatures and trading entities	Effective date: Years beginning on or after	Impact:
GRAP 108	Statutory Receivables	1 April 2019	No impact

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	2022 '000	2021 Restated* R '000

2. Correction of Prior Period Errors

The prior period errors noted below emanate from the adjustments affected by management in response 2020/2021 audit outcome:

Error 1: Vehicles available for sale not transferred to Inventory register

During the 2020/21 financial year, audit findings were raised with respect to the accounting treatment for motor vehicles which were identified as being available for sale. Such motor vehicles should have been transferred to inventory as management intended to now hold the vehicles for sale. Work was performed to correct the fixed asset register and the inventory register as follows:

Statement of financial position: Non-current assets		
Increase in Inventory	-	67 628
Decrease in Accumulated Depreciation	-	54 022
Decrease in Motor Vehicles	**-**	**(121 650)**

Error 2: Impairment testing on vehicles identified as available for sale but not transferred to Inventory register

During the 2020/21 financial year, audit findings were raised with respect to the accounting treatment for motor vehicles which were identified as being available for sale. Such motor vehicles should have been transferred to inventory as management intended to now hold the motor vehicles for sale. This required the applicable motor vehicles to be recorded impaired at lower of cost or net realisable value. Work was performed in order to correct the inventory register as follows:

Statement of financial position: Non-current assets		
Decrease in Inventory	-	(2 422)

Statement of financial performance		
Increase in impairment loss		2 422

Error 3: Receivables and Revenue from exchange transations

During the 2021/22 financial year, management discovered that the receivables and revenue accounts reported in the previous financial were both understated be R 12 363 million.

Error 4: Depreciation adjustment on vehicles not transferred to Inventory register after the lease contract ended

During the 2020/21 financial year, audit findings were raised with respect to the accounting treatment for motor vehicles which have been returned to the entity due to the lease contracts having ended. Such motor vehicles should have been transferred to inventory with the related depreciation adjustment as management intended to now hold the vehicles for sale. Work was performed to correct the fixed asset register and the inventory register as follows:

Statement of financial position: Non-current assets		
Decrease in Inventory	-	(248)

Statement of financial performance		
Increase in impairment loss	-	248

Error 5: Impairment testing on work in progress buildings

During the 2020/21 financial year, audit finding was raised in respect of buildings under construction for which adequate impairment testing was not performed at year end. Work was performed to correct the impairment adjustment and the register was corrected.

Statement of financial position: Non-current assets		
Increase in Accumulated Impairment loss on leasehold improvement	-	12 472

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	2022 '000	2021 Restated* R '000
Statement of financial performance		
Increase in Impairment loss	-	12 472

Error 6: Fruitless and Wasteful expenditure – Note 26

During the 2021/22 financial year, management through its review processes had identified that fruitless and wasteful expenditure amounting to R132 000 was erroneously deducted from the opening balance of fruitless and wasteful expenditure which resulted in an understatement of the fruitless and wasteful expenditure as at 31 March 2021. The error only impacted the fruitless and wasteful expenditure disclosure note and had no impact on the either statement of financial position nor statement of financial performance of the entity

Error 7: Contingent liabilities – Note 23

During the 2021/2022 financial year, management through its review processes had identified that the contingent liability balance in respect of service provider 3 did not consider the estimated interest associated with this claim. Accordingly, the contingent liability closing balance as at 31 March 2021 was understated by R172 000. The error only impacted on the contingent liability disclosure note and had no impact on the either statement of financial position nor statement of financial performance of the entity.

Error 8: Leased machinery and cell phones were not captured correctly in the asset register in the 2020/2021 financial year period in the Finance lease register

During 2021/22 financial year, management through its review processes had identified that Leased machinery and cell phones was overstated due to an error identified in the fixed asset register. Work was performed to correct the asset register which resulted in the following adjustments:

Statement of financial position: Non-current assets

Decrease in Property, Plant and Equipment	-	30 000
Decrease in Depreciation	-	(30 000)
	-	-

Statement of financial performance

Increase in Depreciation	-	2 000
Decrease Accumulated depreciation	-	(2 000)
	-	-

Error 9: Accruals

During 2021/2022 financial year, management identified that accruals for ABSA invoice recorded, included interests and this interest was rightfully never paid. This means that retained income for 2020/2021 financial year was understated by the interest amount of R3,350.00

