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*Report of the Audit Committee  
for the Year Ended 31 March 2007*

**Audit Committee Members and Attendance**

The Audit Committee consists of the members listed hereunder. During the current year three meetings were held.

MEMBERS	NO. OF MEETINGS ATTENDED
Mr V P Maluleke (Chairperson)	3
Mr I W Robinson	2
Mr R G Nicholls	3
Mr B Tashe (Interim CEO - Resigned January 2007)	3

**Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1)(a) of the Public Finance Management Act (PFMA) and Treasury Regulation 3.1.13. The Audit Committee 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 controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

According to the various reports of the Internal Auditors, the audit report on the Annual Financial Statements, the matters of emphasis and management report of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal control for the year under review were effective and efficient.

## Evaluation of Annual Financial Statements

### The Audit Committee has reviewed the following:

- The audited Annual Financial Statements to be included in the Annual Report with the Auditor-General and the Interim Accounting Officer;
- The Auditor-General's management report and the management's response thereto;
- Changes in accounting policies and practices; and
- Significant adjustments resulting from the audit.

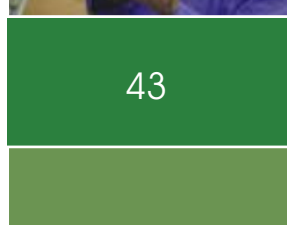
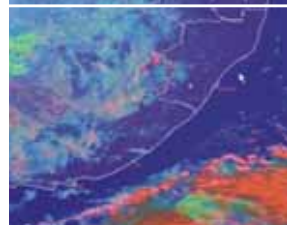
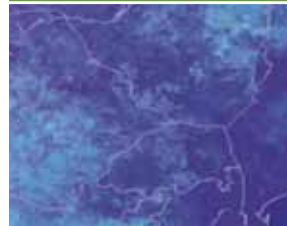
The Audit Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



**Mr Prince Maluleke**

Chairperson of the Audit Committee

**27 July 2007**



# Report of the Auditor-General to Parliament

## on the Financial Statements and Performance Information of the South African Weather Service for the Year Ended 31 March 2007

### Report on the Financial Statements

#### Introduction

1. I have audited the accompanying financial statements of the South African Weather Service (SAWS) which comprise the Statement of Financial Position as at 31 March 2007, Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 77.

#### Responsibility of the Accounting Authority for the Financial Statements

2. The Accounting Authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the SAWS Act, 2001 (Act No. 8 of 2001). This responsibility includes:
  - Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
  - Selecting and applying appropriate accounting policies; and
  - Making accounting estimates that are reasonable in the circumstances.

#### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with sections 4, 15 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notices 645 and 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. 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 and fair presentation 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.
6. An audit also includes evaluating the:
  - Appropriateness of accounting policies used;
  - Reasonableness of accounting estimates made by management; and
  - Overall presentation of the financial statements.

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

#### Basis of Accounting

8. The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in Note 2 to the financial statements.

#### Audit Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of SAWS as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the identified

basis of accounting determined by the National Treasury, as set out in Note 2 to the financial statements.

## Emphasis of Matter

Without qualifying my audit opinion, I draw attention to the following matter:

### 10. No title deed for land

Note 6 to the Annual Financial Statements refers. Transfer of the property located in Pretoria was approved by the Minister of Environmental Affairs and Tourism in terms of the SAWS Act. Although this goes back to the incorporation of SAWS, the land, which was valued at R61 million during the year under review, has not yet been transferred from the Department of Public Works to SAWS.

## Other Reporting Responsibilities

### Reporting on Performance Information

11. I have audited the performance information as set out on pages 9 to 19.

### Responsibilities of the Accounting Authority

12. The Accounting Authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the Annual Report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

### Responsibility of the Auditor-General

13. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### Audit Findings

16. No audit findings.

### Appreciation

17. The assistance rendered by the staff of SAWS during the audit is sincerely appreciated.



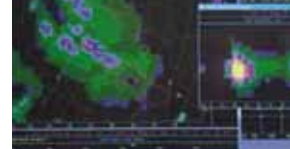
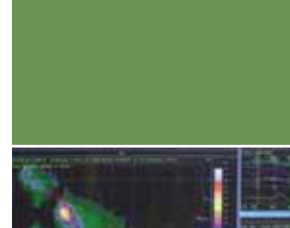
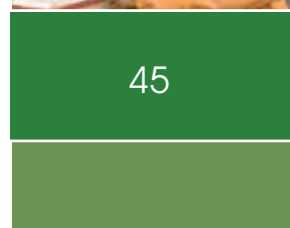
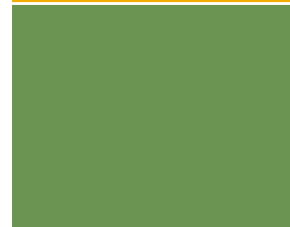
**G O Randall** for Auditor-General

Pretoria

31 July 2007



AUDITOR-GENERAL



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## Statement of Responsibility by the Board for the Year Ended 31 March 2007

The Annual Financial Statements are the responsibility of the Board. The financial statements, presented on pages 53 to 77 were prepared in accordance with South African Statements of Generally Accepted Accounting Practices (GAAP) and South African Statements of Generally Recognised Accounting Practices (GRAP), and include amounts based on judgement and estimates made by management. The Board also prepared the other information included in the Annual Report and is responsible for both its accuracy and consistency with the financial statements.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. The Board reviewed the entity's system of internal control and risk management for the year. The Board is of the opinion that the entity's systems of internal control and risk management were effective for the year under review.

The going concern basis was adopted when preparing the financial statements. The Board has no reason to believe that the South African Weather Service will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the South African Weather Service.

The financial statements were audited by the Auditor-General, who had unrestricted access to all financial records and related data, including minutes of the Board and all its committees. The Board believes that all representations made to the Auditor-General during their audit were valid and appreciated.

### Approval of Financial Statements

The financial statements on pages 53 to 77 were approved by the Board on 30 July 2007 and signed on its behalf by:

A stylized, circular signature in black ink, appearing to be the initials 'LM'.

**Dr Linda Makuleni**  
Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Sizeka Rensburg'.

**Sizeka Rensburg**  
Chairperson: South African Weather Service Board



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*Report of the Accounting Authority  
for the Year Ended 31 March 2007*

**Report by the Accounting Authority to the Executive Authority and Parliament of the Republic of South Africa**

**Preparation and Presentation of the Annual Financial Statements**

The South African Weather Service has adopted the South African Statements of Generally Recognised Accounting Practices (GRAP 1-3) and the South African Statements of Generally Accepted Accounting Practices (GAAP).

**General Review of the State of Affairs**

The South African Weather Service (SAWS) continues to perform well. However, certain challenges face the organisation.

**Income**

Total income increased by 3.4% (R5.7 million) from R167.2 million (2006) to R172.8 million (2007).

The increase was attributed to:

	2007	2006	Increase/(Decrease)	
	R m	R m	R m	%
Government grant contribution	114.39	103.69	10.70	10.32
Aviation income	47.28	46.62	0.66	1.42
Commercial income	6.58	6.70	(0.12)	(1.79)
Interest from accounts receivable	0.40	6.04	(5.64)	(93.37)
Interest due to discounting receivables	1.19	0.86	0.33	38.37
Income from investments	3.00	3.28	(0.28)	(8.54)
<b>Total</b>	<b>172.84</b>	<b>167.19</b>	<b>5.66</b>	<b>3.38</b>

# Report of the Accounting Authority for the Year Ended 31 March 2007 (Continued)

The Department of Environmental Affairs and Tourism (DEAT) has increased their grant by 10.3% for the year under review.

Aviation income increased by 1.42% and commercial income decreased by 1.79% year on year. The challenge to increase commercial revenue remained but will be addressed in the coming year with the development of marketable products and services. Commercial revenue comprises mainly of the sale of Automatic Weather Stations and the services of the Lightning Detection Network totaling R2.7 million for the year (2006: R2.0 million) and the sales of climate data information totaling R3.2 million for the year (2006: R3.2 million).

Interest received from outstanding debtors accounts reduced from R6.04 million (2006) to R0.4 million (2007) due to the settlement reached with the aviation industry which included the reversal of the interest charged on the outstanding amounts.

Interest received due to discounting of receivables R1.19 million (2007) increased from R0.86 million. International Accounting Standard 39; Financial Instruments, requires that when a receivable is raised that the receivable will be initially recognised at its fair value, and this would take into account the effect of the time value of money. Similarly, for the purchase of goods on extended payment terms the effect of time value of money should be reflected in the purchase value. Previously, the effect of time value of money was not taken into account at initial recognition of trade receivables and trade payables. The change in estimate has been accounted for retrospectively for 1 April 2005, and the comparative statement for the prior year has been restated.

Income from investments decreased by 8.54% from R3.28 million (2006) to R3.0 million (2007). Surplus cash funds, per the current accounts, have been allocated to interest bearing short-term investment and call accounts. Interest rates are negotiated with financial institutions on a monthly basis or when the investment matures. Investments are placed according to the rules of the PFMA.

