



Annual Report 2014/15

Be moved



prasa
PASSENGER RAIL AGENCY
OF SOUTH AFRICA

Ms Dipuo Peters
Honourable Minister of Transport
Parliament

Dear Honourable Minister

SUBJECT: FINANCIAL YEAR ENDED 31 MARCH 2015

We are pleased to submit, for your information, and presentation to Parliament, the Passenger Rail Agency of South Africa Annual Report for the period 1 April 2014 to 31 March 2015.

The report has been prepared in accordance with South African Generally Accepted Accounting Practice (SA GAAP), Public Finance Management Act, 1999, (Act No 1 of 1999) and other relevant Treasury Regulations.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Popo Molefe'.

Popo Molefe
Chairman

A handwritten signature in black ink, appearing to read 'Nkosinathi Khena'.

Nkosinathi Khena
Acting Group CEO

Contents



1	Introduction
3	Legislative Mandate
4	Vision, Mission & Values
5	Strategy
7	Legal Operating Structure
9	Chairman Overview
11	Statement of the CEO
17	PRASA Performance Information
35	PRASA Rail
37	PRASA Tech
39	PRASA Cres



41	Board of Control
43	Director's Report
52	Audit Committee's Responsibility
54	Report of the Auditor-General to Parliament on the Passenger Rail Agency of South Africa
61	Financial statement for the period ending 31 March 2015



Introduction

The launch of the Passenger Rail Agency of South Africa ("PRASA"), formerly called the South African Rail Commuter Corporation ("the SARCC"), brought forth a new era in passenger transport in South Africa. The consolidation of the entities, divisions and business units that constitute PRASA followed a number of Cabinet decisions that led to passenger transport being regarded as a special focus. This was done to offer integrated passenger services that prioritise customer needs, provide better mobility and accessibility to public transport by masses of South Africans in need of safe and affordable transport.

As a public entity, reporting to the Minister of Transport, PRASA's main responsibility is to deliver commuter rail services in the Metropolitan areas of South Africa, long-distance (inter-city) rail and bus services within, to and from the borders of the Republic of South Africa. This mandate is implemented in consultation with and under the guidance of the Minister of Transport.

Core to its strategic deliverables is a commitment to the Government's national development agenda and objectives, which amongst others is to (1) develop and drive a long-term turnaround plan to reduce decades of under-investment and decline in commuter rail services, (2) contribute to the goal of integrated public transport, (3) champion the transformation of public transport in South Africa.

Reversing decades of under-investment in public transport remains the focus of PRASA's transport solutions in the next 10 years and these include, amongst others, the following:

- Creation of a World-Class Metro Service
- Investment in signalling and telecommunications systems
- Procurement of new locomotives for long distance and metro services
- Station and depot modernisation
- Rail line expansions and introduction of new services
- Manufacturing of 600 new and

modern trains (3, 600 coaches)

- Building of a manufacturing plant for the production of new trains
- General Overhaul of train coaches
- Revitalisation of the Rail Engineering Industry
- Training of South African 19, 000 technicians, engineers and artisans
- Introduction of Regional Services

Our focus in the medium to long term is ensuring that PRASA remains a leader in passenger transport solutions and that, as a modern public entity, it continues to deliver high quality passenger services in a safe and secure



environment.

PRASA consists of the following business units, divisions and subsidiaries aimed at operating efficiently and in a coordinated manner:

PRASA Corporate Office:

The key Functions of the PRASA Corporate Office are as follows:

1. Develop and drive corporate strategy.
2. Planning of capacity requirements to meet long-term demands.
3. Manage the capital investment programme (infrastructure development).
4. Develop group corporate policies (finance, HCM, ICT, supply chain).
5. Develop the budget and plans to meet short-term funding requirements of the entire PRASA group.
6. Ensure good corporate governance (risk management, systems of internal controls, financial reporting security of assets).
7. Putting in place systems
8. Developing suitable strategies
9. Setting service standards
10. Providing support for operations.
11. Ensuring implementation of policies and decisions of the PRASA Board.
12. Monitoring and evaluate the performance of these respective operations and;
13. Ensuring that quality transport services are delivered at all times.
14. Life-cycle asset management and asset development.
15. Implement the integrated management system and universal access.
16. Plan and manage day-to-day operations.
17. Schedule transport services
18. Maintain assets (rolling stock and facilities)
19. Collect fare or rental income
20. Provide security for Passengers
21. Implement operational safety plans

PRASA Business Units (includes divisions and subsidiaries)

- PRASA Rail Operations (a division of PRASA)
- PRASA Corporate Real Estate Solutions (a division of PRASA)
- PRASA technical (a division of PRASA)
- Intersite asset investments (a subsidiary of PRASA)
- Autopax long distance bus services (a subsidiary of PRASA)

All of the above operate and maintain assets under their control as well as implement decisions, strategies and policies approved by the Board of Control of PRASA.

The divisions of PRASA are responsible for:



Legislative Mandates

OUR MANDATE

PRASA, as the implementation arm of the National Department of Transport focuses on the mandate contained in the Legal Succession Act of South African Transport Services ("SATS") Act of 1989 as amended in November 2008.



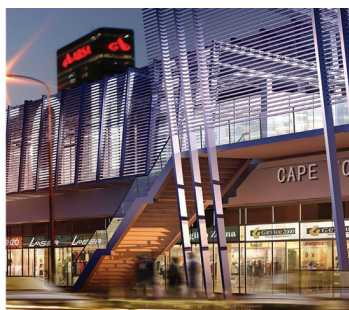
The main objective and main business of PRASA is to:

A – ensure that, at the request of the Department of Transport, rail commuter services are provided within, to and from the Republic in the public interest, and

B – provide, in consultation with the Department of Transport, for a long haul passenger rail and bus services within, to and from the Republic in terms of the principles set out in section 4 of the National Land Transport Transition Act, 2000 (Act no 22 of 2000).

The second objective and secondary business of PRASA is that PRASA shall generate income from the exploitation of assets acquired by it. A further requirement is that, in carrying out its objectives and business, PRASA shall have due regard for key government, social, economic and transport policy objectives. As a public entity, government initiatives remain a strategy driver for PRASA. This is manifested through legislation, government policies and strategies such as:

- National Transport Policy
- Public Transport Strategy
- Legislation such as the National Land Transport Act
- Green Paper on Rail
- Economic Strategy and Job creation initiatives



Vision, Mission & Values

VISION

To be the Leader in Passenger Transport Solutions.

MISSION

To strive for High-Quality and Sustainable Passenger Services through Service Excellence, Innovation and Modal Integration.

5

Principles underpin the PRASA Vision and Mission:

Mobility ►

PRASA shall contribute to sustainable public transport solutions through providing high-quality passenger services founded on an integrated network of mobility.

Sustainability ◀

A focus on sustainable development in business that considers not just the financial 'bottom line' of prosperity, but the environmental quality and social equity.

Accessibility ▼

PRASA shall provide quality rail, bus and property management services that enable individuals and communities to access socio-economic opportunities and contribute to a better quality of life for the people as a whole.

Modal Integration ▲

Reframing the basis of business delivery, favouring innovation, seamless integration and partnerships.

Service Excellence ▼

A deep commitment to superior performance that is safe, reliable and affordable, provide a dignified travel experience that makes a lasting impression, and builds brand loyalty – both internally (employees) and externally (customers) – that adds benefit to the passenger.

VALUES

The values that guide PRASA, underpinning the performance ethos of the organisation have been derived from the outcome of workshops carried out across the Group. The workshops involved participation of all business units and all levels of staff. The premise of the derived values is to deliver service excellence, productive staff and business growth.

Fairness and Integrity

Treating our customers and our colleagues the same as we would like to be treated.

Performance Driven

Developing the ability to venture into new breakthrough areas of opportunity whilst offering quality products to our customers.

Communication

Sharing information with our customers and colleagues in an open and honest way.

Service Excellence

Provide the kind of services that meet and exceed customer expectation.

Safety

Ensuring our customers and colleagues enjoy their journey and arrive safely and refreshed.

Teamwork

Working together with our customers to achieve a common goal and recognising each other's worth.

Strategy

A

PRASA's strategic outlook and deployment focuses on positioning of rail as the backbone of public transport and operating in an integrated transport network, whilst delivering public value. In ensuring that rail becomes the mode of choice for public passenger transport it is supported by a bus feeder and commuter service and is underpinned by a vibrant property and real estate portfolio that unlocks the value of assets.

PRASA has identified and defined its STRATEGIC AMBITIONS as:

- **Rolling Out** a Train System of the Future
- **Expanding** PRASA Networks and Services
- **Consolidating** the Real Estate Strategy
- **Embarking** on a Robust Assets Investment Program
- **Enhancing** Organisational Capacity
- **Contributing** to Public Employment Initiatives
- **Improving** Funding and Financial Position
- **Enhancing** Brand Positioning and Stakeholder Relations

Achieving its strategic ambition will require a sustainable business defined by an integrated network of quality services that delivers public value and is supported by the following key STRATEGIC PILLARS:

1. A World-Class Metro Service
2. Asset investments
3. A vibrant property portfolio
4. Internal capacity
5. A viable funding model

To meet the demands of the ever-changing preferences and demographics of commuters, passengers and users of the deployed infrastructures, services

and facilities will require passenger segmentation and customer-centric solutions.

The strategy development and deployment is aligned with PRASA's National Strategic Plan that focuses on the key points pertaining to:

A prioritised list of rail service and network expansion interventions that:

- provide more capacity to accommodate forecast growth,
- transform the rail product on many corridors,
- seek to make better use of the network, and
- propose corridor extensions to new or growing settlements.

Clear proposals for improving integration between rail and other public transport modes to make it easier for passengers to use railway services as part of the wider integrated transport systems, which include:

- enhanced city distribution, improved intermodal interchange, and;
- use of Autopax to feed into and complement rail services and

priority hubs in the network.

A review of the corridor classification in the 2006 National Rail Plan to reconfirm priorities.