Error 10: Statement of Changes in Net Asset

Presented below are the items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position		
Increase in Revenue from leases	-	12 363
Decrease in Depreciation	-	163
Increase in Impairment loss	-	(12 416)
Increase in the General expenses	-	(2 421)
Decrease in Surplus for the year	**-**	**(2 311)**

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	2022 '000	2021 Restated* R '000

3. Inventories

	2022	2021
Vehicles held for sale	35 025	95 413
	35 025	95 413
Inventories (write-downs)	(11 211)	(4 180)
	23 814	**91 233**

Carrying value of inventories carried at fair value less costs to sell	295	149
Inventories recognised as an expense during the year	83 893	74 709
Any write-down of inventories recognised as an expense	9 029	3 121

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Figures in Rand thousand

4. Property, plant and equipment

	31 March 2022			31 March 2021		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Machinery and Tools	93	(93)	-	93	(93)	-
Furniture and fixtures	23 997	(12 107)	11 890	22 568	(10 535)	12 033
Motor vehicles	1 658 513	(514 574)	1 143 939	1 551 735	(388 077)	1 163 658
Leasehold improvements	200 382	(51 379)	149 003	158 458	(48 301)	110 157
Leased Property	14 647	(2 367)	12 280	14 647	(2 219)	12 428
Leased machinery and cellphones	15 018	(14 993)	25	15 018	(14 947)	71
Total	**1 912 650**	**(595 513)**	**1 317 137**	**1 762 519**	**(464 172)**	**1 298 347**

Reconciliation of property, plant and equipment - 31 March 2022

	Opening balance	**Additions**	**Sold Vehicles**	**Disposal on finance lease arran gement**	**Transfers (to)/from inventory**	**Vehicle losses**	**Transfers to other institutions**	**Depreciation**	**Impairment loss**	**Total**
Furniture and fixtures	12 033	1 429	-	-	-	-	-	(1 572)	-	11 890
Motor vehicles	1 163 658	287 512	(2 611)	(129 205)	(18 340)	(5 571)	(354)	(118 269)	(32 881)	1 143 939
Leasehold improvements	110 157	41 923	-	-	-	-	-	(3 077)	-	149 003
Leased Property	12 428	-	-	-	-	-	-	(148)	-	12 280
Leased machinery and cellphones	71	-	-	-	-	-	-	(46)	-	25
	1 298 347	**330 864**	**(2 611)**	**(129 205)**	**(18 340)**	**(5 571)**	**(354)**	**(123 112)**	**(32 881)**	**1 317 137**

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Figures in Rand thousand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2021

	Opening balance	Additions	Sold Vehicles	Transfers (to)/from inventory	Vehicle losses	Depreciation	Impairment loss	Total
Furniture and fixtures	10 123	3 648	-	-	-	(1 738)	-	12 033
Motor vehicles	1 188 407	230 246	(187)	(130 900)	(3 582)	(119 422)	(904)	1 163 658
Leasehold improvements	113 207	21 610	-	-	-	(3 077)	(21 583)	110 157
Leased Property	12 576	-	-	-	-	(148)	-	12 428
Leased machinery and cellphones	126	33	-	-	-	(88)	-	71
	1 324 439	**255 537**	**(187)**	**(130 900)**	**(3 582)**	**(124 473)**	**(22 487)**	**1 298 347**

Pledged as security

Carrying value of assets pledged as security:

Leasehold Improvements

Leasehold improvements include both completed assets and assets which are still under construction, i.e. Work-in progress (WIP). The WIP emanates from the construction and rehabilitation of the entity's head office property situated at Bedfordview which is leased by the entity from the Gauteng Department of Infrastructure Development (GDID). All completed leasehold improvements are recorded at cost less accumulated depreciation and impairment. WIP is recorded at cost less any impairment. In relation to WIP, the entity has recognised impairment losses as follows: 2020/2021: R21 583 164 and 2014/2015: R5 270 691. The determination and extent of impairment was undertaken using an independent expert.

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5. Intangible assets

	31 March 2022			31 March 2021		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	2 737	(1 725)	1 012	2 737	(1 477)	1 260

Reconciliation of intangible assets - 31 March 2022

	Opening balance	**Amortisation**	**Total**
Computer software	1 260	(248)	1 012

Reconciliation of intangible assets - 31 March 2021

	Opening balance	**Amortisation**	**Total**
Computer software	1 507	(247)	1 260

6. Finance lease receivables

Gross investment in the lease due		
- within one year	43 184	11 391
- in second to fifth year inclusive	158 375	20 231
	201 559	31 622
less: Unearned finance revenue	(67 356)	(8 399)
Present value of minimum lease payments receivable	134 203	23 223
less: allowance for uncollectible minimum lease payments	(5 552)	(5 552)
	128 651	**17 671**

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	2022 '000	2021 Restated* R '000

6. Finance lease receivables (continued)

Present value of minimum lease payments due - within one year	40 992	5 239
- in second to fifth year inclusive	87 659	12 432
	128 651	**17 671**

The entity entered into finance leasing arrangements for certain of its motor vehicles and equipment.