The relation between internally generated income and income received as a grant from DEAT is as follows:

	2007	2006
External as % of total income	66%	62%
Internal as % of total income	34%	38%
	100%	100%

The internal revenue decreased year on year due to the interest charged on outstanding debtors accounts which were written off during the year.

## Expenses

Total expenses decreased by 2.1% (R3.5 million) from R163.66 million (2006) to R160.16 (2007). Total decrease was attributed to:

	2007	2006	Increase/(Decrease)	
	R m	R m	R m	%
Administrative and marketing expenditure	2.90	2.43	0.47	19.3
Employee costs	86.74	70.74	16.00	22.6
Depreciation	10.44	9.80	0.64	6.5
Amortisation	0.34	0.23	0.11	47.8
Other operational expenditure	58.62	79.49	(20.87)	(26.25)
Finance cost	1.11	0.98	0.13	13.3
<b>Total</b>	<b>160.16</b>	163.66	3.5	2.1



## Selling and Administration Expenditure

Administration expenses increased by 19.3% from R2.43 million (2006) to R2.9 million (2007). This increase was mainly attributed to an increase in public awareness and advertising expenditures relating to the advertising of the vacant positions in the organisation. The Board fees paid decreased with 22% (R0.2 million) year on year from R0.9 million (2006) to R0.7 million (2007).

## Employee Benefits

Employee benefits increased by 22.6% from R70.74 million (2006) to R86.74 million (2007). The average annual cost of living increase was 6.5% and the filling of vacant positions as well as the implementation of a medical aid allowance and housing allowance across the board contributed further to the increase. A provision was also made for the implementation of the Reward and Remuneration Strategy based on benchmarking with other organisations to the value of R3.5 million.

Employee costs constitute 54% (2006: 43%) of the total expenses of SAWS.

## Depreciation

Depreciation increased by 6.6% from R9.8 million (2006) to R10.4 million (2007). The increase is a direct result of the Capital Expenditure Programme. An amount of R20.8 million (2006: R11.4 million) was utilised for the acquisition of capital equipment of which R11.9 million related to the purchase of meteorological instruments.

## Other Operating Expenses

Other operating expenses decreased by 26.3% (R20.87 million) from R79.49 million (2006) to R58.62 million (2007).

The decrease was mainly driven by:

- A decrease of 159.3% (2006: R6.4 million, 2007: (R3.8 million)) in the provision for bad debts due to reversal effected as a result of the settlement agreement with the aviation industry.
- A decrease in conference costs by 76.2%, (2006: R2.1 million, 2007: R0.5 million) due to the Commission for Atmospheric Sciences (CAS) conference hosted in South Africa during 2006 and not repeated in 2007.
- A decrease of 28.3% (2006: R6 million, 2007: R4.3 million) in the use of service providers.
- Communication and computer expenses decreased by 14.8% (2006: R9.4 million, 2007: R8 million) due to the implementation of new technology and equipment.
- Legal fees decreased by 36% (2006: R2.5 million, 2007: R1.6 million) due to the decrease in legal cases and other legal requirements.
- Printing and stationery decreased by 37.5% (2006: R1.6 million, 2007: R1 million) due to more controlled expenditure management.
- Repairs and maintenance decreased by 47.1% (2006: R7 million, 2007: R3.7 million) due to reduced repairs on the aircrafts, computer equipment and buildings. A further influence on the reduction was the implementation of storerooms, transferring parts to stock previously expensed.
- Travelling costs decreased by 6.3% (2006: R6.4 million, 2007: R6 million) due to cost reduction initiatives.

## Finance Cost

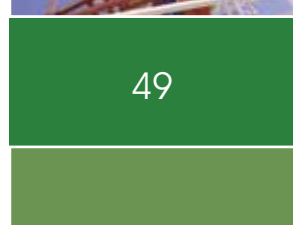
Finance cost increased by R0.13 million from R0.98 million (2006) to R1.11 million (2007) due to the effect of the implementation of IAS 39 as discussed above.

## Stock Adjustment

During the year under review storerooms were created in the Technical Services division, implementing manufacturing processes. An amount of R1.1 million was transferred to the stock in stores.

## Retrospective Restatement of Error

During the prior year a prepayment was incorrectly expensed. The total value of the prepayment is R0.5 million. The prepayment is due to a contractual obligation with Wits University to execute management development training within SAWS. The programme was stopped and a decision taken to review and change the curriculum and programme in conjunction with Wits University. The payment was made due to the contractual legal



# Report of the Accounting Authority for the Year Ended 31 March 2007 (Continued)

obligation SAWS had with Wits University. The new programmes will be implemented during the next financial year.

## Services Rendered by the South African Weather Service

Services rendered by SAWS are discussed in Part 2 of the Annual Report.

## Tariff Policy

In terms of Section 28(b) of the SAWS Act, 2001 (Act No. 8 of 2001), SAWS charges fees for the provision of aviation meteorological services by the operator of an aircraft in respect of a flight undertaken within any flight information region established by the Commission for Civil Aviation in terms of the Civil Aviation Regulations, 1997, as amended.

**Aviation meteorological user charges have two categories:**

### Category 1

In respect to an aircraft with a Maximum Certified Mass (MCM) of 2000 kg and above:

- Charge = Tariff x W x D
- Where tariff =

Year 1 (1 April 2006 - 31 March 2007)	R23,50
Year 2 (1 April 2007 - 31 March 2008)	R24,29
Year 3 (1 April 2008 - 31 March 2009)	R24,73
- W = Square root of (MCM in metric tonnes divided by 50)
- D = Distance of flight in the flight information region of South Africa in kilometre divided by 100.

### Category 2

Aircraft with a published Certified Maximum Mass between 2000 and 4999 kg that operate under Visual Flight Rules (VFR) and aircrafts with a Maximum Certified Mass (MCM) of below 2000 kg the tariff is set at zero.

No fees are payable for an aircraft engaged in search and rescue operations and coastal patrol flights of the South African Air Force.

## Capacity and Other Constraints

- Employees - a challenge exists in the filling of posts in the approved structure with skilled and knowledgeable employees, due to the fact that SAWS is a scientific organisation with a need for skilled meteorologists and scientists. The plan is to increase the amount spent on the allocation of bursaries to meteorological students and to develop a Retention Strategy for employees.
- Management - a challenge exists in finding suitably skilled persons to fill the vacant Commercial General Manager's position. Due to the nature of SAWS' core business being science based the organisation experiences a challenge finding the right candidate who has the combined experience of commercial and science to fill the position.
- Commercial revenue - a challenge exists in developing market products to sell to commercial clients. This will be partially addressed through the development of the TriVis media software which was purchased during the financial year.

## Utilisation of Donor Funds

An amount of R1.3 million (2006: R4.6 million) including interest was received during the year under review from donor funds. A total of R1.5 million (2006: R7.3 million) was utilised as donor funding expenditure. These funds were received with conditions as agreed with the donors. Detailed information on these projects is discussed in the Annual Report 2007 under Part 2, Operations. The amounts received from donors are recorded as a liability against which expenses are charged. The balance available at year end was R1.8 million (2006: R2.3 million).

## Corporate Governance Arrangements

SAWS is committed to the objectives and principles of transparency, accountability and integrity explained in the King II

Report on Corporate Governance. Detailed discussion of the application and results of Corporate Governance in the organisation is discussed in the Annual Report under Part 2, Corporate Governance.

Full disclosure of risk items and policies are discussed under Note 21 in the Annual Financial Statements, disclosure of all conflict of interest and contracts with related parties are done under Note 22 in the Annual Financial Statements.

Disclosure of remuneration to members of the Accounting Authority and Executive Management is done under Note 26 in the Annual Financial Statements.

The main event for the year was the appointment of the Chief Executive Officer Dr L Makuleni who will commence office on 2 April 2007. The Strategic Plan was amended and improved to include clear and precise direction for the organisation for the coming three years. Internal controls have been strictly monitored and SAWS received positive audit reports from both the internal and external auditors.

The Audit Committee meets on a regular basis and ensures that management adheres to internal control and accounting policies and procedures. During the year under review Sithole Inc.'s appointment was extended to assess the internal control procedures and the application thereof in the organisation. This is an ongoing process and will ensure the effective implementation of internal audit and control procedures and adherence of management thereto. A Risk Assessment was performed during the year. The Audit Committee has adopted a formal terms of reference and this Committee is satisfied that it covered all responsibilities for the year in compliance with its terms of reference. (Refer to Report of the Audit Committee in the Annual Report).

## Performance Information

Performance targets are set on an annual basis. Full disclosure of these targets and performance against them is disclosed in the Annual Report. Quarterly performance reports are prepared by the South African Weather Service and submitted to the Department of Environmental Affairs and Tourism stating achievements during the previous year and assessing results against targets set.