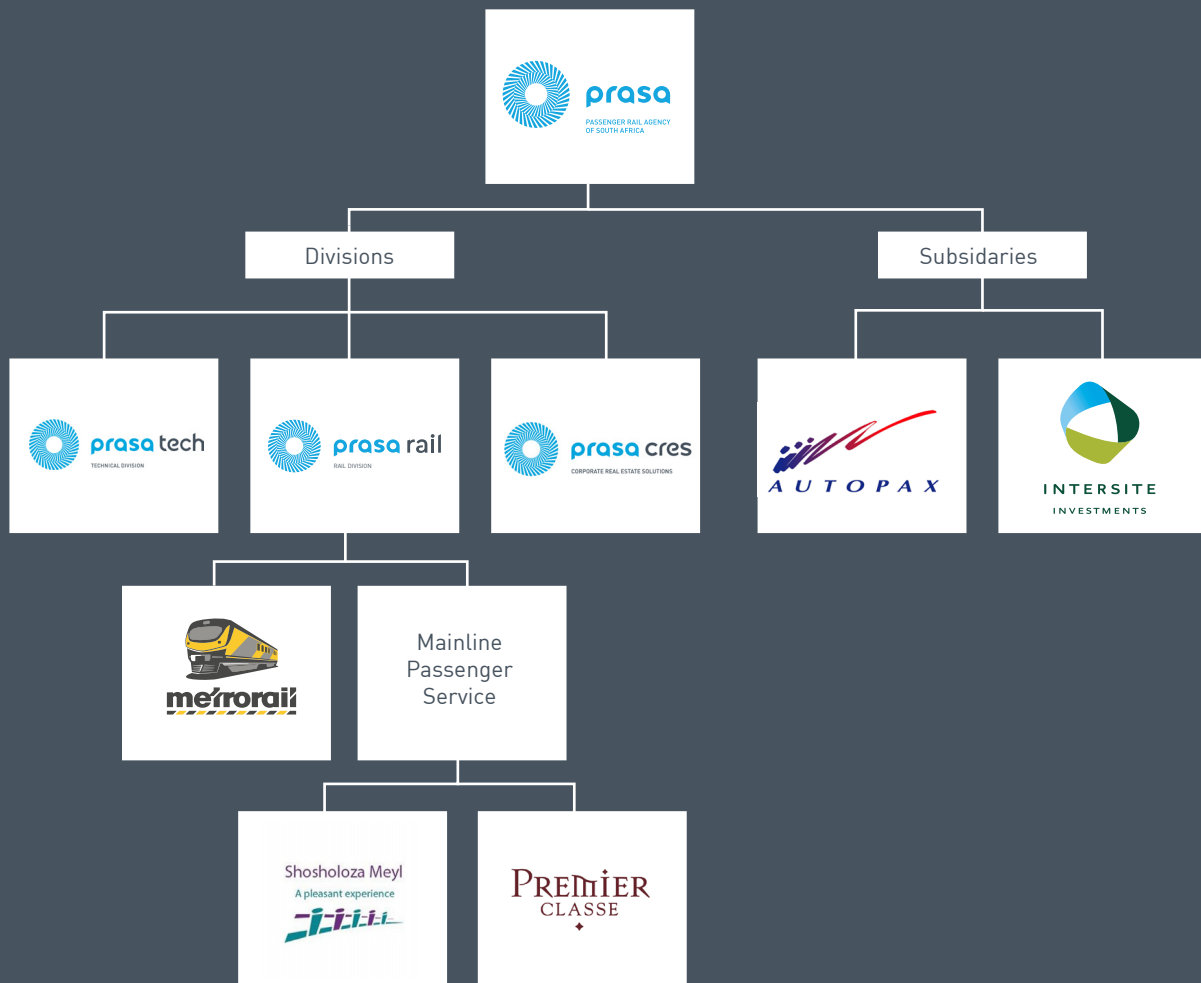
The identification of key redeployment sites to contribute funding for the implementation of the Strategic Plan.





Legal Operating Structure

The legal operating structure comprises of the Board of Control, a Corporate Head Office (PRASA), three divisions (PRASA Rail Operations, PRASA Technical and PRASA Corporate Real Estate Solutions) and two subsidiaries (Autopax and Intersite)





Chairman's Overview



“We contribute to carefully guide the company in the implementation of its long-term strategy.”

Dr Popo Molefe

On behalf of the PRASA Board it gives me great pleasure to present and submit this overview as an endorsement of the PRASA Annual Report for 2014/15 financial year. The Board is satisfied with the audited financial statements of the organisation contained in this annual report for the financial year 1 April 2014 to 31 March 2015.

The Board took office in August 2014 and we were in our first term of office during the 2014/15 financial year. We therefore wish to take this opportunity to thank Minister Elizabeth Dipuo Peters and the Government of the Republic of South Africa for the opportunity to serve and for the confidence displayed in all of us as a collective.

The year under review saw the financial close of the Rolling Stock Fleet Renewal Programme and gazetting of the appointment of Gibela Transport Consortium to deliver new modern coaches over the next few years at a cost of over R59 billion. This major milestone is one of the major key projects of the modernisation and investment in the new capacity strategy adopted and pursued by PRASA. In addressing decades of under investment in public

transport infrastructure and in particular rail, PRASA has embarked on significant investment programmes focused on the modernisation of infrastructure and rolling stock.

The key programmes include (i) Rolling Stock Fleet Renewal Programme (ii) Signalling (iii) New Locomotives (iv) 120km/h Perway Programme and (v) Station and Depot modernisation.

These investments support PRASA's effort to position rail as a backbone of South Africa's transport system.

The Board of Directors is mindful of the many diverse economic, social and environmental issues that impact the organisation, and we continue to monitor these and the way in which they contribute and challenge the sustainability of our business.

We have placed particular priority on promoting the robust governance, compliance and risk management systems and processes embedded in the business. In so doing, we contribute to carefully guiding the company in the implementation of its long-term strategy, thereby

ensuring that it delivers on its mandate of modernisation programme and realising its vision.

PRASA's most significant challenge is its funding model and the unfunded mandate of Mainline Passenger Service (MPLS). In this regard the Board will review the funding model, operational model and the structure for the organisation.

The Board is not satisfied with the performance of the organisation against the predetermine performance objectives and targets. Accordingly it has begun a process of reviewing these targets with a view to focusing on those that are mission critical for organisational performance. This process will be continued with a view to ensure that the eventual set of determined targets are achievable and setting the organisation on a path of improving levels of excellence.

The Board continues to provide full oversight on PRASA's main projects currently underway the most significant of which remain the Rolling stock fleet renewal Programme, Signalling, Modernisation of Depots and

stations. Whilst some challenges were experienced during the year, these critical projects remain strategic to the overall sustainability of the organisation.

In terms of financial management PRASA has now achieved its ninth consecutive unqualified audit report from the Auditor General. This achievement continues to inspire confidence and pride in the organisation. The increase in the number of findings including repeat findings indicates that the company is regressing in terms of governance and internal controls. The Auditor General has highlighted serious weaknesses, in our compliance with supply

out short-term capital spend with the realisation of the long-term benefits of our ambitious projects. Our financial under performance and not meeting our predetermined objective targets serve as a reminder that we still face many challenges en-route to our desired destination. Furthermore we continue to work towards the necessary combination of sustainability and growth. We will continue to refine this focus in the coming years in an effort to ensure delivery of building a modern rail company. Great progress however has been made and we hope to gain more traction in the coming financial year.

Our gratefulness goes to the Minister of Transport, Honourable Ms. Elizabeth Dipuo Peters, MP and the Deputy Minister of Transport, Honourable Ms Sindisiwe Chikunga, MP for the support and guidance during the year.

Together we will continue to do more.



Dr Popo Molefe
Chairman



chain management processes, a very weak ICT environment, our financial health, continued going concern status seriously challenged and our Human Capital Management requiring focus. The Board is immediately focusing on the weaknesses identified by the Auditor-General with a view to improving the quality of the audit outcome in the years to come.

We have a bold strategy for the benefit of all South Africans. For us the key to achieving the PRASA vision lies in effectively balancing

I would like to thank my fellow PRASA Board members, the PRASA Executive Team, all PRASA staff, suppliers, business partners, our Labour unions SATAWU and UNTU, and all key stakeholders for their continued support during the past financial year.

On behalf of the entire Board, I wish to thank the Director General and the Department of Transport officials. Our appreciation goes to the Chairman of the Portfolio Committee on Transport Ms Dikeledi Magadzi and the members of her committee.

Statement of the Acting Group CEO



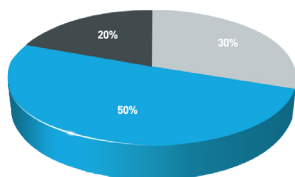
“Core to PRSA’s strategic deliverables is a commitment to Governments National Development agenda

Mr Nkosinathi Khenia

SUMMARY OF PERFORMANCE

PRASA Performance on Pre-determined objectives

■ Achieved ■ Not Achieved ■ Within 5% variance / Partially complete



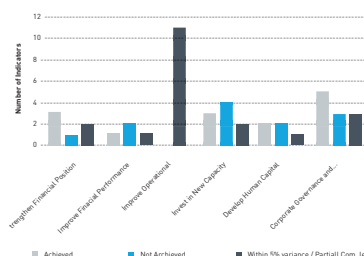
Despite the challenges posed by the aged rolling stock and infrastructure, PRASA continues to deliver a reasonable, acceptable service under the prevailing circumstances.

In delivering on its mandate PRASA still faces challenges in providing high-quality passenger services as a result of years of under-investment in rail infrastructure. We are continuously aware of the need to deliver a transport system that is safe, reliable whilst affordable.

Core to PRASA’s strategic deliverables is a commitment to Governments National Development agenda, PRASA has infused these principles in its business approach. These objectives are:

- Localisation
- Industrialisation
- Broad Economic Empowerment
- Skills development
- Women Empowerment

Performance per pre-determined objective



Improve Financial Performance:

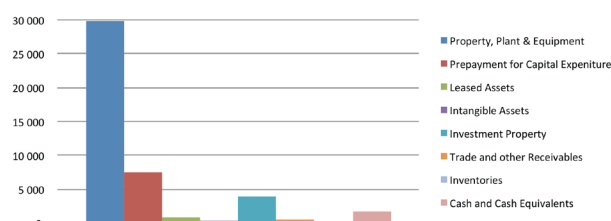
- The unfunded mandate of MLPS had significant impact in achieving this target
- Our budgetary approach also negatively impacted this target

The consistent underfunding of the long distance passenger rail services has led to a total loss of R1 billion in the rail business alone. Although fare revenue has increased by over R68 million or 2%, total revenue showed a decline of R366 million or 5%, mainly due

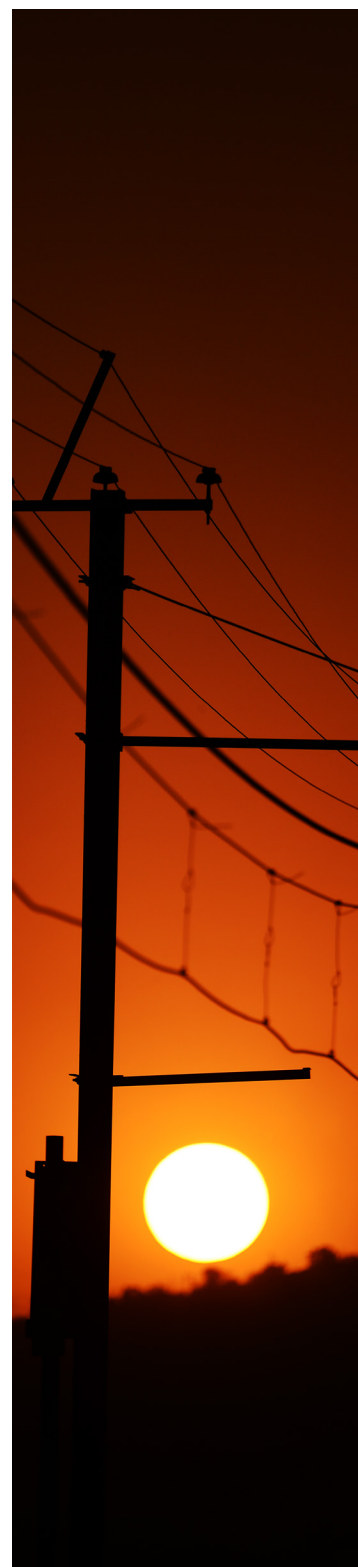
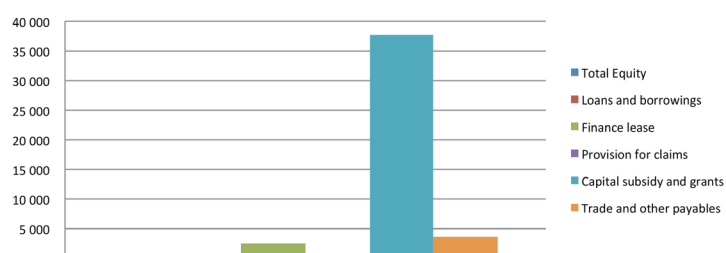
to a decrease in operational subsidy of R441 million or 10%. Increase in expenditure is at 5% or R399 million. The current operational subsidy is not adequate to sustain the passenger rail agency business. The decline is also evident in the ratios as per table below. Total Net Asset value grew by R7.6 billion or 20.4%, mainly due to more than 100% utilisation of capital subsidy received.