The average lease terms are 4.5 years and the average effective lending rate was 3% .

None of the trade and other receivables have been pledged as security for liabilities or contingent liabilities.

Finance lease receivables impaired

Reconciliation of provision for impairment of class 1 (eg Local finance lease receivables)

Opening balance	5 552	5 552

7. Receivables from exchange transactions

Trade receivables	164 733	205 657
Other receivables - Revenue from auction of vehicles	2	2
Other debtors - Traffic fines and accident claims	5 714	4 685
	170 449	**210 344**

Balance as at 31 March 2022	Gross Balance	Impairment provision	Net balance
Trade Receivables	151 875	(11 607)	140 268
Other receivables - Revenue from auction of vehicles	2	-	2
Other debtors - Traffic fines and accident claims	5 714	-	5 714
Other debtors	24 465	-	24 465
	182 056	**(11 607)**	**170 449**

Balances as at 31 March 2021:	Gross Balance	Impairment provision	Net balance
Trade Receivables	162 182	(7 773)	154 409
Other receivables - Revenue from auction of vehicles	2	-	2
Other debtors - Traffic fines and accident claims	4 685	-	4 685
Other debtors	51 248	-	51 248
	218 117	**(7 773)**	**210 344**

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

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

31 to 60 days	39 033	54 087
61 to 90 days	10 839	7 702
91 to 120 days	859	7 476

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	2022 '000	2021 Restated* R '000

7. Receivables from exchange transactions (continued)

Greater than 120 days	19 419	20 918
	70 150	**90 183**

Reconciliation of provision for impairment of trade and other receivables from exchange transactions

Opening balance	(35 610)	(16 615)
Changes to the Statement of Financial Performance	24 003	(18 995)
	(11 607)	**(35 610)**

8. Prepayments

The prepayment balance is reflective of monies paid to the Gauteng Department of Roads and Transport relating to motor vehicle licence registrations and to SANRAL in relation to e-toll services for all the entity's motor vehicles.

Prepayments	31 459	6 395

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	22	22
Bank balances	2 017 832	1 778 793
	2 017 854	**1 778 815**

8.1 Bank Accounts

Primary bank Account - First National Bank

First National Bank Account		
Bank Statement balance at the end of the year	1 371 284	1 157 101

Standard Bank

Standard Bank Account		
Bank Statement balance at the end of the year	972	-

South African Reserve Bank

SARB Account		
Bank Statement balance at the end of the year	645 576	621 693

10. Finance lease obligation

Non-current liabilities	14 632	14 641
Current liabilities	7	22
	14 639	**14 663**

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 Restated* R '000

10. Finance lease obligation (continued)

As at 31 March 2022

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
Within One Year	1 210	(1 203)	7
Within Two To Five Years	4 800	(4 792)	8
Later Than Five Years	92 400	(77 776)	14 624
Subtotal	98 410	(83 771)	14 639
Less: Amount Due Within One Year	(1 210)	1 203	(7)
	97 200	**(82 568)**	**14 632**

As at 31 March 2021

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
Within One Year	1 222	(1 201)	21
Within Two To Five Years	4 908	(4 893)	15
Later Than Five Years	93 600	(78 973)	14 627
Subtotal	99 730	(85 067)	14 663
Less: Amount Due Within One Year	(1 222)	1 201	(21)
	98 508	**(83 866)**	**14 642**

The lease periods of agreements entered into by g-FleeT in the capacity as a lessee ranges from 2 to 99 years. Interest rates vary per lease agreement. The finance lease obligations, are secured by finance lease assets included in Property, Plant and Equipment.

The average lease term is 34.6 years and the average effective borrowing rate was 8% relating to long term finance lease obligation and 10.5% relating to short term finance lease obligation.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to Note 3.

11. Long-term leave accrual

The long-term leave accrual represents the amounts of capped leave still due to employees who have not yet resigned or retired.