## SCOPA Resolutions

The following resolutions were taken by the Standing Committee on Public Accounts (SCOPA) as tabled in Parliament on 20 October 2006, having heard and considered evidence on the Annual Report and the report of the Auditor-General on the financial statements of the South African Weather Service (SAWS) for the year ended 31 March 2005:

RESOLUTION TAKEN	RESPONSE	RESOLVED/NOT RESOLVED
<b>Donor Funding</b> <ul style="list-style-type: none"> <li>Inadequate controls in place to monitor the progress of donor funding projects against funds donated for specific projects</li> </ul>	Proper internal controls have been implemented over expenses incurred per project in relation to funds received	Resolved
<b>Non Compliance with Laws, Rules and Regulations</b> <ul style="list-style-type: none"> <li>Lack of proper debt control policy and poor enforcement of internal controls</li> </ul>	A debt control policy has been developed and approved by the Accounting Authority. Internal controls are now enforced.	Resolved
<ul style="list-style-type: none"> <li>Failure to monitor unallocated amounts is not followed on a regular basis in order to clear suspense accounts</li> </ul>	Suspense accounts are now reconciled and clear to zero on a monthly basis by the Finance department	Resolved
<ul style="list-style-type: none"> <li>Failure to perform leave reconciliations</li> </ul>	Leave reconciliations have been completed at the 2006 year end and the audit report does not indicate any findings in this regard	Resolved



# Report of the Accounting Authority for the Year Ended 31 March 2007 (Continued)

RESOLUTION TAKEN	RESPONSE	RESOLVED/NOT RESOLVED
<p><b>Land</b></p> <ul style="list-style-type: none"> <li>According to the SAWS Act 2001 (Act No. 8 of 2001) a portion of the Department of Public Works land was allocated to SAWS. This land has not been registered in the name of SAWS. It is registered in the name of the Department of Public Works.</li> </ul>	<p>The Accounting Authority is doing everything in its power to obtain the deed of transfer for the land from the Department of Public Works. The final outstanding document is an Item (28) 1 certificate which must be issued by the Department of Land Affairs. SAWS management has made several attempts to obtain the certificate from the Department of Land Affairs. (Subsequent to the report to SCOPA discussions with Land Affairs took place and a re-submission by the Department of Public Works to the Department of Land Affairs must be prepared to ensure disposal of the land to the South African Weather Service.)</p>	<p>Not Resolved</p>

## Address

**Registered office:** South African Weather Service  
442 Rigel Avenue South  
Erasmusrand  
Pretoria  
0181

**Postal address:** Private Bag X097  
Pretoria  
0001

## Auditors

SAWS is a public entity audited by the Auditor-General.

## Approval

The Annual Financial Statements set out on pages 53 to 77 have been approved by the Accounting Authority.



**Sizeka Rensburg**  
Chairperson of the Board

30 July 2007

# Statement of Financial Position

as at 31 March 2007

	Notes	2007 R	Restated 2006 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	82 198 023	68 403 283
Intangible assets	5	4 293 024	896 086
Investment property	6	44 757 768	42 743 750
<b>Current Assets</b>			
Inventory	7	4 675 085	633 623
Trade and other receivables	8	8 817 800	11 352 714
Cash and cash equivalents	9	45 762 485	39 397 438
<b>Total Assets</b>		<b>190 504 185</b>	<b>163 426 894</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred rental obligations	10.1	8 299 480	7 147 171
Retirement benefit obligations	11	20 890 422	17 955 506
<b>Current Liabilities</b>			
Current portion: Retirement benefit obligations	11	203 278	153 494
Trade and other payables	12	18 681 443	13 473 091
Provisions	13	1 911 151	1 924 138
Donor funding	14	1 753 053	2 322 578
<b>Total Liabilities</b>		<b>51 738 827</b>	<b>42 975 978</b>
<b>Net Assets</b>			
Non-distributable reserve		57 780 964	54 165 328
Accumulated surpluses		80 984 394	66 285 587
<b>Total Equity and Liabilities</b>		<b>190 504 185</b>	<b>163 426 894</b>
<b>Total Net Assets</b>		<b>138 765 358</b>	<b>120 450 915</b>

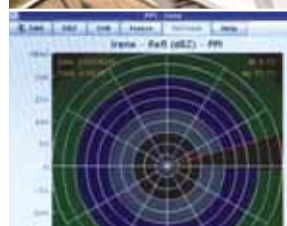
# Statement of Financial Performance

## for the Year Ended 31 March 2007

	Notes	2007 R	Restated 2006 R
Revenue	15	172 847 852	167 183 838
Administrative expenses		(2 903 614)	(2 432 491)
Employee benefits expense		(86 742 543)	(70 742 079)
Amortisation	5	(340 541)	(226 975)
Depreciation	4	(10 441 641)	(9 798 747)
Other operating expenses		(58 621 468)	(79 485 533)
Finance costs	16	(1 113 256)	(975 023)
<b>Operating Surplus for the Year</b>		<b>12 684 789</b>	<b>3 522 990</b>
Gains from fair value adjustments	6	2 014 018	3 252 797
<b>Surplus for the Year</b>	17	<b>14 698 807</b>	<b>6 775 787</b>

# Statement of Changes in Net Assets for the Year Ended 31 March 2007

	Notes	Non-distributable Reserve R	Accumulated Surpluses/ (Deficits) R	Total R
<b>Balance at 31 March 2005</b>		49 639 043	54 330 811	103 969 854
Prior period error - discounting of receivables and payables			(154 977)	(154 977)
<b>Restated Opening Balance</b>		49 639 043	54 175 834	103 814 877
Asset revaluation reserve expensed		(5 333 966)	5 333 966	-
Land valuation	6	4 647 203	-	4 647 203
Aircraft valuation		5 213 048	-	5 213 048
Net surplus for the year (restated)		-	6 775 787	6 775 787
<b>Balance at 31 March 2006 (Restated)</b>		54 165 328	66 285 587	120 450 915
Land valuation	6	1 246 500	-	1 246 500
Aircraft valuation	4	2 369 136	-	2 369 136
Net surplus for the year		-	14 698 807	14 698 807
<b>Balance at 31 March 2007</b>		<b>57 780 964</b>	<b>80 984 394</b>	<b>138 765 358</b>



# Cash Flow Statement

## for the Year Ended 31 March 2007

	Notes	2007 R	Restated 2006 R
<b>Cash Flow from Operating Activities</b>			
<b>Receipts</b>		<b>175 283 738</b>	169 132 259
Government grant		114 393 000	103 690 000
Commercial and other income		57 887 468	62 165 035
Income from investments		3 003 270	3 277 224
<b>Payments</b>		<b>(148 828 574)</b>	(172 245 458)
Employee benefits expense		(86 742 543)	(70 742 079)
Suppliers		(60 972 775)	(100 528 356)
Finance costs		(1 113 256)	(975 023)
<b>Net Cash Flows from/(Used in) Operating Activities</b>	18	<b>26 455 164</b>	(3 113 199)
<b>Cash Flows from Investing Activities</b>			
Proceeds on disposal of property, plant and equipment and intangible assets		410 292	399 344
Acquisition of property, plant and equipment and intangible assets		(24 587 636)	(12 115 327)
<b>Net Cash Flows from/(Used in) Investing Activities</b>		<b>(24 177 344)</b>	(11 715 983)
<b>Cash Flows from Financing Activities</b>			
(Decrease)/increase in long-term liabilities		4 087 227	3 519 277
(Decrease)/increase in short-term liabilities		-	-
<b>Net Cash Flow from/(Used in) Financing Activities</b>		<b>4 087 227</b>	3 519 277
Net increase/(decrease) in cash and cash equivalents		6 365 047	(11 309 905)
Cash and cash equivalents at the beginning of the year		39 397 438	50 707 343
<b>Cash and Cash Equivalents at End of the Year</b>	9	<b>45 762 485</b>	39 397 438



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007

## 1. Presentation of Financial Statements

Unless otherwise stated, these financial statements have been prepared on the historical cost basis and are presented in South African rand since that is the functional currency in which the majority of the South African Weather Service's transactions are denominated. The principal accounting policies applied in the preparation of these consolidated financial statements are set-out below. The annual financial statements have been prepared on the going concern basis. All accounting policies have been consistently applied to all the years presented.

## 2. Adoption of South African Accounting Standards

### Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

#### Standard of GRAP

GRAP 1: Presentation of financial statements  
GRAP 2: Cash flow statements  
GRAP 3: Accounting policies, changes in accounting estimates and errors

#### Replaced Statement of GAAP

AC101: Presentation of financial statements  
AC118: Cash flow statements  
AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements:

#### 1. Terminology differences:

##### Standard of GRAP

Statement of financial performance  
Statement of financial position  
Statement of changes in net assets  
Net assets  
Surplus/deficit for the year  
Accumulated surplus/deficit  
Contributions from owners  
Distributions to owners  
Reporting date

##### Replaced Statement of GAAP

Income statement  
Balance sheet  
Statement of changes in equity  
Equity  
Profit/loss for the year  
Retained earnings  
Share capital  
Dividends  
Balance sheet date

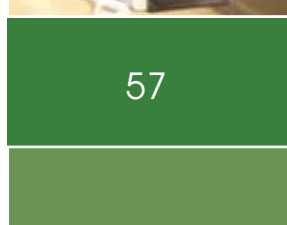
2. The Cash Flow Statement can only be prepared in accordance with the direct method.