RM	2015	2014	%	
Property, Plant and equipment	29 834	26 465	13%	↑
Prepayment for capital expenditure	7 546	994	659%	↑
Leased asset	924	954	3%	↓
Intangible assets	405	317	28%	↑
Investment Property	3997	3362	19%	↑
Trade and other receivables	486	441	10%	↑
Inventories	254	235	8%	↑
Cash and cash equivalents	1684	4700	64%	↓
	45 130	37 468	20%	



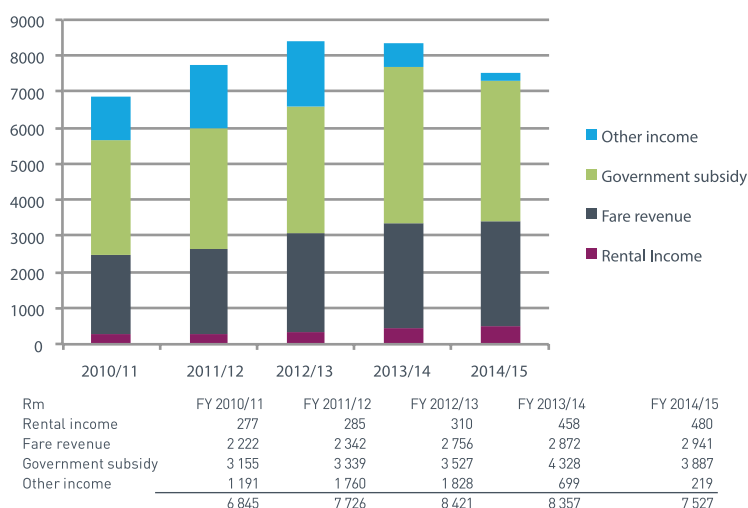
RM	2015	2014	%	
Total Equity	550	1731	68%	↓
Loans and Borrowing	48	92	48%	↑
Finance Lease	2586	2445	6%	↓
Provisions for claims	678	649	4%	↓
Capital Subsidy and grants	37 703	28706	31%	↓
Trade and other payables	3565	3845	7%	↑
	45 130	37 468	20%	



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Non-Regulatory Information

RM	2015	2014	%
Current Ratio	0.63	1.32	52% ↓
Quick Ratio	0.56	1.27	55% ↓
Cash Ratio	0.44	1.16	62% ↓
Asset Utilisation Ratio	0.07	0.08	15% ↓



Improve Operational Effectiveness:

The following are factors that impacted the achievement of this target:

- Age of the rolling stock and infrastructure.
- Economic and market conditions resulting in low passenger demand.
- Objections of other bus operators when Autopax applied for cross border routes.
- Road conditions, hazards and third party caused accidents significantly contributed to our accidents
- Rail fatalities caused by pedestrians crossing rail tracks, animals and encroachment on rail reserves.
- Work done on the infrastructure causing delays
- Vandalism on the network.

Investing in new capacity:

- Whilst the Gauteng Nerve Centre is almost complete, other regional signaling traffic control centers are delayed.
- Signaling implementation programmes were delayed due to unexpected contractual issues.

Develop human capital:

- With a total staff complement of more than 17, 000 people, human capital development continues to be a key feature in ensuring that PRASA takes the lead in transport in solutions.
- As we modernise it has become necessary that PRASA focuses on skills and capacity building that will ensure the organisation is able to meet needs of our customers and has the ability to deliver high

Statement of the CEO Continued

quality passenger services.

- During this period PRASA created 150 technical skills, 1351 learnerships, granted 595 bursaries and trained 780 employees on the My Station Programme.

Corporate Governance and Economic Development

- Adherence corporate governance remains high on the agenda of the Board and measures to ensure strict internal controls are being strengthened. The Board through its various committees continues to its exercise oversight role over the organisation.
- Economic development initiatives has seen PRASA exceeding its BBB-EE spend by 16.7% at 96.7% against a target of 80% spend.

STRATEGY DEPLOYMENT

PRASA presents its 2014/15 Annual Performance and Financial Report as it enters its 3rd Phase of its Strategy Deployment Program, which in the main has been informed by re-dressing the past underinvestment in rail infrastructure and also to create a modern public transport entity.

This programme has been rolled out in 3 phases:

- 2010-2012: Stabilisation of Commuter Rail
- 2012-2014: A Focus away from refurbishment to replacement
- 2015-2018: Growth and expansion

Notable successes have been recorded since PRASA's strategy deployment and during the last 6 years, the organisation has been able to:

- a) Define and begin to rollout a Modern Train System
- b) Unlock the value of assets
- c) Reverse decades of underinvestment
- d) Increase asset value
- e) Introduce new technologies

Notwithstanding the successes in arresting the decline in sustaining train services around the country as well as advances in modernising and investing in new capacity, there are huge challenges that still face PRASA.

PRASA has not yet entered a stage in its development where customer expectations are satisfactorily met and the organisation is said to be delivering world-class, high quality (affordable, reliable and safe) passenger services.

Running an old and obsolete rail system whilst trying to modernise has its own challenges in delivering train services to citizens that are reliable and predictable. The costs associated with the operations and maintenance of this system are still disproportionately high making it difficult to deliver quality services.

Also, PRASA Rail Operations also do not generate adequate resources from operations, resulting in a huge funding gap that impacts negatively on the financial and cash position of the Group as a whole, and planning assumes that this funding gap will remain for the next 5 years at least.

MODERNISATION

The R172 billion government funding over the next 10 years has seen PRASA beginning to embark on an extensive modernisation programme, as it pertains to the following:

Rolling Stock Fleet Renewal Programme

- The manufacture and supply of 3,600 new Metro Rail coaches at a cost of R59 billion.

Local Factory for the Manufacture of the New Trains: The Rolling Stock Fleet Renewal Programme includes the development of a local factory for the manufacture of the new trains. This Factory is to be the foundation for achieving revitalisation of the rail industry and will be established at Dunnottar Park in Ekurhuleni.

PRASA has signed a main lease agreement of 288 hectares with Ekurhuleni Municipality, from which 78 hectares is for the local factory for the manufacturing of 580 trains. 30 hectares will be allocated to rail parts suppliers serving the needs of train manufacturing plant, whilst the remainder of the site will be developed as an industrial economic hub for the rail industry. The Minister of Finance has approved that Ekurhuleni sells the 288 hectares to PRASA in March 2016. PRASA is now conducting the evaluation of the land to determine the value.

Acquisition of 70 new locomotives

- Of the 20 new locomotives for long distance travel, 9 have been delivered
- The 9 locomotives are still undergoing tests before final commissioning
- 50 locomotives for metro services still to be delivered

Signalling Programme

- Gauteng Nerve Centre in Gauteng in the installation of interlocking systems in Gauteng Region
- Durban Central Train Control (CTC) at Rossburgh and installation interlocking system in the Durban region

- Establishment of Cape Metrorail Control Centre (CMCC) at Bellville and in stallation of interlocking system in the Western Cape region

Station Modernisation

- 135 identified as priority stations
- 4 stations are at various stages of modernisation

Customer-Centric Solutions

Running efficient and effective operations must be underpinned by a strong focus on customer service excellence. Customer focused leadership that addresses customer issues fully and resolving them speedily should be at the centre of creating a modern public entity. Innovative solutions with the ability to design the experiences that will delight customers whilst empowering frontline staff to make informed decisions at the point of contact with the customer will differentiate PRASA from other public transport organisations.

Customer-centric delivery should be about unlocking the true potential of customer value and making the customer a partner in our organisation. It means proper alignment and prioritisation of our initiatives, projects, interventions and interactions to benefit the customer. It means alignment of the business towards improved customer service experience and revenue collection, through the following:

- Execution of 5 Point Plan
- Quality of service
- Enforcement of Total Station Management (TSM) Strategy
- Commuter communication
- Revenue collection and reduced fraud and fare evasion
- Security visibility
- Supervision and internal operational efficiencies

- Alliances with all key departments to improve the customer experience.

Human capital investment: Building Capacity

With a total staff compliment of more than 17,000 people, human capital development continues to be a key feature in ensuring that PRASA takes the lead in transport solutions. The massive capital investment program amounting to billions of rands will require a caliber of employee that is capable not only to deliver such infrastructure and services deployment, but is capable to sustain and ensure that the organisation is future proof and built to last.

PRASA is poised to be a centre of excellence in the identification and development of critical skills in the rail-engineering sector, particularly the mechanical and electrical engineers, including technicians and artisans.

As we modernise it has become necessary that PRASA focuses on skills development and capacity building that will ensure that PRASA is responsive to the fast and changing environment in what is becoming the increasing demanding passengers, commuters, and users of the organisation's facilities.

Building and sustaining a Modern Public Entity capable of delivering Public Value will be driving by the following factors:

- Customer-centric
 - Dynamic
 - Solutions driven
 - Systems and technology driven
 - High performance teams
 - Thought leader
 - Learning organisation
- As we create a modern public entity capable of delivering high

quality passenger services on a sustainable basis requires that our employees are willing and geared for change. A change management and transformation programme has been developed for implementation and is rolling out throughout the organisation, involving the following:

Identification and nurturing of the model PRASA Employee.

- Inculcating high customer service standards
- Managing the PRASA transitioning Process
- Communicate the change to employees, customers and key stakeholders

DELIVERING PUBLIC VALUE

In delivering on our strategic imperative PRASA puts the delivery of Public Value and Public Good at the center of its public transport solution. To be a modern entity, delivering high quality passenger services, means PRASA must prioritise the provision of public transport services and the needs of the community it serves as the primary focus of its mandate.