	2022	2021
Opening balance	2 967	3 009
Movement in the Statement of Financial Performance	(339)	(42)
	2 628	**2 967**

12. Payables from exchange transactions

	2022	2021
Trade payables	46 696	78 261

13. Other payables

	2022	2021
Salary Payable	3 590	1 136
Performance bonus accrual	-	461
Debtors with credit balances	3 434	2 982
Leave pay accrual	5 716	6 553
Service bonus accrual	2 292	2 383
	15 032	**13 515**

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	2022 '000	2021 Restated* R '000

13. Other payables (continued)

Performance bonus accrual
No Accruals were raised for performance bonuses as at 31st March 2022.

Leave pay accrual
In terms of the Determination on Leave of Absence in the Public Service employees are entitled to annual leave with full pay during each leave cycle of 12 months, commencing on 1 January of each year. The remaining leave days, if any, must be taken no later than 6 months after the expiry of the relevant leave cycle, where after unused leave credits shall be forfeited.

Service bonus and long service award accrual
Accruals were raised for service bonus (13th cheque) which is due within 12 months.

Debtors with credit balances
The debtors with credit balances at the end of the quarter have been reclassified to trade payables. The increase from 2021 financial year from R 2, 982 million to R 3, 434 million (2022) is mainly due to the overpayment made by The Department of Home affairs.

14. Revenue from Leases

	2022	2021
Services income	15 775	7 620
Operating Lease	700 714	704 216
Toll Fees	4 164	3 424
Fuel and Oil	170 742	121 350
Traffic and Accident claims	1 029	436
Gain on Finance lease disposal	589	-
	893 013	**837 046**

	2022	2021
The amount included in revenue arising from exchanges of goods or services are as follows:		
Construction contracts	2 524	-

15. Debt Impairment (Reversal)

	2022	2021
Receivables from exchange transactions impairment	-	8 842

16. Interest received

	2022	2021
Interest revenue		
Bank	32 092	30 244
Interest on finance lease receivables	16 434	4 128
	48 526	**34 372**

17. Realisation of Property Lease Liability

	2022	2021
Realisation of Property Lease Liability	1 200	1 200

During 2009, the then Gauteng Department of Public Transport Roads and Works entered into a rental agreement with the Gauteng Department of Infrastructure Development on behalf of g-FleeT. In terms of this lease agreement, the monthly rental is R 100,000 per month (amounting to a R 1,2 million per annum) over the 99 year lease period. The rental agreement does not provide for any inflation, or inflationary adjustments.

The lease agreement further stipulates that the rental fees as paid by g-FleeT, that is in respect of the Entity's Head Office (situated at No. 76 Boeing Road East, Bedfordview) should be set off against any expenditure incurred by the Entity relating to leasehold improvements.

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	2022 '000	2021 Restated* R '000

17. Realisation of Property Lease Liability (continued)

The Entity has recognised this contract as a finance lease, and therefore accounts for this benefit as revenue from exchange transactions given the improvements that have been effected by g-FleeT.

18. Employee related costs

	2022	2021
Basic Salary	56 884	63 222
Performance Bonus	-	9
Medical aid - company contributions	5 398	5 110
Pension	7 324	7 231
Workmen's Compensation Act contribution	21	21
Leave pay accrual	-	3 148
Other short term costs	515	283
Overtime payments	706	386
13th Cheques	4 465	4 377
Acting allowances	762	878
Housing benefits and allowances	8 481	5 323
	84 556	**89 988**

The decline in Basic salary of R 5, 758 million is a result of resignations mainly of CFO and the DD Asset management. Furthermore it must be noted that the entity did not have the COO from January 2022 to March 2022.

19. General expenses

	2022	2021
Advertising	1 005	807
Auditors remuneration	6 520	5 214
Bank charges	4	4
Consulting and professional fees	329	2
Consumables	3 284	2 348
Debt Impairment expense	3 833	-
Entertainment	6	1
Conferences and seminars	-	162
License fees - software	1 817	479
Levies	3 031	1 200
Motor vehicle expenses	2	1
Fuel and oil	162 171	133 239
Postage and courier	33	60
Printing and stationery	420	99
Security	6 208	5 705
Subscriptions and membership fees	9	11
Transport and relocation costs	-	18
Travel - local	141	155
Loss on disposal of asset	86	-
Tracking expenses	12 412	12 263
Vehicle theft and losses	5 769	4 071
Rental expenses - operating lease	2 507	5 887
License fees - vehicles	4 576	2 789
Motor vehicle expenses - (RT46 costs)	8 812	12 599
Injury on duty	1	-
Inventory write down to net realisable value	9 029	3 121
	232 005	**190 235**

The significant increase in Fuel and oil is a result of price escalations during 2021/22 financial year.