3. Specific information has been presented separately on the Statement of Financial Position such as:

- (a) Receivables from non-exchange transactions, including taxes and transfers;
- (b) Taxes and transfers payable; and
- (c) Trade and other payables from non-exchange transactions.

4. The amount and nature of any restrictions on cash balances is required.

Paragraph 11–15 of GRAP 1 has not been implemented due to the fact that the budget reporting standard has not been developed by the local standard setter and the international standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

## 3. Summary of Significant Accounting Policies

The financial statements of the South African Weather Service have been prepared in accordance with South African Statements of Generally Accepted Accounting Practices (GAAP) and with South African Standards of Generally Recognised Accounting Practices (GRAP). The preparation of financial statements in conformity with GAAP and GRAP require the use of certain critical financial statements accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

### 3.1 Revenue Recognition

Revenue comprises of fees levied for the supply of weather related information to the aviation industry as well as other users. Revenue from information fees levied is recognised when the information is supplied to the customer.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable. Other income, mainly the letting of aircraft, is recognised when the service is rendered to the customer.

Project income received is recognised together with the respective expenses in the Statement of Financial Performance.

Monies received from donors are recorded as a liability against which expenses are charged, surpluses are either paid back or recognised in the Statement of Financial Performance depending on terms of the particular contract.

### 3.2 Government and Other Grants

Government and other grants are accounted when they become receivable and recognised on a monthly basis to match the grants with the related costs which they are intended to compensate.

### 3.3 The South African Weather Service as a Lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

### 3.4 Foreign Currencies

Transactions in currencies other than the functional currency (Rands) are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the Statement of Financial Position date. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded are recognised as income or expenses in the year in which they arise. The South African Weather Service did not enter into forward contracts and options in order to hedge its exposure to foreign exchange risks, during the financial year under review.

### 3.5 Property, Plant, Equipment and Depreciation

Revaluations of aircrafts and land and buildings are performed annually using fair values at the Statement of Financial Position date. Any revaluation increase arising on the revaluation is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Statement of Financial Performance to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated surpluses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

	2007 (Years)	2006 (Years)
Buildings - lease improvements	10	10
Commercial property	-	-
Aircraft	4	4
Motor vehicles	5	5
Meteorological instruments	10	10
Office equipment	4	4
Computer equipment	5	5
Computer software	5	5
Library books and equipment	5	5
Furniture and fittings	6	6
Tools and other equipment	5	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance. When revalued assets are sold, the amounts included in other reserves are transferred to accumulated surpluses. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial year in which they are incurred.

### 3.6 Intangible Assets

Acquired computer software are capitalised on the basis of the costs incurred and amortised over the useful lives (five years) using the straight-line method.

### 3.7 Investment Property

Investment property is shown at fair value based on periodic but at least annual, valuations by external independent valuers. The investment property is held for capital appreciation. A gain or loss arising from a change in the fair value of investment property is recognised in surplus or deficit in the year in which it arises.

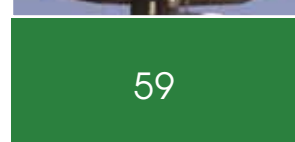
### 3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represent the estimate selling price less all estimated cost to completion and cost to be incurred in marketing, selling and distribution. Inventory consists of consumable goods only and not held for resale. Consumable goods are valued using the average cost basis. Redundant and slow moving stocks are identified and written down with regard to their estimated economic or realisable values.

### 3.9 Impairment

At each Statement of Financial Position date, the South African Weather Service reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

Management is of the opinion that there was no indication of impairment of assets for the year under review.

## 3.10 Financial Instruments

### Recognition

Financial assets and liabilities are recognised on the entity's Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

### Measurement

Financial instruments are initially measured at cost, which include transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

### Financial Assets

The entity's principal financial assets are trade and other receivables and cash and cash equivalents.

- **Trade and other receivables**

Trade and other receivables are stated at fair value providing for the time value of money and impairment of receivables.

- **Writing off of debts**

Prior to writing off debts, management assess the recoverability of the debt. If it is determined that the debt is irrecoverable, the debt is written off. If management is convinced that the recovery of the debt would be uneconomical or the recovery would cause undue hardship to the debtor or his or her dependants, or it would be to the advantage of the state to effect a settlement of its claim or to waive the claim.

- **Cash and cash equivalent**

Cash and cash equivalent are measured at fair value.

### Financial Liabilities

The entity's principal financial liabilities are trade and other payables. Trade and other payables are stated at fair value of money.

### Gains and Losses on Subsequent Measurement

Gains and losses arising from a change in the fair value of financial instruments, are included in the net surplus or deficit for the year in which it arises.

### Derecognition

A financial asset or a portion thereof is derecognised when the entity realises the contractual rights to the benefits specified in the contract, the rights expire, the entity surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustments to reflect the fair value of the asset that were reported in equity is included in net surplus or deficit for the year.

### Fair Value Considerations

The fair values at which financial instruments are carried at the Statement of Financial Position date were determined using available market values. Where market values were not available, fair values were calculated by discounting expected future cash flows at prevailing interest rates. The fair values were estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the entity could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

## 3.11 Provisions

### Liabilities

Provisions for liabilities are recognised when the South African Weather Service has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

### **Impairment of Receivables**

Impairment of receivables are recognised when the South African Weather Service outstanding debtors are above 120 days.

### **Post Retirement Medical Aid Contribution**

The entity operates a defined benefit obligation. The obligation is generally funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit obligation the related current service cost, and where applicable the past service cost are determined by using projected unit credit method.

A defined benefit obligation is an obligation that defines an amount of benefit to be provided, usually as a function of one or more factors such as inflation, discounting and demographic factors both before and after retirement.

Actuarial gains and losses are recognised as income or expense in the Statement of Financial Performance. The entity contribution to defined benefit obligation are charged to the Statement of Financial Performance in the year to which they relate. Once the contribution has been paid, the entity has no further payment obligations.

### **3.12 Comparative Figures**

Where necessary, comparative figures were adjusted to conform to changes in the presentation in the current year.

### **3.13 Taxation**

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962).

### **3.14 Value Added Taxation (VAT)**

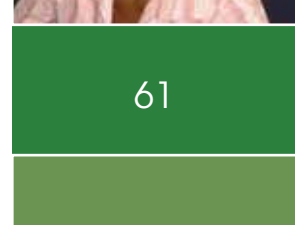
The Revenue Laws Amendment Act, 2003 (Act No. 45 of 2003) commenced on 22 December 2003. Previously, the definition of enterprise placed the South African Weather Service listed in Schedule 3 A within the scope of VAT. The Amendment Act, however has amended this definition of enterprise and effectively places the entity outside the scope of VAT. The amended definition of enterprise came into operation on 1 April 2005.

### **3.15 Prior Year Error Adjustment - Discounting of Trade Receivables and Trade Payables (IAS 39)**

IAS 39, Financial Instruments, requires that when a receivable is raised that the receivable will be initially recognised at its fair value, and this would take into account the effect of the time value of money. Similarly, for the purchase of goods on extended payment terms the effect of time value of money should be reflected in the purchase value. Previously, the effect of time value of money was not taken into account at initial recognition of trade receivables and trade payables. The change in estimate has been accounted for prospectively for 1 April 2005, and the comparative statement for the prior year have been restated. Refer to Note 20.2 and 20.3.

### **3.16 Events After the Statement of Financial Position Date**

Management is not aware of any matter or circumstance arising since the end of the financial year.



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

## 4. Property, Plant and Equipment

Cost or Valuation	2007				
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
	R	R	R	R	R
Building lease improvements	1 880 429	-	-	-	1 880 429
Commercial property	15 756 250	-	1 246 500	-	17 002 750
Aircraft	5 213 048	-	2 369 136	-	7 582 184
Aircraft airframes	1 092 555	-	1 011 936	-	2 104 491
Aircraft engines	3 808 334	-	1 271 559	-	5 079 893
Aircraft propeller	312 159	-	85 641	-	397 800
Motor vehicles	1 746 479	-	-	(885 263)	861 217
Meteorological instruments	45 402 521	11 894 634	-	-	57 297 155
Office equipment	575 004	168 735	-	(3 947)	739 792
Computer equipment	14 161 814	6 378 154	-	(222 902)	20 317 066
Library books and equipment	73 037	28 731	-	-	101 768
Furniture and fittings	2 826 244	891 545	-	(18 301)	3 699 488
Tools and other equipment	440 260	1 488 358	-	-	1 928 618
	<b>88 075 086</b>	<b>20 850 157</b>	<b>3 615 636</b>	<b>(1 130 413)</b>	<b>111 410 467</b>