Delivering Public Value means that PRASA must understand and respond to

- a) The transport needs of households and travellers.
- b) The provision of affordable and subsidised transport solutions to the passengers.
- c) Improving accessibility and connectivity to marginalised communities.
- d) Delivering frequent transport for rural masses.
- e) Supporting economic growth and development through the provision of access to major employment areas,
- f) Public employment initiatives
- g) The travel choices of different market segments.
- h) Localisation and Industrialisation.

- i) Social corporate investment.
- j) Contributing to emissions reduction and cleaner cities.

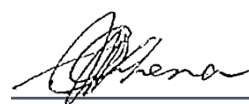
CORPORATE SOCIAL RESPONSIBILITY

During this financial year, PRASA through Intersite, rolled out broadband internet connection, at a total cost of R11.7 million to 22 schools:

- Gauteng: 12
- KwaZulu-Natal: 10

This was a consequence of PRASA having signed a Memoranda of Understanding between the respective provincial departments of Education.

The road map to a new PRASA – a modern public entity – that delivers public value will be driven by an employee that is Focussed, Prepared, Reliable, Aware, Modern, Dynamic, Communicative, Professional, and Honest.



Mr Nkosinathi Khena
Acting Group CEO



metrorail

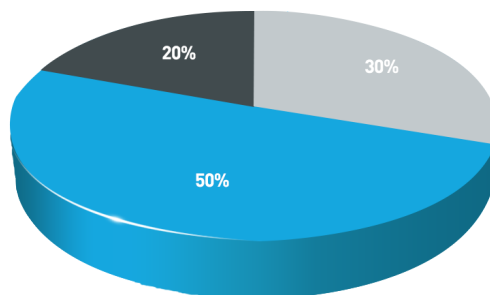
PRASA Performance Information 2014/15

Overview of the public entity's performance

The status of performance for 2014/15 is that 30% of indicators have been met, 20% have been partially achieved and 50% of indicators have not been met.

PRASA Performance on Pre-determined objectives

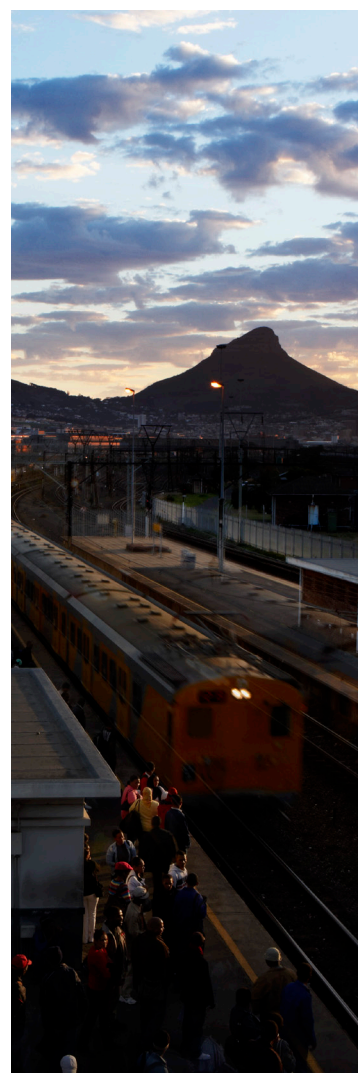
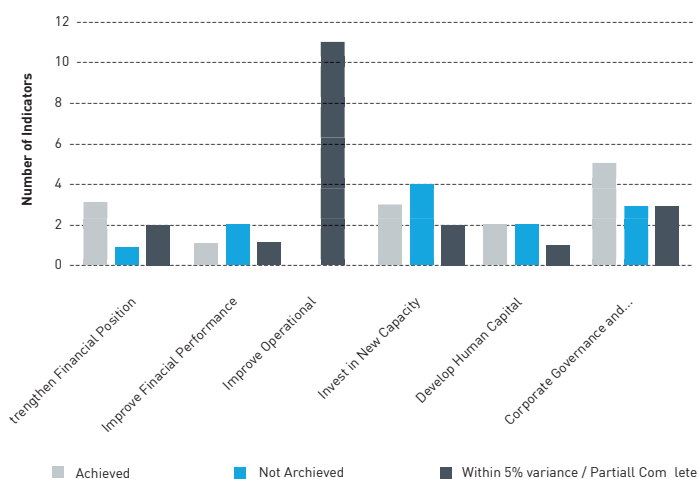
■ Achieved ■ Not Achieved ■ Within 5% variance /Partially complete



For each of the indicators, Management has indicated reasons for achievement or non-achievement of the respective targets. The performance reflects the challenges in the operational environment. Internal factors such as the kick-off of the modernisation programme and its impact on the provision of services with old and obsolete rolling stock and

infrastructure remains a major challenge for service provision. External factors such as economic stagnation (low demand for bus passengers), vandalism and service delivery protests spilling into the operations of PRASA Rail and impacting project delivery for PRASA Technical presents further challenges in meeting the targets.

Performance per pre-determined objective



1.1 Strengthen Financial Position

Strategic Objective : Strengthen the financial position of PRASA through restructuring of the balance sheet and assets by 2015/16							Strategies to improve performance
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	
Balance Sheet Restructuring	Net Asset to Liability Ratio	8.68	11.74	6.56	-44.1%	The value of total assets was below the expected value. However an increase of 33.6% in non-current asset value on 2013/14 was achieved whilst current assets reduced by 46.9%. Liabilities excluding capital subsidy and grants declined by 2%.	
	Number of strategic partnership agreements concluded		2	2	No deviation	Two Non-Disclosure Agreements finalised - one with GUMA Property Holding (PTY) LTD and one with "The Rez" -consortium of four companies.	
	Disposal of assets		Due Diligence reports	Due diligence reports for 15 properties done and expression of interest issued in January 2015 that closed March 2015	No deviation	An Expression of Interest (EOI) was published before January 2015 and closed on 4 March 2015. EOI bids to be evaluated in April 2015 after which the process will proceed to RFP stage and firm price offers with qualifying entities.	
Real Estate Strategy	Valuation of investment properties (identified stations)		6 stations	5 stations plus the business park at Umgeni station and 8 Development Leases acquired in 2013/14.	1 station	Five major station evaluations namely Berea Road station, Durban station, Cape Town station, Pretoria station and Park station have been completed. Furthermore the business park on PRASA land close to Umgeni station was also valued. In addition eight property development leases, that were acquired in 2013/14 was also completed. These are all part of the investment properties of PRASA.	
	Concluded major station development agreements		1 station	Completed Umlazi Development Agreement	No deviation	Development lease agreements to progress in 2015/16: Cape Town Station: The current development proposal submitted by the developer has an adverse impact on the current PRASA CRES lease income. Management	

Strategic Objective : Strengthen the financial position of PRASA through restructuring of the balance sheet and assets by 2015/16							Strategies to improve performance
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	
						recommended the funding of phases 1A and 1B of the project in order to avoid PRASA CRES lease income being impacted. Subsequent phases 1C and 1D will be funded by the developer. The Board of Intersite approved the recommendation to PRASA for the funding of phases 1A and 1B. The proposal, to invest, is to be considered by PRASA as part of the 2015/16 targets and if approved will alleviate the impact on the current lease income for PRASA CRES from the impacted tenants. Naledi Station Development: The developer is not meeting the FDP condition of procuring an investor. In the absence of an investor, the development is not feasible. Umgeni Business Park Phase 2: The delay in executing the lease agreement is mainly attributable to the delays in obtaining the Environmental Impact Assessment (EIA) approval, as there were objections to the developer's application which posed a risk for the development.	
Real Estate Strategy	Completed lease-buy-back agreements	8	5	3	Partially complete	A request to align the target to two agreements as per the Capital allocations for 2014/15 submitted to the Shareholder on 29 September 2014, was not approved. Two development leases could not be purchased as a result of overspending on key capital programmes.	

1.2 Improve Financial Performance

PRASA performance information 2014/15 Continued

Strategic Objective :Improve the financial position of PRASA by managing costs and increasing revenue to ensure breakeven by 2016/17							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Revenue Generation	Operationally generated revenue (excluding subsidy and internal transfers)	R4 164.3 million	Per budget forecast (R 3965.2 million)	R3 843.29 million	-3.1%	Operating lease rental income increased by 32.8% as result of the buy-back of development leases. Vandalism, derailments and reduction in services led to less revenue collected than budgeted for in the Rail environment.	
Financial Management	Net surplus or (loss)	R366.35 million	Per budget forecast (-R719.94 million)	R1181 million	64%	<ul style="list-style-type: none">39% is attributed to R459 million loss of MLPS arising out of R800 million unfunded mandate.46% constitute R554 million loss incurred by Metrorail, and the remainder of the 14% is across the business.	
Capital Programme	Capital Spend	R6.194 billion	R11.058 billion	R12.019 billion	8.7%	An additional amount of R2.1 billion was added to the original budget to fund the commitments from the previous financial years. The payment to Rolling Stock Fleet Renewal Programme has had significant impact to high spending. In addition, a number of projects have reached a spending peak e.g. New Locomotives, Refurbishment of Shosholozu Meyl coaches, Greeview-Piensaarspoort, Mabopane and Vehicle Fleet replacement programme.	
Contract cost optimisation	Top contracts re-negotiated for inclusion in Supply Chain Management price book		5 contracts	4 contracts re-negotiated	1 contract	Five contracts have been optimised during the financial year namely the GSM GSMR-Huawei; Siemens-Signalling, Bulk fuel – Siyaya and Vehicle Fleet Replacement. The addendum for negotiations with Swifambo contract was not signed.	

1.3 Improve Operational Effectiveness

PRASA performance information 2014/15 Continued

Strategic Objective : Service excellence in the provision of integrated best practice public transport solutions that are affordable for public and government, with 90% passenger performance, predictable train frequencies of 5 minutes in peak and operationally safe with annual reduction of 5% in accidents, fatalities and injuries with current cost baseline by 2015/16.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Patronage Growth (increase)	Metrorail Passenger Trips per annum	543.02 million passengers	564 million passengers	516.01 million passengers	-8.51%	PRASA Rail recorded a drastic increase in crime related to theft and vandalism of assets compared to previous years as well as a notable increase in service delivery protests affecting our operations, especially increasing acts of arson and vandalism incidents affecting rolling stock availability. Therefore less trains ran than the number planned for the year (24 500 less trains). 40% of trains ran with shorter sets than required due to rolling stock availability, reducing capacity potential per train. Vandalism on trains in yards contributed to set availability with 50% of trains returning from maintenance / upgrade programmes been vandalised. Western Cape experienced prolonged public protest actions, arson and vandalism over a period of 3 months resulting in total line closures. Spill-over of service delivery protest in Gauteng affected services. KZN experienced a train driver strike over a period of two months resulting in a reduced service offering. Weather and infrastructure condition (especially signalling, electrical and drainage), together with vandalism and theft of cabling and signalling equipment, affected performance of the system, reducing ridership / confidence in the system. Cost cutting exercises, especially overtime, lead to reduced train services during off-peak and weekends.	Rolling stock availability mainly affected by vandalism in yards. Acceleration of depot and yard fencing projects by PRASA Technical and Prasa Rail Capital Intervention Programme (CIP) hot spot fencing projects. Increased joint management and operations with SAPS on service delivery protest and vandalism of infrastructure and equipment. Rationalised and increased visibility by Prasa Security services. Acceleration of Prasa Rail CIP projects on infrastructure reliability - work packages have been designed per corridor to improve infrastructure reliability and availability. Business Continuity Management Plans (BCM) will be activated for 2015/16 to reduce the impact of unplanned service disruptions.
	Mainline Passenger Services (MLPS) per annum	930 893 passengers	1000 000 passengers	854 164 passengers	-14.58%	A request for a reduction of the target to 900 000 passengers in line with the delayed programme of delivery of new locomotives was submitted to the Shareholder on 29 September 2014. This request was not approved. The lack of subsidy, together with required cost	The MLPS Turn-Around strategy implementation, together with the Regional Services Plan implementation during 2015/16. Loco acquisition programme delivering 20 new locomotives during 2015/16. Re-negotiated