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	2022 '000	2021 Restated* R '000

20. Cash generated from operations

Surplus	316 702	335 737
Adjustments for:		
Depreciation and amortisation	123 359	124 721
Loss on disposal	86	-
Transfer	2 571	-
Bad debts witten off	27 836	-
Interest income	(16 434)	(4 128)
Sundry Payments	(72)	-
Finance costs - Finance lease	1 208	1 204
Impairment loss	32 881	22 487
Debt impairment expense	3 833	-
Revenue from leases adjustments	(29 869)	-
Loss on sale of vehicles	762	3 241
Cost of sales	83 893	74 709
Realisation of lease property	(1 200)	(1 200)
Gain on finance lease disposal	(589)	-
Inventory write-down	9 029	3 121
Vehicle Theft and losses	5 769	4 071
Accruals	33 102	-
Changes in working capital:		
Inventories	67 033	(57 410)
Receivables from exchange transactions	39 895	(13 247)
Movement in long - term leave accrual	(339)	-
Finance lease receivables	(110 983)	-
Prepayments	(25 064)	(4 454)
Finance lease obligations	(24)	-
Payables from exchange transactions	(31 565)	(12 649)
Other payables	1 517	3 951
	533 337	**480 154**

21. Financial instruments disclosure

Categories of financial instruments

31 March 2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	170 449	170 449
Cash and cash equivalents	2 017 854	2 017 854
Finance lease receivables	128 651	128 651
	2 316 954	**2 316 954**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	46 696	46 696
Finance lease obligation	14 639	14 639
	61 335	**61 335**

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	'000	R '000

21. Financial instruments disclosure (continued)

31 March 2021

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	210 344	210 344
Cash and cash equivalents	1 778 815	1 778 815
	1 989 159	**1 989 159**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	78 261	78 261

Liquidity risk

g-Fleet's exposure to liquidity risk consists of the risk that it will not have sufficient cash to pay liabilities as they fall due. g-Fleet manages liquidity risk so as to maintain a positive cash balance.

The total exposure to liquidity risk is represented by the trade and other payables and finance lease payable balance in these financial statements.

The entity manages liquidity risk through an ongoing review of future commitments. Through this review, the Entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational and capital expenses. The table below analyses the Entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual date. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity profile for finance lease maturity payables is disclosed in the finance lease obligations note.

The following is an analysis of the age of accounts receivable that are past due as at the reporting date but not impaired.

Financial assets past due - Accounts Receivable:		
More than 30 days and not more than 60 days	39 033	54 087
More than 60 days and not more than 90 days	10 839	7 702
More than 90 days	20 278	28 394
	70 150	**90 183**

Maturity of financial liabilities - 31 March 2022	Due within 1 month
Payables from exchange transactions	46 696

Credit risk

Credit risk consists of cash and cash equivalents and receivables. g-Fleet Management considers it's credit risk minimised as the entity only hold cash with major banks with high quality credit standing and Trade and other receivables comprise of a Government customer base. Government debt is considered recoverable. All debtors that are neither past due not impaired are thus considered to be recoverable, although recovery may not be within the contractually agreed timeframes. The entity continues to render services to its defaulting customers so as to ensure government service delivery is not impeded by its clients, in extreme cases petrol cards for service departments are suspended until such time outstanding accounts are settled or realistic payment plans are provided.

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	2022 '000	2021 Restated* R '000

21. Financial instruments disclosure (continued)

g-Fleet establishes an impairment that represents its estimate of potential losses in respect of trade receivables. Further credit risk information is provided in the notes for Receivables from exchange transactions and Finance lease receivables.

The full impact of the COVID-19 pandemic has been felt across several markets who were taken by surprise on the related economic impact in such a short period of time. For the entity, the impairment of trade debtors is likely to increase because of budget repriorization from various client departments as part of their individual responses to the impact of the pandemic.

Interest rate risk

The Entity is not entitled to charge interest on overdue debtors. The interest arising from finance lease receivables and payables arises from the interest rate implicit in leases, and is not affected by market interest rates. Thus, the entity’s exposure to cash flow interest rate risk arises if it is required to pay interest on overdue trade and other payables. The extent of this risk amounts to market interest rates applied to the trade and other payables balance.

The entity has a policy of paying suppliers within 30 days of the invoice date, and interest rate risk exposure is managed through adherence to this policy.