Accumulated Depreciation	2007				
	Opening Balance	Depreciation	Additions	Disposals	Closing Balance
	R	R	R	R	R
Building lease improvements	566 190	187 969	-	-	754 159
Commercial property	-	-	-	-	-
Aircraft	-	1 302 370	-	-	1 302 370
Aircraft airframes	-	272 952	-	-	272 952
Aircraft engines	-	951 432	-	-	951 432
Aircraft propeller	-	77 986	-	-	77 986
Motor vehicles	1 361 926	-	-	(708 210)	653 716
Meteorological instruments	7 564 123	5 279 854	-	-	12 843 977
Office equipment	262 304	145 973	-	(3 794)	404 483
Computer equipment	8 779 146	2 696 542	-	(174 389)	11 301 299
Library books and equipment	38 394	10 190	-	-	48 584
Furniture and fittings	991 261	539 129	-	(14 607)	1 515 783
Tools and other equipment	108 459	279 614	-	-	388 073
	<b>19 671 803</b>	<b>10 441 641</b>	<b>-</b>	<b>(901 000)</b>	<b>29 212 444</b>

Cost or Valuation	2006				
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
	R	R	R	R	R
Building lease improvements	1 880 429	-	-	-	1 880 429
Commercial property	11 109 047	-	4 647 203	-	15 756 250
Aircraft	9 811 735	-	-	(9 811 735)	-
Aircraft airframes	-	-	1 092 555	-	1 092 555
Aircraft engines	-	-	3 808 334	-	3 808 334
Aircraft propeller	-	-	312 159	-	312 159
Motor vehicles	1 957 317	3 850	-	(214 688)	1 746 479
Meteorological instruments	36 566 938	8 835 583	-	-	45 402 521
Office equipment	502 874	85 077	-	(12 947)	575 004
Computer equipment	12 520 600	1 820 667	-	(179 453)	14 161 814
Library books and equipment	33 530	39 507	-	-	73 037
Furniture and fittings	2 366 522	459 722	-	-	2 826 244
Tools and other equipment	271 784	168 476	-	-	440 260
	<b>77 020 776</b>	<b>11 412 882</b>	<b>9 860 251</b>	<b>(10 218 823)</b>	<b>88 075 086</b>

Accumulated Depreciation	2006				
	Opening Balance	Depreciation	Additions	Disposals	Closing Balance
	R	R	R	R	R
Building lease improvements	378 147	188 043	-	-	566 190
Commercial property	-	-	-	-	-
Aircraft	7 358 801	2 452 934	-	(9 811 735)	-
Aircraft airframes	-	-	-	-	-
Aircraft engines	-	-	-	-	-
Aircraft propeller	-	-	-	-	-
Motor vehicles	1 139 133	383 002	-	(160 209)	1 361 926
Meteorological instruments	3 681 345	3 882 778	-	-	7 564 123
Office equipment	132 267	136 324	-	(6 287)	262 304
Computer equipment	6 662 199	2 285 298	-	(168 351)	8 779 146
Library books and equipment	26 595	11 799	-	-	38 394
Furniture and fittings	605 134	386 127	-	-	991 261
Tools and other equipment	36 017	72 442	-	-	108 459
	<b>20 019 638</b>	<b>9 798 747</b>	<b>-</b>	<b>(10 146 582)</b>	<b>19 671 803</b>

Note: Aircraft disposal is due to component based recognition.

Net Book Value	2007 R	2006 R
Building lease improvements	1 126 270	1 314 239
Commercial property	17 002 750	15 756 250
Aircraft	6 279 814	5 213 048
Aircraft airframes	1 831 539	1 092 555
Aircraft engines	4 128 461	3 808 334
Aircraft propeller	319 814	312 159
Motor vehicles	207 501	384 553
Meteorological instruments	44 453 178	37 838 398
Office equipment	335 309	312 700
Computer equipment	9 015 767	5 382 668
Library books and equipment	53 184	34 643
Furniture and fittings	2 183 705	1 834 983
Tools and other equipment	1 540 545	331 801
	<b>82 198 023</b>	<b>68 403 283</b>

# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

The entity's aircraft were revalued at 31 March 2007 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus was credited to the non-distributable reserve. If aircraft were stated on the historical cost basis, the amounts would be as follow:

	2007 R	2006 R
Cost	9 811 735	9 811 735
Accumulated depreciation	9 811 735	9 811 735
Net book value	-	-

## 5. Intangible Assets

Cost or Valuation	2007				
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
	R	R	R	R	R
Computer software	1 468 041	3 737 479	-	-	5 205 520
	1 468 041	3 737 479	-	-	5 205 520

Accumulated Amortisation	2007				
	Opening Balance	Amortisation	Additions	Disposals	Closing Balance
	R	R	R	R	R
Computer software	571 955	340 541	-	-	912 496
	571 955	340 541	-	-	912 496

Cost or Valuation	2006				
	Opening Balance	Amortisation	Additions	Disposals	Closing Balance
	R	R	R	R	R
Computer software	765 596	702 445	-	-	1 468 041
	765 596	702 445	-	-	1 468 041

Accumulated Amortisation	2006				
	Opening Balance	Amortisation	Additions	Disposals	Closing Balance
	R	R	R	R	R
Computer software	344 980	226 975	-	-	571 955
	344 980	226 975	-	-	571 955



Net Book Value	2007 R	2006 R
Computer software	4 293 024	896 086

## 6. Investment Property

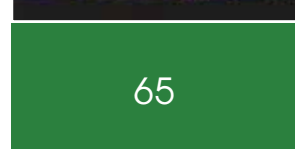
Cost or Valuation	2007				
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
	R	R	R	R	R
Remaining extent of portion 264 of the farm Garsfontein 374	57 700 000	-	3 210 518	-	60 910 518
Less: Commercial property	(15 756 250)	-	(1 246 500)	-	(17 002 750)
Property located in Bethlehem	800 000	-	50 000	-	850 000
	<b>42 743 750</b>	<b>-</b>	<b>2 014 018</b>	<b>-</b>	<b>44 757 768</b>

Cost or Valuation	2006				
	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
	R	R	R	R	R
Remaining extent of portion 264 of the farm Garsfontein 374	50 000 000	-	7 700 000	-	57 700 000
Less: Commercial property	(11 109 047)	-	(4 647 203)	-	(15 756 250)
Property located in Bethlehem	600 000	-	200 000	-	800 000
	<b>39 490 953</b>	<b>-</b>	<b>3 252 797</b>	<b>-</b>	<b>42 743 750</b>

The entity's investment and commercial property were revalued at 31 March 2007 by independent valuers.

Valuations were made on the basis of open market value. The revaluation surplus for commercial property was credited to the non-distributable reserve and the revaluation surplus for the investment property was credited to the Statement of Performance. The property was brought into the books for the first time in 2003 year end the valuation from independent valuer was accepted to also reflect the fair value at 31 March 2002. If the property were stated on the historical cost basis, the amounts would be as follow:

Net Book Value	2007 R	2006 R
Fair value of investment property	26 890 000	26 890 000
Less: Fair value of commercial property	(8 960 000)	(8 960 000)
Net book value	<b>17 930 000</b>	<b>17 930 000</b>



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

## Property Located in Pretoria

The investment property includes portions 411, portion of portion 412, portion 423 and 424 (which are portions of the remaining extent of portion 264) of the farm Garsfontein 374, Registration Division JR, Gauteng. The property consists of 32,7515 ha and is located immediately west of the N1 National Freeway to the Limpopo Province and immediately north of Rigel Avenue. The property was valued as at 31 March 2007 by an independent valuer, T I Lehobye Valuations. The valuator used the market data valuation approach, whereby similar property valuations are used as a motivation to value the property. This method is accepted by the Courts in the RSA as the best method to determine the value of this type of property.

## Property Located in Bethlehem

The investment property includes Erf 1997 and Erf 2064 in the town of Bethlehem. Erf 1997, also known as 8 Dr Clark Street, Bethlehem has an area of 1 997 square metres and includes a house and outbuildings. Erf 2064, also known as 19 Gordon Dreyer Street, Bethlehem has an area of 1 568 square metres and includes a house and outbuildings. The property was valued at 31 March 2007 by an independent valuer, Nic Alberts Valuator.

The title deeds of the Pretoria and the Bethlehem properties have not been registered in the name of the South African Weather Service at the end of the financial year. The Minister of Public Works passed all the rights, obligations and liabilities of the properties to the South African Weather Service on the commencement of the South African Weather Service Act No. 8 of 2001.

## 7. Inventory

	2007 R	2006 R
Bolepi House	528 480	633 623
Irene	4 146 604	-
<b>Inventory</b>	<b>4 675 085</b>	<b>633 623</b>

## 8. Trade and Other Receivables

	2007 R	2006 R
Trade receivables	10 149 902	39 688 961
Discounting of receivables	(100 494)	(342 052)
Provision for impairment of receivables	(2 347 588)	(29 306 190)
Prepayments	565 417	930 415
Other receivables	550 562	381 580
	<b>8 817 800</b>	<b>11 352 714</b>

Interest is charged on any long outstanding trade debtor accounts. The carrying amount of trade and other receivables approximate their fair value.