Strategic Objective: Service excellence in the provision of integrated best practice public transport solutions that are affordable for public and government, with 90% passenger performance, predictable train frequencies of 5 minutes during times peak and operationally safe with an annual reduction of 5% in accidents, fatalities and injuries with current cost baseline by 2015/16.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
						cutting initiatives, reduced services from 40 trains to 26 trains per week. Turn-around strategies and cost cutting actions had however a positive and desired impact on the bottom line of MLPS business for the year, MLPS also reported an increase in customer satisfaction as per the Customer Satisfaction Rating. Locomotive unavailability and unreliability contributed to the reduction in service, as well as Transnet dependencies for service performance while charging excessive access charges.	contract regime with Transnet on service performance and access charges.
	Autopax passengers services per annum	2.737 million passengers	3.1 million passengers	2.726 million passengers	-12.06%	A request to reduce the target to 3 million passengers following a reduction of passengers over the Easter period as result of economic climate to the Shareholder on 29 September 2014 was not approved. Economic impact caused passenger numbers to decline. There is a price war competition between competitors which resulted in low passenger demand.	Increase in Sales and Marketing activities and campaigns. Price competition tactics are applied in dynamic pricing.
	New routes Autopax		4 routes	0 routes	-100%	Cross border application objections were received from Intercape on the renewal of two permits on the Mozambique route. A meeting has been set up with council to deal with the heads of argument. Autopax objected to the Intercape application for additional permits on the Mozambique route. No objections have been received on the Zambia permit application.	The process is continuing into 2015/16 with more realistic targets for achievement.
	MLPS Regional Services		6 regional routes	1 regional route	-83.33%	The target was set on the assumption that an operating subsidy will be allocated as in the previous financial year. In view of the high costs of running the business, in particular Transnet access charges on the national network and lack of subsidy, plans could not be executed. Shortage of locos also had a major impact on the possibility of implementing any new services.	Detailed Regional services implementation plan for 2015/16. Loco acquisition program delivering locos as from 2015/16.

Strategic Objective: Service excellence in the provision of integrated best practice public transport solutions that are affordable for public and government, with 90% passenger performance, predictable train frequencies of 5 minutes during peak times and operationally safe with an annual reduction of 5% in accidents, fatalities and injuries with current cost baseline by 2015/16.

Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Passenger safety	Accidents per million vehicle km	3.06 accidents per million vehicle km	3.62 accident per million vehicle km	3.77 accidents per million vehicle km	4.14%	Bus accidents were the major reason for an increase in the index. Autopax: Accidents were caused by third parties, animals and own bus drivers through speeding, driver negligence and not adhering to defensive driving techniques. Rail: On the rail side ongoing safety campaigns, together with monitoring by Operational Safety members had a positive impact on the minimising of accidents. The accelerated procurement of tamping machines for track maintenance assisted in the reduction of especially yard incidents.	All bus accidents are investigated and drivers assessed. Where drivers are found to be negligent, corrective or disciplinary actions are taken. Drivers are tested for substance abuse before they depart for a trip. Buses are governed to drive 100 km/h. The organisation is planning to centralise the monitoring of buses on C-Track and will continue with Advance Driver training.
	Fatalities per million passengers	0.57 fatalities per million passengers	0.57 fatalities per million passengers	0.64 fatalities per million passengers	12.28%	Metrorail: Increased incidents of unsafe crossing of rail track instead of using subways and pedestrian footbridges. More than 90% of incidents are attributed to trespassing in the operational environment, leading to people struck by trains. Unsafe commuter behaviour such as hanging outside trains, staff riding and train surfing further contributes to increased fatalities. MLPS: Mostly increased incidents due to ill health conditions of passengers preferring to travel by train when ill. Incidents are recorded as fatalities although not due to operational safety reasons. In Autopax no passenger fatalities recorded.	Metrorail: Safety Awareness Campaigns, Visibility of Security and deploying Platform Marshalls as part of the Customer Improvement Plan implementation. Acceleration of fencing of hot spots, illegal crossing points, including awareness to the informal settlement communities close to rail tracks. MLPS: Record ill health incidents separately in future.
	Injuries per million passengers	2.63 injuries per million passengers	2.63 injuries per million passengers	3.20 injuries per million passengers	21.67%	Metrorail: The majority of incidents occurred as a result of unsafe commuter behaviour mainly in relation to platform interface incidents. Two collisions occurred during the year resulting in 131 passenger injuries and two derailments occurred resulting in 7 passenger injuries. Contributing factor to high levels of injuries is due to train-platform interchanges and illegal trespassing rail tracks and operational areas. MLPS: High number of injuries in MLPS due to passengers falling from trains onto the platform and on-board injuries due to	Metrorail: Ongoing implementation and monitoring of the Safety Management System. Platform rectification program, accelerated corridor hot spot fencing program and Safety Campaigns. MLPS: Safety Awareness Campaigns and safety management through TFR / PRASA Safety Interface Committee. Security Rail: Security Strategy / Plan implementation. Increased security visibility and joint

Strategic Objective: Service excellence in the provision of integrated best practice public transport solutions that are affordable for public and government, with 90% passenger performance, predictable train frequencies of 5 minutes during peak times and operationally safe with an annual reduction of 5% in accidents, fatalities and injuries with current cost baseline by 2015/16.							Comment on deviations	Strategies to improve performance														
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15																	
Passenger safety	Injuries per million passengers	2.63 injuries per million passengers	Maintain injuries rate at 2.63	3.20 injuries per million passengers	21.67%		moving trains. Rail Security: The deviation is associated with high levels of crime in the system, marking a steady and drastic increase in crime over the past 3 years against rail assets and passengers. Robberies and assaults on passengers increased the injury rate more than expected. The increase in theft of cell phones and electronic devices on trains, especially in the Western Cape impacted on the increase in security related injuries. Autopax: There were a number of serious bus accidents that negatively impacted Autopax passenger safety performance. Passenger injuries suffered were due to these were 14 passengers injured in an accident that occurred in Stutterheim, 54 passengers were injured in an accident that occurred outside PE and 17 passengers injured when bus collided with a truck in Warden.	management with SAPS. Accelerated implementation of security technologies to assist in quicker reaction to incidents and combating crime. Autopax: Corrective actions implemented are: addressing driver negligence, driver road safety tips communicated via internal communication platforms, safety campaigns, C-Track monitoring of driver behaviour, enroute inspections by inspectorate and route controllers, driver medical surveillance conducted monthly, substance abuse testing conducted daily, driver assessments completed by driver assessors and ensuring compliance to training plans for driver training.														
	Customer Satisfaction Rating	69.29%	72%	66%	6.0%	<table><tr><td></td><td>%</td></tr><tr><td>Autopax</td><td>74.2</td></tr><tr><td>Metrorail</td><td>62.6</td></tr><tr><td>Business Express</td><td>63.8</td></tr><tr><td>Shosholoza Meyl</td><td>72.1</td></tr><tr><td>Premier Classe</td><td>80.8</td></tr><tr><td>PRASA CRES</td><td>62.0</td></tr><tr><td>Weighted Average</td><td>66.0</td></tr></table> <p>Metrorail: The old Rolling Stock and Infrastructure had a negative impact on the quality of service to customers. This has led to the decline in service reliability and infrastructure availability. Autopax showed a decline on the 2013/14 rating with the major contributing factor being the on-board experience.</p>		%	Autopax	74.2	Metrorail	62.6	Business Express	63.8	Shosholoza Meyl	72.1	Premier Classe	80.8	PRASA CRES	62.0	Weighted Average	66.0
	%																					
Autopax	74.2																					
Metrorail	62.6																					
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Strategic Objective: Service excellence in the provision of integrated best practice public transport solutions that are affordable for public and government, with 90% passenger performance, predictable train frequencies of 5 minutes in peak times and operationally safe with annual reduction of 5% in accidents, fatalities and injuries with current cost base-line by 2015/16.

Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Preventative Maintenance	Average mean distance between failures (MDBF)	Average of 865 km travelled between failures of rolling stock	Average of 930 km travelled between failures of rolling stock	Average of 735 km travelled between failures of rolling stock	-20.97%	A request to the shareholder to reduce the target to 865km between failures as well as to correct the description of the target to mean distance between failures on 29 September 2014 was not approved. Vandalism in yards and depots, causing re-occurring repairs. 50% of rolling stock returning from maintenance / upgrade programs are vandalised before returning to service. Metrorail also experienced an increase in electrical burn-outs with shortage of spares, many of which have become obsolete	Accelerated depot fencing programs by Prasa Technical and Prasa Rail Capital Intervention Programme (CIP) hot spot fencing areas. Improved spares supply and inventory management. Replace obsolete technology during GO and upgrade program (Refurbishment Programme).
Employee Safety	Disability Injury Frequency Rate (DIFR)	1.15	1.1	1.6	45.45%	The target not achieved due to high Prasa Rail Western Cape disabling injuries.	<p>Metrorail: Corporate Office with Prasa Rail is conducting regional visits to investigate the injury on duty -process to identify gaps and recommend corrective actions. Actions recommended include:</p> <ol style="list-style-type: none"> 1. Review incident prevention and control practices and procedures. 2. Review SHEQ Accountability. 3. Measure Performance against set standards on a monthly basis and accumulatively. 4. Evaluate compliance to standards on a 6 monthly basis internally and annually externally. 5. Ensure deviations and non-compliance are corrected.