The interest received from positive bank balances are linked to interest variation as pronounced by the governor of reserve bank.

g-FleeT Management

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 Restated* R '000

22. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	132 878	94 853
• Infrastructure	4 107	44 046
	136 985	**138 899**

Total commitments

Total commitments		
Authorised capital expenditure	136 985	138 899

The committed expenditure will be financed by available retained surpluses, existing cash resources and funds internally generated in line with the provisions of the Medium Term Expenditure Framework (MTEF). GRAP 1 paragraph 124 Disclosure requirements on Commitments Page 3 of 3 (d)(1) does not require the disclosure of unrecognised contractual commitments but emphasizes on the order in which other disclosures need to follow.

Operating lease commitments

Minimum lease payments due		
- within one year	1 003	284
- in second to fifth year inclusive	682	-
	1 685	**284**

g-FleeT Management entered into two (2) years lease agreement which commenced on 01 July 2019 and terminating on 30 June 2021 for the Durban Regional Office. On expiry the lease agreement continued on month to month while the entity was still searching for new office accommodation. The entity entered into a twelve (12) months lease agreement for the East London Regional Office commencing on 1 April 2022 and terminating on 31 March 2023. The entity also entered into a five (5) years lease agreement for the Cape Town Regional Office which commenced on 1 April 2022 and terminating on 31 March 2027. The costs of the leases are straight lined over the period of the lease. The entity entered into three (3) years office photo-copy machines lease agreement which commenced on the 01 November 2019 and terminates on 31 October 2022.

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	2022 '000	2021 Restated* R '000

23. Contingent Liabilities

The entity records contingent liabilities based on the determination of the expected outcome of an uncertain future event which is not wholly within the control of the entity. The amounts below represent the entity's best estimate of the expected cash outflows that may arise from the expected outcomes:

23.1. Litigation and motor vehicle accident claims:

As at 31 March 2022, the entity was exposed to the following litigation cases which arise during the ordinary course of business and whose outcome is dependent on formal legal proceedings and assessment thereof:Litigation

Description		
*Various third-party motor vehicle accident claims	706	1 603
Kgafela Construction CC – Alleged breach of contract claim	300	300
**Mbokoda Construction CC – Non-payment of account	3 484	3 484
	4 490	**5 387**

*The third-party motor vehicle accident claims emanate from accident claims that have been instituted against the entity for damages caused to third-party motor vehicles by all state drivers using g-FleeT motor vehicles.

**The Mbokoda Construction CC contractual legal dispute emanated in 24 October 2012. The claim was in respect of monies owed to sub-contractors and project management fees. The entity's external legal assessment, i.e. both state attorney and senior counsel believed that the plaintiff did not have any lien over the g-fleet properties and that the matter was ready for trial and awaiting a court date from Mbokoda Construction CC. As at 31 March 2022, the status quo remained the same

24. Related parties

g-FleeT Management is related to all Gauteng Provincial Government departments and entities by virtue of being under the same control by Gauteng Premier and Gauteng Legislature.

All transactions with related parties are within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which the Entity would have adopted if dealing with that individual entity or person on terms and conditions within the normal operating parameters established by the reporting entity's legal mandate.

g-Fleet Management is using office space belonging to Gauteng Department of Roads and Transport , which is the mother department of this Entity and no rentals are charged.

During the financial year under review, the Entity transferred a vehicle to Gauteng Department of Community safety as per PFMA section 42.

Vehicle details		
Mercedes ML500 BE A/T SUV - GGP449G	381	-

Related party balances

Departments		
Gauteng Department of Community Safety	-	35 000

g-FleeT Management

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Figures in Rand thousand

25. Member's emoluments

Executive

31 March 2022

	Basic Salary	13th Cheque	Pension Contribution	Other Benefits	Total
Ms. Noxolo Maninjwa	1 044	87	136	494	1 761
*Mr. Poobalan Govender (Acting CFO from Sept 2021)	565	-	74	142	781
Mr. Thulani Mkwanazi (Acting Director: Finance from November 2021)	307	-	40	115	462
Mr. Matodzi Mamatsinya (Acting Director: Finance from October 2018 to October 2021)	338	56	44	138	576
Mr. Sifiso Mhlongo (Acting Director: Maintanance Services from October 2018)	385	47	50	306	788
Ms. Salomie Jafta - Director TSS	725	60	94	349	1 228
Mr. Nhlakanipho Nduli (Acting COO from January 2020)	528	-	69	283	880
Ms. Ravanne Mathews - Director Permanent Fleet	725	60	94	349	1 228
Mr. Douglas Scott (Acting Director: VIP and Pool Services from February 2021 to July 2021)	244	-	32	145	421
Ms Sherlon Seagal (Acting Director: VIP and Pool Services from August 2021 to February 2022)	314	-	41	237	592
	5 175	**310**	**674**	**2 558**	**8 717**

*The Acting Chief Financial Officer is an employee of the Gauteng Department of Roads and Transport and has been seconded for a period of 12 months to g-FleeT Management by the Executive Authority.