	2007 R	2006 R
Provision for impairment of receivables		
Opening balance	(29 306 190)	(16 274 519)
Provision raised/(utilised)	22 998 654	(13 031 671)
Reversal of provision not utilised	3 959 948	-
<b>Closing balance</b>	<b>(2 347 588)</b>	<b>(29 306 190)</b>

A settlement agreement was signed with regards to the disputed aviation debts whereby interest charged on disputed amounts and 60% of the principal outstanding debts would be reversed and the remaining 40% would be settled by end of March 2007. An amount of R3 959 948 was reversed as unutilised provision for bad debts to the Statement of Financial Performance in the current year. The total amount utilised in the current year against provision raised with regards to the aviation disputed debt amounts to R22 998 654.

## 9. Cash and Cash Equivalents

	2007 R	2006 R
Bank balances and cash	40 643 876	4 139 438
Short-term investment	5 118 609	35 258 000
	<b>45 762 485</b>	<b>39 397 438</b>

Cash and cash equivalents consists of cash and short-term investments.

## 10. Commitments

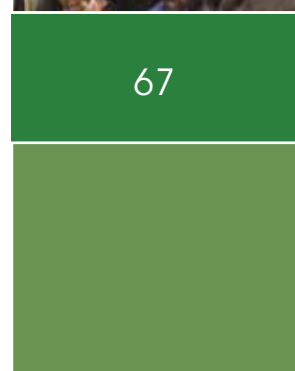
### Operating Leases

The following lease payments are related to the operating lease for computer equipment, furniture and fittings, the rental of premises and motor vehicles. SAWS leases 21 premises from various lessors. The rental agreements for the premises include escalations of between 8% and 11% per year. The duration of the rentals varies between four and ten years. There is no escalation for the rental agreements relating to the computer equipment and the furniture and fittings. The duration of the rentals varies between four and eight years. SAWS leases vehicles from Amasondo Fleet under full maintenance lease, the lease does not include an escalation clause.

	Equipment R	Premises R	Motor Vehicles R	Total R
<b>Rent Commitment: 0-1 year</b>				
Straight line rental - 2008	2 807 442	8 479 773	633 329	11 920 544
	<b>2 807 442</b>	<b>8 479 773</b>	<b>633 329</b>	<b>11 920 544</b>
<b>Rent Commitment: 2-5 year</b>				
Straight line rental - 2009	2 079 164	8 153 013	-	10 232 177
Straight line rental - 2010	675 728	7 569 104	-	8 244 832
Straight line rental - 2011	59 706	7 309 339	-	7 369 045
Straight line rental - 2012	-	7 261 699	-	7 261 699
	<b>2 814 598</b>	<b>30 293 155</b>	<b>-</b>	<b>33 107 753</b>
<b>Rent Commitment: 5+ year</b>				
Straight line rental - 2013	-	7 261 699	-	7 261 699
Straight line rental - 2014	-	828 378	-	828 378
Straight line rental - 2015	-	144 054	-	144 054
Straight line rental - 2016	-	-	-	-
	<b>-</b>	<b>8 234 131</b>	<b>-</b>	<b>8 234 131</b>
<b>Total commitment</b>	<b>5 622 040</b>	<b>47 007 059</b>	<b>633 329</b>	<b>53 262 428</b>

### 10.1 Deferred Rental Obligations

	2007 R	2006 R
Opening balance	7 147 171	5 595 010
Additional deferred rental	1 152 309	1 552 161
Closing balance	<b>8 299 480</b>	<b>7 147 171</b>



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

## 11. Retirement Benefit Obligations

	2007 R	2006 R
<b>Amounts Recognised in the Statement of Financial Performance</b>		
Post-employment medical benefits:		
Current service cost	748 000	717 000
Interest cost	1 408 000	1 510 000
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognised in the year	986 700	(128 000)
Past service cost	-	-
<b>Total included in 'employee benefits expense'</b>	<b>3 142 700</b>	<b>2 099 000</b>
Actual return on plan assets	-	-
<b>Amounts Recognised in the Statement of Financial Position</b>		
Post-employment medical benefits:		
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	21 093 700	18 109 000
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
<b>Net liability in the Statement of Financial Position</b>	<b>21 093 700</b>	<b>18 109 000</b>
Less: Current liability	203 278	153 494
Long-term provision	20 890 422	17 955 506
Amounts in the Statement of Financial Position:		
Liabilities	21 093 700	18 109 000
Assets	-	-
Net liability in the Statement of Financial Position:	21 093 700	18 109 000
Current provision	203 278	153 494
<b>Movements in the Net Liability in the Statement of Financial Position</b>		
Post-employment medical obligation:		
Net liability at start of the year	18 109 000	16 103 000
Net expense recognised in the Statement of Financial Performance	3 142 700	2 099 000
Contributions	(158 000)	(93 000)
<b>Net liability at end of the year</b>	<b>21 093 700</b>	<b>18 109 000</b>
Less: Current portion	203 278	153 494
Long-term provision	20 890 422	17 955 506

	2007 R	2006 R
<b>Principal Actuarial Assumptions at Statement of Financial Position Date</b>		
Discount rate 31 March (%)	7.5	7.5
General increases to medical aid subsidy (%)	6.0	6.0
Proportion continuing membership at retirement (%)	100.0	100.0
Proportion of retiring members who are married (%)	80.0	80.0
Retirement age (years)	60	60

### Sensitivity

	Medical aid inflation 1% higher R	Medical aid inflation 1% lower R
Current service cost and interest cost	2 965 700	1 961 100
Post-employment medical benefits	25 569 300	17 598 000

### Amounts for the current and previous four years are as follows:

	2007 R	2006 R	2005 R	2004 R	2003 R
Post-employment medical obligation	21 093 700	18 109 000	16 103 000	14 087 000	12 521 000

No information available for experience adjustment on the obligation.

## 12. Trade and Other Payables

	2007 R	2006 R
Trade payables	7 644 223	7 147 600
Discounting of payables	(69 383)	(61 753)
Other payables	11 106 603	6 387 244
	<b>18 681 443</b>	<b>13 473 091</b>

The carrying amount of trade and other payables approximate their fair value. Unrealised foreign exchange profit and loss is calculated using the spot rate at year-end.

### Included in the Trade Payables are Foreign Creditors

	2007 Foreign Currency	2006 Foreign Currency	2007 R	2006 R
Eumetsys	EUR 111 739	-	1 083 162	-
UK Met Office	GBP 60 000	-	855 586	-
Ask Innovative	EUR 91 323	-	885 260	-
World Meteorological Organization	USD 4 500	-	32 703	-
American Meteorological Society	USD 972	-	7 064	-
Rinehart Publications	USD 57	-	414	-
CLS	-	EUR 6 453	-	48 520
National Weather Association	-	USD 75	-	468
Ncar Mesa lab	-	USD 455	-	2 841
Eumetsat	-	EUR 40	-	301
			<b>2 864 189</b>	<b>52 130</b>

# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

## Spot Rates at Year-End

2007 - USD = R7,26727	2006 - USD = R6,243
2007 - EUR = R9,69368	2006 - EUR = R7,519
2007 - GBP = R14,25976	

## 13. Provisions

	2007			
	Opening Balance	Additional Provision	Utilised	Closing Balance
	R	R	R	R
Capped leave provision	1 924 138		(12 987)	1 911 151
	1 924 138	-	(12 987)	1 911 151

	2006			
	Opening Balance	Additional Provision	Utilised	Closing Balance
	R	R	R	R
Capped leave provision	8 622 251	-	(6 698 113)	1 924 138
	8 622 251	-	(6 698 113)	1 924 138

### Capped Leave Provision

Capped leave provision was calculated based on the working days due to each employee, as at 15 July 2001 from the Peral system. Adjustments to this provision relate to increases in salary rates, days claimed or paid out through retirement or death and employees resigning. It should be noted that employees resigning forfeit their claim. In the current period management paid out part of the capped leave liability.

## 14. Donor Funding

	2007 R	2006 R
Donor funds available	1 753 053	2 322 578

## 15. Revenue

	2007 R	2006 R
Government grant	114 393 000	103 690 000
Aviation income	47 278 637	46 621 622
Information fees	3 293 532	3 222 812
Letting aircraft	20 182	529 982
Lightning Detection Network sales	2 215 105	-
Other income	869 409	2 569 029
Profit on disposal of assets	180 697	327 103
Donations received	5 451	53 027
Interest received from debtors	396 740	6 035 568
Income from investments	3 003 270	3 277 224
Interest due to discounting receivables	1 191 829	857 471
	172 847 852	167 183 838

## Government Grant

The government grant was received from the Department of Environmental Affairs and Tourism and was an operational grant for the 12 month period ending 31 March 2007. The grant is made subject to compliance to PFMA reporting requirements, an achievement of 40% target for procurement from historically disadvantaged individuals (HDI) companies and other specific requirements from the department which SAWS has adhered to during the year under review.

## Letting Aircraft

SAWS has an annual rental agreement with Orsmond Aviation. The agreement states that SAWS will invoice Orsmond Aviation based on usage of the aircraft.

## Income from Investments

The amount of income from investments is made up of interest received from banks.