1.4 Invest in new capacity to meet passenger demands in medium to long term

Strategic Objective: Modernisation of the asset base that ensures a balance between investment and maintenance of assets (rolling stock, infrastructure and property portfolio) through the application of life-cycle management practices, processes and procedures to all assets through capital programme of R32 billion over the 2013 MTEF.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Rolling Stock Renewal	MLPS Locomotives		20 locomotives delivered in South Africa	9 locomotives delivered in South Africa.	-55.00%	Re-negotiations with the supplier delayed the delivery of locomotives to South Africa. However, the program has been accelerated with rapid delivery to South Africa and operational deployment into the new financial year. Unexpected delays were encountered with the design acceptance processes and procedures from the various authorities and stakeholders.	Delivery program accelerated into 2015/16. PRASA / Transnet Freight Rail (TFR) interface structures to assist in obtaining Transnet approvals and access.
Multi-modal expansion	Rail extensions with multi-modal facilities	Bridge City Rail link launched 14 October 2013. Greenview line: Phase 1 – Doubling of line 89% complete. Phase 2 – Greenview station – 40% complete. Phase 3 – Mamelodi Gardens – 20% complete. Phase 4 – Pienaarspoort – 0% complete.	Greenview in Tshwane	Doubling of line (Phase 1) 98% -Complete Greenview station (Phase 2) – 90% Complete Mamelodi Gardens & Pienaarspoort Station & Infrastructure Changes (Phase 3, 4 and 5a) – 10% Complete	Partially complete	A request for adjustment of the target to be specific in terms of delivery of phase 1 (Doubling of the line) and Phase 2 (Greenview station) was submitted to the Shareholder on 29 September 2014 and was not approved. The packages awarded for this project are as follows: Package 1 (Phase 1 of indicator) : Doubling of the line between Eerste Fabrieke & Greenview, Station and provision of the station foundations and platforms for the upgrading of Mamelodi Gardens station and provision of new Greenview Station – This package is 98% complete. Package 2 Upgrade Mamelodi Gardens Station building above platform level. This package is delayed due to land ownership issues. Package 3 (Phase 2 of the indicator) Construction of Greenview Station building above platform level. This package is delayed by water shortages and problems related to electricity connections. Package 4 Upgrade Pienaarspoort Station. This package is delayed due to land ownership issues.	The timelines for Greenview station have been revised to May 2015. As part of the Business Readiness programme for the new rolling stock this line will be completed for Proof of Service by June 2016.

Strategic Objective: Modernisation of the asset base that ensures a balance between investment and maintenance of assets (rolling stock, infrastructure and property portfolio) through the application of life-cycle management practices, processes and procedures to all assets through capital programme of R32 billion over the 2013 MTEF.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
						Package 5a Alterations to the rail layout and provision of crossing loop at Pienaarspoort Station.	
Creating new business	Agreements and projects in support of Integrated Rapid Public Transport Networks (IRPTN's)		4 Memoranda of Understanding (MOUs)	1 MOU completed but not signed and for 4 Metropolitan Authorities the role of rail is confirmed in the Integrated Public Transport Network (IPTN) or IRPTN	Not completed	PRASA formally engages with Metropolitan Municipalities through required structures as per the National Land Transport Act NLTAA (LTAB, IPC, Rail Steering Committees). There were engagements with 5 Metropolitan Municipalities in the 2014/15 financial year governed by 7 Term of References (TOR) for various engagements structures. During these engagements, inputs into the Integrated Transport Plans (ITP), Integrated Public Transport Networks (IPTN) and Integrated Rapid Public Transport Networks (IRPTN) were given to establish the role of rail. Memoranda detail: Cape Town: Memorandum of Action with the City of Cape Town has been finalised and was signed 12 April 2015 following the inclusion of Rail in the IPTN 2032 in May 2014. The City of Tshwane recognised rail as its backbone and included rail its IRPTN Operational Plan of May 2014. eThekweni: The role of Rail is confirmed in IPTN since January 2012. Detailed discussions are underway on rail commitments and the city's feeder distribution services. In Ekurhuleni, rail has been included in the IRPTN since May 2012.	

Strategic Objective: Modernisation of the asset base that ensures a balance between investment and maintenance of assets (rolling stock, infrastructure and property portfolio) through the application of life-cycle management practices, processes and procedures to all assets through capital programme of R32 billion over the 2013 MTEF.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Signalling	Number of regional signalling traffic control centres completed		Gauteng Nerve Centre (GNC)	Gauteng Nerve Centre (GNC) 99% complete	-1.0%	Initially the GNC building was scheduled to be commissioned in February 2015. The commissioning of the building was delayed due to bad weather and the delay in finalisation of the 6.6kv permanent power supply to the GNC.	Practical implementation has been reached. The Gauteng Nerve Centre building has now been completed. Planned handover to PRASA by end of May 2015.
Infrastructure modernisation	Projects completed and commissioned		24 projects	6 projects completed	-75.0%	A request to reduce the projects to 17 to the Shareholder on 29 September 2014 was not approved. Two projects are in the close-out phase and one of these, replacement of old traction transformers was completed in April 2015. Nine projects are still under construction and not completed as result of late appointment of suppliers, scope amendments, delays from contractors or approval of designs. Two projects have been cancelled due to incorporation in the Re-signalling programme and one project cancelled due to failure of the contractor to submit his performance guarantee as well as failure to do site establishment. Four projects are still in procurement of which one will be cancelled and re-advertised as tenders did not meet the technical threshold.	Prioritisation and alignment of projects in line with the Modernisation programme. In addition more realistic targets reflecting only projects with completed procurement processes.
Commercialisation	Number of station upgrades	14 station projects completed	11 stations projects completed	14 station projects completed	27.27%	Western Cape: Bellville Station parade on course and the infill deck Cape Town Station. Gauteng: Three Boxer stores on Kwesine, Daveyton and Ikwezi Station. Pretoria Station: Refurbishment of Signal House; conversion of two house into offices; the upgrade of the basement; upgrade of the Piazza; Gautrain Link Upgrade. Park Station upgrade projects: Car rental, sewer and stormwater system upgrade, upgrade of lifts and escalators, retail space upgrades-DISCHEM, Esbil and MiniSPAR	

Strategic Objective: Modernisation of the asset base that ensures a balance between investment and maintenance of assets (rolling stock, infrastructure and property portfolio) through the application of life-cycle management practices, processes and procedures to all assets through capital programme of R32 billion over the 2013 MTEF.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Capacity enhancement	Number of Metrorail coaches completed	566 Metrorail coaches refurbished	500 Metrorail coaches refurbished	436 Metrorail coaches refurbished	-12.80%	CTLE & Transnet Engineering (Salt River) underperformed due to rail line vandalism and availability of components from Bombardier for the 10M3 train sets	A reduced target was set for 2015/16 that took into consideration the capacity of the industry as well as capacity of the business to release coaches for this programme.
	Number of MLPS Coaches completed	32 MLPS coaches refurbished	50 MLPS coaches refurbished	59 MLPS coaches refurbished	18.0%	A request to adjust the target to 60 MLPS coaches to the Shareholder on 29 September 2014 was not approved. Fifty nine MLPS coaches with completion certificates. Two of these MLPS coaches have been issued with concession certificates for installation of outstanding ablation equipment in May 2015.	
Moloto Rail Corridor Development Initiative	Establishment of a Project Implementation Management Office (PIMO)		PIMO established at PRASA	PIMO established at PRASA	No deviation	Following the request of the Minister of Transport to the Board of PRASA, the PIMO was successfully established in PRASA. The PIMO is being incrementally staffed as each milestone towards obtaining all the Treasury Approvals in terms of Treasury Regulation 16 and the PPP guidelines is achieved.	

Strategic objective: Bridge the gap between the strategic focus and employee management and performance to achieve the strategic goals with specific focus on skills development to meet the skills set required through PRASA's modernisation programme.							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Capacity Building	Number of technical skills created (Rolling Stock, signals, telecomm & energy)	153	204	150	-26.47%	There were challenges regarding funding and being able to engage new learners especially in Quarter 4. This led to very few learners being engaged in the final quarter and resulted in the target not being met.	A renewed focus on business readiness for the modernisation has seen an improvement on delivery in Quarter 1 of 2015/16.
Enhancing internal skills	Learnerships in progress and completed	2 252	1 400	1 351	-3.50%	Progress was on track but slowed towards the latter part of the year. There was no intake in quarter 4 and together with the impact of budgets led to the target not being met.	Continuous engagement with Project Owners.
Capacity to support new business	Bursaries issued to employees	430	400	595	48.75%	The target was exceeded as the various divisions and subsidiaries of PRASA have been providing bursaries to employees. The number excludes 105 full time bursaries of which 95 are in engineering fields.	
	My station programme	859	700	780	11.43%	MLPS employees participated in this programme in March. This led to the target being exceeded. In addition, a total of 274 unemployed learners were also exposed to this programme. These unemployed learners are not included in the final total of 780 employees that have attended this programme.	
	Rail Academy		Approved concept	Developed but not yet approved.	Not approved.	The Rail Academy strategy forms part of the draft capability plan that was developed. The capability plan still need to be presented to all the necessary structures, that requires more time than initially planned for, so that it can be adopted and approved.	Submission of the concept and strategy to the necessary structures in PRASA.

1.6 Corporate Governance and Economic Development

PRASA performance information 2014/15 Continued

Strategic Objective: Improve performance and sustainability through effective implementation and adherence to good corporate governance principles and risk management							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
Economic Development	BBBEE Recognition Spend	99.8% BBBEE	80% BBBEE	96.7% BBBEE	16.7%	86% of payments done were to Level 1 – 4 BBBEE entities resulting in a higher recognition spend. Most payments were to Level 3 entities.	
	Value of projects awarded to Women in Rail		R1billion	R88.573 million	-91.14%	The Women In Rail Programme is dependent on the Project Owners for the allocation of projects to entities that are on the WIR database. The projects allocated to the programme are not enough for achieving the target.	Continuous engagement with Project Owners.
	Localisation		Strategy approved by the Board	Strategy approved by the Board	No deviation	Based on the strategy approved by Board, the final signing of the contracts with Gibela in 2014/15 concluded the process. Gibela committed to a minimum of 67% local content in Year 3 and 75% local content in Year 11 of the programme.	
	Enterprise development		Strategy approved by the Board	Strategy not approved by the board	Not completed	An Enterprise Development policy was developed but has not been submitted for Board approval.	Once the policy is approved, the single Enterprise Development strategy will be finalised and presented for approval.
	Sustained employment through contracts	6448	5 000	10 644	112.88%	PRASA has created 10 644 jobs by the end of March 2015. These exclude 316 jobs which are for foreign nationals. The high number of jobs are attributed to the high number of projects in execution (220), and the major contributors are: General Overhaul of Metrorail Coaches, Signalling and Telecommunications, ISAMS, Greenview-Piensaarspoort, Depot Infrastructure and Equipment etc.	