31 March 2021

	Basic Salary	13th Cheque	Pension Contribution	Other Benefits	Total
Mr Armstrong Ngumla - Acting CFO from 05 September 2017 to 31 December 2020	589	-	77	127	793
Mr. Matodzi Mamatsinya - Acting Director Financial Services (From 01 October 2018)	554	56	72	200	882
Mr. Sifiso Mhlongo - Acting Director Maintanance Services (From 01 October 2018)	475	47	62	277	861
Ms. Sherlon Segal - Acting Director: VIP and Pool Services (From 01 July 2020)	304	-	40	247	591
Ms. Salomi Jafta - Director TSS	715	59	93	324	1 191
Mr. N Nduli - Acting COO (From 1 January 2020)	704	-	84	386	1 174
Ms. Ravanne Mathews - Director Permanent Fleet	715	59	93	324	1 191
Mr. Douglas Scott - Acting Director: VIP and Pool Services (From 01 December 2019)	144	-	18	81	243
Ms. Noxolo Maninjwa - CEO	1 028	86	134	466	1 714
	5 228	**307**	**673**	**2 432**	**8 640**

26. Subsequent events

26.1 On 04 April 2022, President Cyril Ramaphosa announced the lifting of the National State of Disaster in respect of the COVID-19 pandemic, effective from midnight on Monday, 5 April, but maintained certain aspects of the regulations to enable government to continue in its response to the pandemic.

g-FleeT Management
Annual Financial Statements for the year ended 31 March 2022

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Figures in Rand thousand

26. Subsequent events (continued)

The lifting of the National State of Disaster has permitted the economy to commence operating at maximum capacity, thereby enabling both the entity's clients and suppliers to increase their levels of productivity. However, as at 31 March 2022, the entity has concluded that it is not possible to reliably estimate any levels of increased demand for the entity's services which makes this event a non-adjusting subsequent event.

26.2. On 25 May 2022, the entity's Board of Survey (BOS) Committee concluded assessments of motor vehicles that were no longer economical for use by the entity. The identification and assessment of such motor vehicles is undertaken in line with the BOS committee charter and is undertaken in respect of motor vehicles due to reasons such as uneconomical to repair accident damages, age and usage of motor vehicle, etc. Management is of the view that this event provided additional information relating to the condition of applicable vehicles that existed at reporting date. Consequently, management has adjusted for this event both in terms of the Statement of Financial Position and the Statement of Financial Performance. The impact is as follows:

Description		
Decrease in Property, plant and equipment – motor vehicles	(32 881)	-
Increase in impairment	32 881	-
	-	-

26.3. During11-13 April 2022, severe flooding and landslides caused by heavy rainfall affected southern and south-eastern parts of South Africa, particularly the Provinces of KwaZulu-Natal and Eastern Cape. The Province of KwaZulu-Natal was hardest hit with over 443 people having lost their lives and many more displaced because of the flood. A national state of disaster was declared by President Cyril Ramaphosa in response to this disaster. Unfortunately, the entity's regional office within KwaZulu-Natal was also negatively impacted by this natural disaster. Some motor vehicles residing within the regional office KwaZulu-Natal suffered damages because of the floods. On 09 May 2022, the entity undertook an assessment of the applicable motor vehicles which has subsequently resulted in an impairment loss being recognised in respect of the applicable motor vehicles. The entity is of the view that this event provides additional information relating to the condition of the applicable motor vehicles that existed at reporting date. Consequently, management views this event as a non-adjusting event. The financial estimate of the impact of the event for the 2022/2023 financial year is as follows:

Description		
Assessed vehicle impairment loss	1 356	-

g-FleeT Management

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	2022 '000	2021 R '000

27. Fruitless and Wasteful expenditure

	2022	2021
Fruitless and wasteful expenditure	316	8
Add: Fruitless and Wasteful Expenditure - current year	580	308
Transferred to receivables	(580)	-
	316	**316**

R580,109.53 relates to employee costs incurred for an official who absconded from work from June 2018 until her contract was terminated in May 2022.