## 16. Finance Costs

	2007 R	2006 R
Interest charged by suppliers	-	544
Interest due to discounting of payables	1 113 256	974 479
	<b>1 113 256</b>	<b>975 023</b>

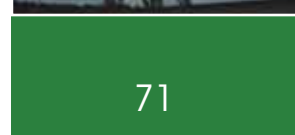
## 17. Surplus for the Year

Net surplus has been arrived at after charging (crediting):

	2007 R	2006 R
Foreign exchange realised	(384 664)	(144 145)
Foreign exchange unrealised	909 505	117 660
Auditor's remuneration	986 433	686 660
Bad debts	183 837	1 529 060
Inventory expensed: Equipment expensed	12 134 397	12 884 947
Legal fees	1 623 804	2 487 690
Impairment of receivables	(3 959 949)	6 399 808
Communication costs	6 620 972	7 389 199
Surplus on disposal of assets	(180 697)	(327 103)
Operating lease payments	1 065 281	969 417
Inventory adjustment	(1 135 488)	8 310

## Inventory Adjustment

The inventory adjustment resulted from stock take at year-end for parts used in the assembling of Automatic Weather Stations brought into stock.



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

	2007 R	2006 R
<b>Depreciation</b>		
Building lease improvements	187 969	188 043
Aircraft	-	2 452 934
Aircraft airframes	272 952	-
Aircraft engines	951 432	-
Aircraft propeller	77 986	-
Motor vehicles	-	383 002
Meteorological instruments	5 279 854	3 882 778
Office equipment	145 973	136 324
Computer equipment	2 696 542	2 285 298
Library books and equipment	10 190	11 799
Furniture and fitting	539 129	386 127
Tools and other equipment	279 614	72 442
	<b>10 441 641</b>	<b>9 798 747</b>
Amortisation: Intangible assets	<b>340 541</b>	<b>226 975</b>

## 18. Net Cash Flows from/(Used in) Operating Activities

	2007 R	2006 R
<b>Surplus/(Deficit)</b>	<b>14 698 807</b>	<b>6 775 787</b>
<b>Non-Cash Movements</b>		
Depreciation	10 441 641	9 798 747
Amortisation	340 541	226 975
Revaluation	(2 014 018)	(3 252 797)
Surplus/(deficit) on disposal of property, plant and equipment	(180 883)	(327 103)
Decrease/(increase) in inventories	(4 041 462)	77 866
Decrease/(increase) in receivables	2 534 914	2 275 524
Increase/(decrease) in donor funding	(569 525)	(2 725 494)
Increase/(decrease) in payables	5 208 352	(9 303 475)
Increase/(decrease) in provisions	(12 987)	(6 698 113)
Increase/(decrease) in current portion retirement obligation	49 784	38 884
	<b>26 455 164</b>	<b>(3 113 199)</b>

## 19. Contingent Liability

- 19.1 The South African Weather Service assisted officials in the past who qualified for a housing benefit. The scheme entailed qualifying staff to obtain 100% housing loans from financial institutions without a cash deposit. For this purpose agreements have been entered into with approved financial institutions to the effect that the South African Weather Service guaranteed a maximum of 20% of the housing loan for which a person qualified over the period of the loan. The maximum amount was based on the official's basic salary. To date the South African Weather Service guaranteed 59 loans at 11 financial institutions with 32 guarantees still in force. The maximum contingent liability amounts to R551 835 (2006: R602 630). This scheme was not renewed.
- 19.2 SAWS issued legal action against a provider Face Languta for non delivery of contractual obligation. The estimated legal costs are in the region of R200 000.
- 19.3 SAWS has referred a CCMA decision to the Labour Court for reviewing with respect to a compensation award in favour of Ms LD Less, the legal costs are estimated to be in the region of R150 000.
- 19.4 SAWS is involved in a high court case wherein Mr P J King, previously dismissed employee of SAWS is applying to the high court for a declaratory order, the estimated legal costs are R300 000.



## 20. Prior Year Error

20.1 A prepayment was incorrectly expensed in the previous year. The effect of the corrections are as follow:

	2006 R	Adjustment R	Restated 2006 R
Prepaid expenses	431 665	498 750	930 415
Other operating expenses	80 855 363	(498 750)	80 356 613

### 20.2 Discounting of Receivables

The South African Weather Service performed an exercise of present valuing trade receivables. Prior year financial statements were restated. The impact on 2006 financial statements is as follows:

	2006 R
Decrease in opening accumulated surplus 2006, resulting from:	
Decrease in revenue income	3 313 508
Increase in interest received	(2 993 383)
Decrease in trade receivables	(320 125)
Decrease in surplus 2006, resulting from:	
Decrease in revenue income	879 399
Increase in interest received	(537 347)
Decrease in trade receivables	(342 052)

### 20.3 Discounting of Payables

The South African Weather Service performed an exercise of present valuing payables. Prior year financial statements were restated. The impact on 2006 financial statements is as follows:

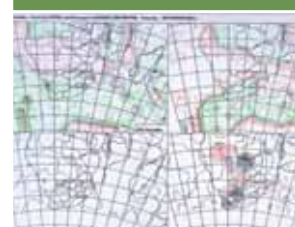
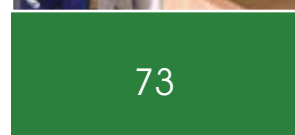
	2006 R
Increase in opening accumulated surplus 2006, resulting from:	
Increase in interest expense	395 131
Decrease in operating expenses	(560 283)
Decrease in trade payables	165 152
Increase in surplus 2006, resulting from:	
Increase in interest expense	809 327
Decrease in operating expenses	(871 079)
Decrease in trade payables	61 753

## 21. Financial Instruments

In the course of the entity's operations it is exposed to interest rate, credit, liquidity and market risk. The entity has developed a comprehensive Risk Strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

### Interest Rate Risk

The entity manages its interest rate risk by obtaining competitive rates from approved financial institutions on a monthly basis. The entity's exposure to interest rate risk and the effective interest rates on financial instruments at the Statement of Financial Position date are as follows



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

## Year ended 31 March 2007

### Assets

Cash

Accounts receivable

Total financial assets

## Year ended 31 March 2007

Total financial assets

Total financial liabilities

Amount R	Floating Rate	
	Effective Interest Rate	Total R
45 762 485	6.27%	<b>45 762 485</b>
8 817 800	2.50%	<b>8 817 800</b>
<b>54 580 285</b>	<b>8.77%</b>	<b>54 580 285</b>
54 580 285	-	<b>54 580 285</b>
1 956 331	-	<b>1 956 331</b>
<b>56 536 616</b>	<b>-</b>	<b>56 536 616</b>

### Credit Risk

Financial assets, which potentially subject the entity to the risk of non-performance by counter-parties and thereby subject to concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The entity manages to limit its treasury counter-party exposure by only dealing with well established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The group's exposure is continuously monitored by the Accounting Authority.

The entity does not have any material exposure to any individual or counter-party. The entity's largest concentration of credit risk is limited mainly to the aviation industry. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for.

Due to the nature of the entity's financial instruments it is highly unlikely that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

## 22. Related Party Transactions

### Relationships

The listed related parties are public entities on the national level of government with the exception of Department of Environmental Affairs and Tourism being the parent department of the South African Weather Service.

Transactions	2007 R	2006 R
<b>Government Grant</b>		
Department of Environmental Affairs and Tourism	114 393 000	103 690 000
<b>Purchases</b>		
Airports Company South Africa	1 361 332	1 243 047
Air Traffic and Navigation Services Company	383 286	571 571
Council for Scientific and Industrial Research	92 610	184 543
SABC	3 855	10 636
South African Revenue Services	13 689 782	16 810 758
SA Post Office	30 423	78 160
Eskom	31 592	24 904
Telkom	4 194 381	4 794 634
South African Bureau of Standards	14 036	-
South African Airways	346 141	-
Agricultural Research Council	-	136 800
<b>Sales</b>		
Denel Avia (Military)	1 832	-
Eskom	2 235 282	35 391
South African Civil Aviation Authority	682	5 570
South African Airways	16 705 202	21 307 478
Airports Company South Africa	1 265 437	2 183 660
South African National Roads Agency	1 540	557
South African Airforce	175 615	190 713
South African Police	11 150	15 041
Telkom	-	1 222
Water Research Commission	-	987 980
South African Bureau of Standards	174	-
Council for Scientific and Industrial Research	20 458	37 344
Transport, Education and Training Authority	45 000	-
SANParks Garden Route Regional	11 992	-

During the year under review members of the Board and employees were required to disclose their interest in any contracts that SAWS is entering into with an outside party. As a result SAWS did not enter into the transactions with declared related parties.

## 23. Material Losses

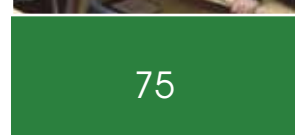
No material losses through criminal conduct, irregular, unauthorised, fruitless and wasteful expenditure incurred during the year ended 31 March 2007.

## 24. Irregular, Unauthorised, Fruitless and Wasteful Expenditure

During the year under review the R23 637 irregular expenditure was incurred by SAWS employees. A discussion process was conducted and a verbal warning was issued to the responsible staff member and in the other instance the staff member left the organisation before disciplinary action could be taken.