Strategic Objective: Improve performance and sustainability through effective implementation and adherence to good corporate governance principles and risk management						
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations
Audit administration of PRASA	Clean financial audit	Unqualified 2012/13 report	Unqualified 2013/14 report with matters of emphasis reduced by 50%	Nine matters affecting the audit report were raised in 2013/14 audit	Partially achieved	A reduction of 44% in the matters affecting the audit report in 2013/14.
	Audit on pre-determined objectives	No material findings	No material findings	Eight other important matters raised but no matters affecting the audit report.	No deviation	Only other important matters were raised in respect of the Audit of Pre-determined objectives.
	Compliance to laws and regulations	Nine material matters raised.	No material findings	Four matters raised that affected the audit report.	Four matters raised	Four matters affecting the audit report related to compliance to legislation raised by the AG in 2013/14 report.
Enterprise Risk Management	Cost of Risk as percentage of turnover (cost of insurance, claims, legal, security and Health & risk expressed as % of turnover)	12.5%	As per approved budget - 12.9%	14.71%	1.83%	The increased cost of risk is mainly due to increased Health and Risk costs. An un-claimable VAT portion of R21.2mil for the year in CRES was expensed to the income statement and is the largest contributor to the variance. In addition co-operative costs for cleaning of stations and facilities exceeded budget due to under budgeting, new contracts higher than budget, overrun on budget on horticulture (vegetation clearing and refuse removal) and cleaning of trains.
	Corporate Governance Practices and Compliance	The Audit and Risk Management (ARM) committee of the Board met 3 times	100% compliance	The ARM committee of the newly appointed Board met four times	No deviation	The terms of reference for the ARM committee meeting was approved by the Board on 20 November 2014 and meetings took place quarterly
Corporate governance and compliance			100% compliance	The BOC met eight times between April 2014 and March 2015. The Governance committee met three times, the	Partially complied	Terms of reference for each committee and the board was approved by the Board of Control however the frequency of meetings for all committees could not be attained.

Strategic Objective: Improve performance and sustainability through effective implementation and adherence to good corporate governance principles and risk management							
Programme	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target for 2014/15	Comment on deviations	Strategies to improve performance
				Finance, Capital, Investment and Procurement (FCIP) committee of the newly appointed Board four times. The Safety, Health, Environment and Quality (SHEQ) and HR & REM committees each met three times.			



PRASA Rail



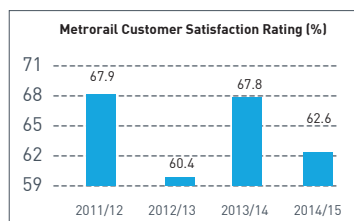
Mosenngwa Mofi
PRASA Rail CEO

PRASA Rail

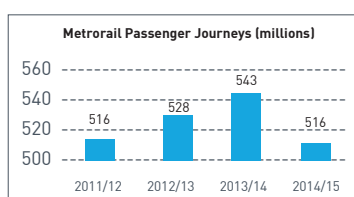
PRASA Rail is the rail operating division of PRASA. The mandate of the division is to operate the Metrorail and Main Line Passenger services, while renewing the business in preparation for the recapitalisation and modernisation program through operational efficiencies.

Metrorail

After a steady increase in passenger numbers over recent years, Metrorail has experienced a decrease in patronage over the past financial year. The decrease in passenger numbers is attributed to decreased service capacity and quality of services offered to the public, the general decline in economic activity and passengers moving to competitive and alternative modes of transport such as taxi's and Bus Rapid Transit solutions being implemented by Cities.



Although an 8.4% decrease has been experienced in the annual customer satisfaction rating compared to the previous year, Metrorail remains the most affordable public transport service offering at R3 per trip over an average travelling distance of 27km. Metrorail recorded 516m passenger journeys during 2014/15 as used by the majority of poor South Africans dependent on affordable public transport.

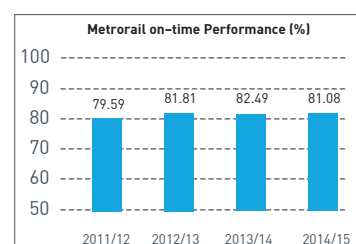


Regional metropolitan passenger journeys -2014/15:

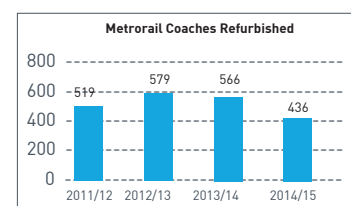
Region	Passenger Journeys	
	2013/14	2014/15
Gauteng	264m	253m
Western Cape	190m	175m
KZN	80m	78m
Eastern Cape	9m	9,5m
Total	543m	516m

The biggest decline in patronage has been experienced in Western Cape and Gauteng. The ageing rolling stock and infrastructure condition remains the biggest challenge in improving services, despite the operator's preventative maintenance and infrastructure

rehabilitation efforts to sustain the capacity and performance of the commuter rail system. The reliability of the infrastructure has been affected by increasing speed restrictions on the network due to the quality of the perway and worsened by seasonal incimate weather. Over 200 projects are managed within the PRASA Rail capital intervention programme to rehabilitate the perway, overhead electrical structures, signalling & telecommunications system, drainage, fencing and replace critical components for rolling stock and signaling equipment.

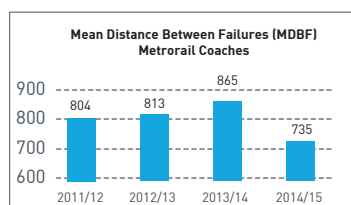


Despite the operational challenges due to infrastructure and rolling stock condition PRASA Rail has maintained on-time performance consistently within targets on the trains that were operated.



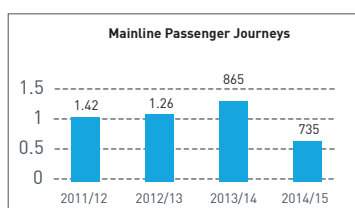
Rolling stock availability and reliability negatively affected the operator's ability to provide consistent capacity and service performance. More than 40% of the scheduled Metrorail trains operated with less capacity (train configuration) than required. Acts of vandalism on available

and roadworthy rolling stock have compounded the availability challenge in the respective regions, with substantial percentage of available rolling stock, including rolling stock returning from maintenance and upgrade programmes, not available due to vandalism and theft in depots and yards. The urgent completion of the depot fencing/security upgrade programme is critical in ensuring that rolling stock is protected from vandalism.



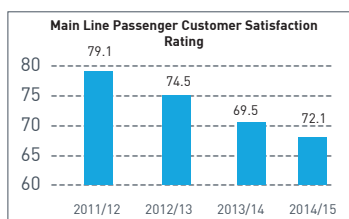
Main line passenger services

The main line passenger rail business has been running curtailed services over the past 3 years due to a shortage of locomotives and the lack of subsidy allocation to run a regular and expanded service schedule. Main line passenger journeys reflect a declining trend associated with the termination of subsidy since 2010/11.



The Customer Satisfaction Index however recorded an improved service experience on the long distance passenger rail services offered during 2014/15, while on-time arrivals remain a challenge for improved service quality due to PRASA's dependency on Transnet Freight Rail for network access and

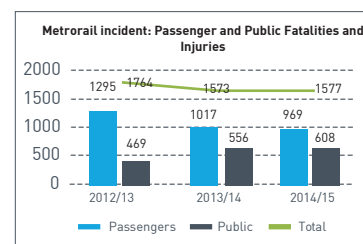
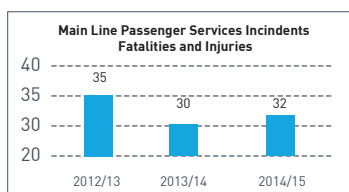
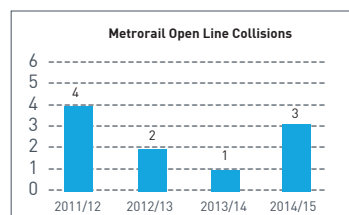
priority operational support for passenger trains while freight trains are also operated on the same routes.



Operational safety

Operational safety incidents for 2014/15 reflected a decline in some occurrences with unacceptable high levels of incidents where people have been struck by trains, platform interchange injuries, signals passed at danger (SPADS) and level crossing incidents. The PRASA Rail fencing and asset protection programme will be aligned with hotspot areas where passengers and public illegally access the operational environment.

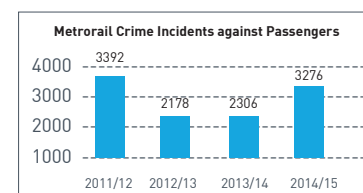
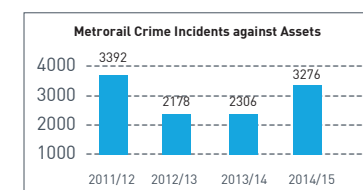
Three collisions occurred in the Metrorail environment during the financial year at Berea (KZN), Lebaleng (Tshwane) and Berlin (Eastern Cape) in which 144 people were injured. A further 8 people were injured from 2 derailments that occurred in the system.



The majority of passengers injured in the Metrorail system was due to passengers falling on platforms when boarding or alighting from trains, whereas the majority of members of the public injured were a result of illegal trespassing within the rail operational environment and struck by trains.

Safety and Security

Security related incidents have increased drastically during the past financial year following a steady decline experienced in security related incidents over the previous 3 years. The asset related incidents in the form of vandalism and theft have increased dramatically and had a negative impact on the reliability and effectiveness of rail services. The accelerated fencing and asset protection programme intends to also secure depots and key infrastructure installations affecting service delivery. The Western Cape reported the highest levels of crime and robberies against passengers during the year.



PRASA Tech

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Non-Regulatory Information



Saki Zamxaka
PRASA Tech CEO

PRASA Technical is an integral part of the strategy of the PRASA Group, of ensuring the delivery of a modern transport system to all South Africans. As a division PRASA Tech is tasked with the responsibility to (i) Provide Reliable Overhauled Rolling Stock, (ii) Improve Depots facilities to be compatible with the new Rolling Stock technology, (iii) Enhance capacity, efficiency and safety at Staging Yards, Stations and Rail Network, (iv) Modernise Stations and Rail Network, (v) Extend Rail Networks, and (vi) Build Human Capital technical capacity.

This mandate will be achieved by implementing an integrated modernisation programme which covers, depot modernisation, perway upgrades, electrical sub-station upgrades, telecommunication system upgrades, platform correction and many others to achieve our objective of passenger comfort. PRASA Technical Core Services

- Infrastructure
- Depot upgrade/ renovation
- Development of walk way bridges and perway

- General Overhaul of Old Rolling Stock Accelerated Rolling Stock Programme.

Refurbishment is a necessary part of the life cycle management of the rolling stock asset. With exploitation in service, the performance of the asset degrades to levels that cannot be addressed through routine maintenance, and therefore requires heavier maintenance to address the degradation.

The current refurbishment programme is concerned with the current fleet. As part of the

refurbishment, some of the fleet has been upgraded due to its age, in order to ensure the asset is exploited economically and safely over its entire life. While PRASA has embarked on the procurement of new rolling stock, the current fleet is expected to remain operational and will be retired progressively until complete removal in about 2033.

A Capital budget of R10.5bn is projected for the next 3 years.