28. Irregular expenditure

	2022	2021
Opening balance	103 327	102 863
Add: Irregular Expenditure - current year	474	464
	103 801	**103 327**

Analysis of expenditure awaiting condonation per age classification

	2022	2021
Current year	474	464
Prior years	103 327	102 863
	103 801	**103 327**

Details of irregular expenditure – current year

Expired property lease: East London Regional Office - Appointed service provider defaulted at commencement of new lease contract. Entity was forced to extend with previous service provider to ensure continued operation whilst procuring a new service provider. Both criminal and civil claim instituted against defaulting service provider for loss suffered in terms of deposit paid. Entity experienced procurement delays in appointing new service provider due to limited accommodation spaces within East London area.	474
	-
	474

29. Rental deposits

This relates to payments made to the landlord as deposit for office rentals at the regions.

	2022	2021
Rental deposits	6	6

30. Revenue from auction of vehicles

	2022	2021
Revenue from auction of vehicles	81 073	71 468

31. Proceeds from sale of Judges vehicles

	2022	2021
Proceeds from sale of Judges vehicles	2 524	-

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	2022 '000	2021 R '000

32. Other Receivables

This balance relates to salary related suspense accounts that could not be cleared during the month of June 2021 or at year end and rental deposits from previous property lease agreements.

Other Receivables	65	85

33. Other income

Revenue from Transport Income	1 704	1 890
Sundry Income	157	93
	1 861	**1 983**

34. Finance costs

Late payment of suppliers	-	305
Finance leases	1 208	1 204
	1 208	**1 509**

35. Bad Debts written off

Bad debts written off	27 836	-

36. Cost of sales

Sale of goods		
Cost of goods sold	83 893	74 709

37. Repairs and maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by g-FleeT Management.

General maintenance and services	109 614	87 761
Spares and accessories	3 932	16 225
Tyres and tubes	12 211	11 539
	125 757	**115 525**

38. Going Concern

As at 31 March 2022, management had every reason to believe that the entity had adequate resources in place to continue in operation for the foreseeable future. The entity has determined that the COVID-19 events are significant uncertainty events. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government's responses remains unclear. It is not possible to reliably estimate the duration and severity of the consequences emanating from the pandemic.

This assumption is based on the below assessment: -

1. The entity is self-sustaining and derives its funding from the revenue generated through the provision of services.

2. The Entity has a strong balance sheet that is backed by cash.

3. Strict daily cash management processes are embedded in the Entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes are complemented with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

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	2022 '000	2021 R '000

38. Going Concern (continued)

4.The Entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted. Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis

39. Change in estimate

Post the period under review, the entity undertook an assessment of motor vehicles which displayed indicators of significant impairment. Over and above the use of the trade and retail values obtained from dealer handbooks, the entity through its Board of Survey Committee conducted further conditional assessments of the applicable vehicles and used such results in the calculation of the extent and amount of impairment of the applicable vehicles. The change in estimate resulted in an increase in the impairment loss to the Statement of Financial Performance for the year under review and the change will be continuing to be applied prospectively. The change in estimate has resulted in the following:

Description		
Decrease in Property Plant and Equipment	(32 881)	-
Increase in impairment loss:	32 881	-
	-	-

40. Depreciation and Amortisation

Motor vehicles	118 269	119 422
Property,plant and equipment	4 842	5 052
Intangible assets	248	247
	123 359	**124 721**

41. Segment Reporting

The g-FleeT Management has one economic activity that generates service potential, whose results are regularly reviewed by management to make decisions about resources to be allocated and for which financial information is available.
The g-FleeT Management has a single service segment as well as a geographical segment.

42. Principal-agent arrangement

The relationship between g-FleeT Entity and Tirhani Auctioneers forms part principal-agent arrangement as Tirhani Auctioneers auctions vehicles on behalf of g-FleeT Entity to third party for g-FleeT benefit, g-FleeT is the principal and Tirhani Auctioneers is an agent in the arrangement. No changes occurred during the reporting period relating to the significant terms and conditions. The purpose of the arrangement to sell g-FleeT vehicles through an auctions as this forms part of revenue generating for g-FleeT and recapitalise the assets and by selling the vehicles it eliminates the risks of damages E.g nature disasters. No resource of the entity are under the custodianship of an agent and a sales commission of 5% from April 2021 up to the end of quarter 3 was paid. No cost implications for the principal will be incurred should the contract be cancelled.

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