## 25. Reclassification

Employee benefit accruals were in previous years disclosed as provisions. IAS 37 paragraph 11 states that accruals are liabilities to pay amounts due to employees. Although this is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions. The amounts were removed from Provisions, Note 13 to Trade and other payables, Note 12.



# Notes to the Annual Financial Statements for the Year Ended 31 March 2007 (Continued)

	2007			
	Opening Balance	Additional Provision	Utilised	Closing Balance
	R	R	R	R
Leave accrual	1 289 014	1 647 299	(1 289 014)	1 647 299
Bonus accrual	3 017 656	3 238 565	(3 017 656)	3 238 565
Salary improvement accrual		3 507 072		3 507 072
	<b>4 306 670</b>	<b>8 392 936</b>	<b>(4 306 670)</b>	<b>8 392 935</b>

	2006			
	Opening Balance	Additional Provision	Utilised	Closing Balance
	R	R	R	R
Leave accrual	923 628	1 289 014	(923 628)	1 289 014
Bonus accrual	2 300 000	3 017 656	(2 300 000)	3 017 656
	<b>3 223 628</b>	<b>4 306 670</b>	<b>(3 223 628)</b>	<b>4 306 670</b>

## 26. Executive Member's Remuneration

### Executive Management 2007

Name	Status	Salary R	Performance Bonus R	Medical and UIF R	Pension R	Travel Allowance R	Acting Allowance R	Lumpsum and Leave Pay R	Total R
Mr B Tashe	Resigned Jan 07	611 313	66 251	11 920	-	36 000	-	31 255	756 739
Mr J Mphepya	-	545 351	100 650	17 411	25 217	60 000	33 927	-	782 556
Ms H Grobler	-	625 800	39 375	1 379	-	42 000	-	-	708 554
Mr G Schulze	-	424 660	34 174	18 403	47 092	114 972	-	-	639 301
Ms E Sibanda	-	541 380	20 426	1 379	-	36 000	-	-	599 185
Ms L D Less	Dismissed July 06	78 742	-	3 849	11 773	28 576	-	-	122 940
		<b>2 827 246</b>	<b>260 876</b>	<b>54 341</b>	<b>84 082</b>	<b>317 548</b>	<b>33 927</b>	<b>31 255</b>	<b>3 609 275</b>

## Executive Management 2006

Name	Status	Salary R	Performance Bonus R	Medical and UIF R	Pension R	Travel Allowance R	Acting Allowance R	Lumpsum and Leave Pay R	Total R
Mr J Mphepya	Appointed Jul 05	391 419	-	15 064	43 612	110 000	55 801	-	615 896
Ms H Grobler	Appointed Nov 05	242 500	-	548	-	20 000	-	-	263 048
Ms L D Less	-	367 571	8 957	16 410	44 427	142 392	-	-	579 757
Mr G Schulze	-	394 866	15 378	17 648	43 276	114 972	-	43 209	629 349
Mr B Lukhele	Resigned Jun 05	137 950	16 567	4 289	-	26 264	-	43 727	228 797
Ms E Sibanda	Appointed Jan 06	127 175	-	329	-	9 000	-	-	136 504
Mr R D J Lengoasa	Resigned Jul 05	218 819	-	4 607	20 440	64 468	-	35 990	344 324
		<b>1 880 300</b>	<b>40 902</b>	<b>58 895</b>	<b>151 755</b>	<b>487 096</b>	<b>55 801</b>	<b>122 926</b>	<b>2 797 675</b>

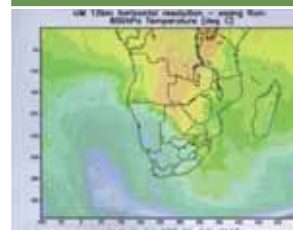
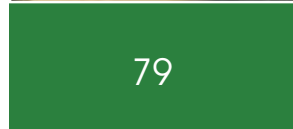
## Board Members

Name	Status	2007			2006
		Fees R	Travel R	Total R	Total R
Prof G B Brundrit		38 520	915	<b>39 435</b>	32 375
Mr L Maasdorp	Resigned Nov 2005	-	-	-	20 468
Mr V P Maluleke		122 398	6 243	<b>128 641</b>	131 865
Ms N P Maqubela		122 972	4 756	<b>127 728</b>	114 285
Ms S Rensburg		102 702	134	<b>102 836</b>	191 754
Ms L Sangweni-Siddo	Resigned	8 800	-	<b>8 800</b>	54 966
Mr J Mphepya	Resigned Jun 2005	-	-	-	8 648
Mr I W Robinson		80 550	12 394	<b>92 944</b>	158 883
Dr L Makuleni	Resigned Dec 2006	32 748	-	<b>32 748</b>	24 414
Rev L W Mbete		31 224	-	<b>31 224</b>	53 274
Mr T W Msomi		86 338	4 292	<b>90 630</b>	62 428
Mr R G Nicholls		91 930	6 048	<b>97 978</b>	118 636
Mr D I Swart	Resigned Dec 2005	-	-	-	1 308
		<b>718 182</b>	<b>34 782</b>	<b>752 964</b>	<b>973 304</b>

# Acronyms

AASA	Aviation Association of South Africa
ACAMS	Advisory Committee for Aeronautical Meteorological Services
ACSA	Airports Company of South Africa
AFS	Audited Financial Statement
AG	Auditor-General
AMDAR	Aircraft Meteorological Data Relay
ARS	Automatic Rain Station
ASGI-SA	Accelerated and Shared Growth Initiative for South Africa
ATNS	Air Traffic and Navigation Services
AVCOM	Aviation Communication Interactive Web
AWOS	Aviation Weather Observation System
AWS	Automatic Weather Station
AWDS	Aviation Weather Display System
BSc	Bachelor of Science
CAeM	Commission for Aeronautical Meteorology
CAPEX	Capital Expenditure
CAS	Commission for Atmospheric Sciences
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLIPS	Climate and Publications
CPU	Central Processing Unit
CRM	Customer Relationship Management
DEAT	Department of Environmental Affairs and Tourism
DWAF	Department of Water Affairs and Forestry
ECMWF	European Centre for Medium-Range Weather Forecasts
EE	Employment Equity
EEMC	Extended Executive Management Committee
EMC	Executive Management Committee
ENE	Estimate of National Expenditure
EUMETSAT	European Organization for the Exploitation of Meteorological Satellites
EWOS	Electronic Weather Observing System
EXCO	Executive/Corporate Governance Committee
GAAP	Generally Accepted Accounting Practices
GAW	Global Atmospheric Watch
GPIB	General Purpose Interface Bus
GPRS	General Packet Radio Service
GRAP	Generally Recognised Accounting Practices
HCD	Human Capital Development
HCM	Human Capital Management
HDI	Historically Disadvantaged Individuals
IAS	International Accounting Standard
ICAO	International Civil Aviation Organization
ICT	Information, Communications and Technology
IFATCA	International Federation of Air Traffic Controllers Association
IFRS	International Financial Reporting Standards
IGAC	International Global Atmospheric Chemistry
IPCC	Intergovernmental Panel on Climate Change
IPWG	International Precipitation Working Group
ISO	International Standards Organization
KMS	Knowledge Management Strategy
NLDN	National Lightning Detection Network
MASA	Meteorological Association of Southern Africa
MCM	Maximum Certified Mass
METARS	Meteorological Aerodrome Reports
METSYS	Meteorological Systems
MMS	Multimedia Messaging System
MOU	Memorandum of Understanding
MSc	Master of Science

MSG	Meteosat Second Generation
NCEP	National Centres for Environmental Prediction
NFC	National Forecasting Centre
NMS	National Meteorological Services
NOAA	National Oceanic and Atmospheric Administration
NRF	National Research Fund
NT	National Treasury
NWP	Numerical Weather Prediction
NWRN	National Weather Radar Network
PFMA	Public Finance Management Act
PUMA	Preparation for the Use of Meteosat Second Generation in Africa
QC	Quality Control
QPE	Quantitative Precipitation Estimate
RA1	Regional Association 1
RDAS	Radar Data Acquisition System
SAA	South African Airways
SAAF	South African Air Force
SAAQIS	South African Air Quality Information System
SABC	South African Broadcasting Corporation
SADC	Southern African Development Community
SAQA	South African Qualifications Authority
SANParks	South African National Parks
SAWS	South African Weather Service
SCM	Supply Chain Management
SCOM	Sub Committee on Meteorology
SCOPA	Standing Committee on Public Accounts
SM	Senior Manager
SUMO	Software for the Utilization of Meteosat in Outlook activities
SWFDP	Severe Weather Forecast Demonstration Project
TAF	The Aerodrome Forecast
TETASETA	Transport, Education and Training Authority; Sector Education and Training Authority
TOR	Terms of Reference
TQM	Total Quality Management
TRACM	Trace gas Research and Atmosphere Change Monitoring
VAT	Value Added Taxation
VCP	Voluntary Cooperation Program
VFR	Visual Flight Rules
WAN	Wide Area Network
WMO	World Meteorological Organization
WRC	Water Research Commission



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