During the 2014/15 financial year, PRASA undertook 13 projects at a cost of of R1.8 billion as per the following:

PRASA Technical- Completed projects				
Strategic Infrastructure Portfolio	Programme	Project description	No. of Projects	2014/15 Expenditure
	120km Perway Programme	Station: Construct New Drainage System	✓	3 537 566
		Gauteng North Region: Olifantsfontein: Improve Formation and Subsurface Condition at 33.6Km	✓	5 821 699
		Gauteng North Region: Pretoria Station: Construct New Drainage System	✓	6 260 011
		Pretoria Station - Construct New drainage	✓	6 260 011
		Gauteng North Region: Pretoria-Koedoespoort: Railway Drainage Improvement, Slopes and Embankment Stabilization	✓	47 903 482
	Electrical Programme	Gauteng South Region: Provide 6.6kV Transmission line: Between Johannesburg & Langlaagte and Krugersdorp & Randfontein	✓	17 220 148
		National Project: PRASA Technical: Replace old traction transformers: Phase 2	✓	28 355 099
		Western Cape Region: Rehabilitation of 11KV Distribution Network	✓	20 346 926
	Special and Mega Projects Programme	Piesangs River Rehabilitation	✓	54 929 981
Bridge City - Dalbridge		✓	159 000 000	
Total			10 Projects	349 634 922
Accelerated Rolling Stock Portfolio	Metrorail Programme	General Overhaul of Metrorail Coaches	436 Coaches	1 062 739 681
	Shosholoza Meyl Programme	General Overhaul of Shosholoza Meyl coaches	59 Coaches	258 473 838
		General Overhaul of Shosholoza Meyl locomotives	16 Locos	136 915 257
	Total			511 Units
Grand Total			13 Projects	1 807 763 698

Strategic Infrastructure

The primary focus of Strategic Infrastructure (SI) is the Total Life Cycle Management (LCM) of PRASA's asset base. SI is responsible for developing and to drive new investment projects in PRASA's infrastructure to meet long-term requirements of the Business Plan. Functions also include the LCM phases of Commissioning, upgrading and disposal.

SI is responsible for some 2240 km of rail network, 90% of it electrified and owns more than 470 stations countrywide which exclude Port Elizabeth and East London where Transnet Freight Rail (TFR), formerly Spoornet, owns the infrastructure.

The future network will be expanded by between 500 – 700 km of additional new track, with a major portion represented by the various phases of the Moloto Rail Development Corridor. In this total there are also plans to extend existing services such as Hammanskraal in Tshwane and extensions such as Motherwell in Port Elizabeth and CTIA Rail Link. The National Rail Passenger Plan proposes 40 future rail extensions.

The department is responsible for the execution of projects in

Electrical, Perway, Signalling & Telecommunications, Corridor Modernisation and Mega Projects. The Perway Portfolio is broken further into three subsections viz. Drainage & Platforms, Footbridges, Level Crossings & Structures and Trackwork. Mega Projects portfolio includes Bridge City, Greenview-Piensaarspoort, Queenstown-Umtata and Stray Currents projects.

Refurbishment of the old fleet

PRASA has embarked on a major fleet renewal programme in order to replace all its obsolete and dilapidated rolling stock fleet during the next 20 years.

The new technology brought by the new fleet as well as the improved and enhanced maintenance practices envisaged for this new fleet will require either new, or refurbished or upgraded maintenance depots.

In order to support the new fleet, a Depot Modernisation Programme is required to upgrade the existing rolling stock maintenance Depots at:

- Gauteng South Braamfontein Depot
- Gauteng North - Wolmerton Depot

- Western Cape - Salt river Depot
- eThekwin - Durban Staging Yard
- eThekwin - Springfield Depot

Project Objectives:

The project objectives are to design and construct a fully functional Depot that:

- Will be able to service PRASA's new fleet by the time they are delivered in April 2015 and will cater for the increased new fleet maintenance demand required by the full fleet deployment up until 2034.
- Will be able to service Prasa's existing metro trains until the new fleet deployment is completed in 2034.

Refurbishment of the old fleet



PRASA CRES



Tara Ngubane
PRASA CRES CEO

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Non-Regulatory Information

As a property management division of the organisation, PRASA CRES is responsible for efficiently and effectively managing the Rail Property Portfolio so to enhance customer experience.

The portfolio includes stations, depots, office buildings, and land and residential.

Its Key Focus Areas are:

- National Station Upgrade Programme (NSUP): Intended for major station upgrades, which addresses both service excellence and revenue generation
- Station Improvement Programme (NSIP): intended for quick visible station improvements and is aimed at improving the commuter experience at stations.

In the past four (4) financial years PRASA CRES has improved 234 stations (65 in 2014/15) and upgraded 41 stations (14 in

2014/15) at a total cost of R956 million and R987 million, respectively. During the 2014/15 financial year, PRASA invested R215 million in station improvements and R204 million in station upgrades.

The Park Station precinct remains an important transport node in South Africa and also a destination for business people and tourists. Over the last three (3) years this station has undergone various major redevelopment and is commercially viable.

The station has 450 train trips per day of both Shosholoza Meyl and Metrorail and 13 bus companies conducting 252 bus trips per day as well as 157 commercial leases.

PRASA has committed R650 million over the next years to upgrade Park Station's infrastructure and expand its retail offering. This is part of a significant drive by PRASA to modernise its stations country-wide in preparation for its fleet of new rolling stock to be introduced in 2015.





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Non-Regulatory Information

Board Of Control



P Molefe
Chairman



Z Manase
ARM Committee Chairperson



M Matlala
FCIP Committee Chairperson



N Mxenge
HR and REM Committee
Chairperson



W Steenkamp
SHEQ Committee Chairperson



C Roskrige-Cele
Member



N Kheswa
Member



X George
Member



C Manyungwana
Member



L McMillan
Member



S Buthelezi
Member (Resigned)



N Khena
Acting Group CEO



L Zide
Company Secretary

The board of control Responsibility statement

The Board of Control of the Passenger Rail Agency of South Africa is responsible for the preparation and fair presentation of the consolidated financial statements of the Group, comprising the statements of financial position as at 31 March 2015 and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, as well as the notes to the consolidated financial statements, which included a summary of significant accounting policies and other explanatory notes and the Board of Control's Report, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No1 of 1999), the Legal Succession to the South African Transport Services.

The Board of Control's responsibilities include:

- Designing, implementing and maintaining internal control relevant to the preparation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies;
- Making accounting estimates that are reasonable in the circumstances;
- Maintaining an effective system of risk management.

The Board of Control has made an assessment of the Group and the Company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group consolidated financial statements and the Company's financial

statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of Group consolidated Financial statements and Company financial statements

The Group consolidated financial statements and Company financial statements of the Passenger Rail Agency of South Africa, as identified in the first paragraph, were approved by the Board of Control on 31 July 2015 and signed on its behalf by

Popo Molefe
Chairman

Nkosinathi khena
Acting Group CEO

Director's Report

Directors' responsibilities:

Annual financial statements:
This report and the annual financial statements have been prepared in compliance with the requirements of the Public Finance Management, 1999 (Act No 1 of 1999), as amended ("PFMA").

We are not aware, as at the date of this statement, of any circumstances, which would render any particulars included in the financial report to be misleading or inaccurate.

Nature of business

The Passenger Rail Agency of South Africa is an Agency of the Department of Transport responsible for the provision of commuter rail services and long haul passenger rail and bus services. Through its facilities and real estate management Division, PRASA Corporate Real Estate Solutions (PRASA CRES), stations, buildings and land are managed, maintained and upgraded. Intersite, a wholly-owned subsidiary of PRASA, is responsible for leveraging non-operational and non-strategic assets of PRASA. Intersite is responsible therefore for the secondary mandate of PRASA, which is to generate income from the exploitation of assets transferred to PRASA by the Minister of Transport.

Going concern

The Passenger Rail Agency of South Africa has prepared its financial statements on a going-concern basis, confirming that the entity will be able to meet its financial obligations and finance future operations through a combination of Government Funding and revenue income generated from operations. The realisation of assets and settlement of liabilities and commitments will occur in the ordinary course of business.

Financial position and results:

Capital expenditure

Total capital investment to the value of R12.7 billion (2014: R6.2 billion) was made during the year under review. These funds were expended mainly towards the upgrading and maintenance of the rolling stock, infrastructure upgrades and station developments.

Operational funds

PRASA received an operational subsidy of R3 887.3 million for the year (2014: R4 328.0 million).

Operational results

Total Group income amounted to R3 640.3 million, (exclusive of government subsidy) compared to R4 029.4 million in the prior year. Fare revenue for ticket sales for twelve months has been included in the results. Group operating expenditure increased by 4.9 %. (2014: decreased by 2%)



Subsidiaries

The Agency's interest in its subsidiaries is summarised as follows:

Name	Percentage shareholding	Issued capital	Amounts owing (by) / to subsidiaries	Attributable share of net profit / (loss)
Intersite Assets Management (SOC) Ltd				
2015	100%	R375	R0	(R26 901 838)
2014	100%	R375	(R183 000)	(R19 800 995)
Autopax Passenger Services (SOC) Ltd				
2015	100%	R601 863 850	(R82 594 000)	R8 317 829
2014	100%	R601 863 850	(R78 156 000)	(R75 136 504)

Corporate Governance

The Board of Control adheres to the principles of good corporate governance as espoused in the PMFA and King III Report and Protocol or Corporate Governance in the Public Sector. This entails the provision of an oversight on the Management of the assets of PRASA diligently and in a fair and transparent manner. Reporting to the Shareholder was strengthened by a Corporate Plan and Shareholders Agreement which ensured that the targets, measures and outputs are clearly articulated to enhance the Board's accountability.

The Board in discharging its obligations and to effectively fulfil its fiduciary duties is supported by the following Committees:

- Audit and Risk Committee
- Finance, Capital Investment and Procurement Committee
- Human Capital & Remuneration Committee
- Safety, Health Environment and Quality Assurance Committee
- Governance and Performance Committee

The Board as the Accounting Authority has delegated the day-to-day management to the Executive Committee under the leadership of the Group Chief

Executive Officer:

Organisational Structure

The Organisational structure of the PRASA appears on page 7 of this report.

Protocol for Communication with Shareholder

The Executive Authority for PRASA is the Minister of Transport who represents the Shareholder. The Board as the Accounting Authority of the Corporation reports to the Minister of Transport. Communication with the Shareholder is channelled primarily through the office of the Chairman. Regular reporting was undertaken in terms of the Shareholders Compact.

Post Balance Sheet Events

No material facts or significant circumstances which affect the financial position of the Group have arisen between the date of the Balance Sheet and the production date of this report.

The Group CEO, Mr Lucky Montana resigned.

Performance Against Goals

PRASA's 3 year Corporate Plan defines objectives that are directly linked to PRASA's mandate as defined in the Legal Succession Act. These objectives are used to measure the performance of

PRASA as they appear on pages 43 to 59 of this report.

Broad-Based Black Economic Empowerment ("B-BBEE")

B-BBEE ranks as a priority and is fully integrated into all areas of the Group, and will continue to play a meaningful role in stimulating economic growth in South Africa. In line with the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003), as well as the Supply Chain Management Policy, various committees have been instituted with representation from all divisions, including senior management, to ensure that the process remains transparent and fair at all times. The Group is fully committed to use the resources

at its disposal to further B-BBEE advancement.

Board of Control

The affairs of PRASA are managed by the Board of Control, which includes members from National Treasury and the Department of Transport. The Minister of Transport appoints Board

Name	Position	Notes
P Molefe	Chairman	2014 - 2017
S Buthelezi	Member	2014 - 2017 (Resigned 31.12.2014)
C Roskrige-Cele	Member	2014 - 2017
X George	Member	2014 - 2017
N Kheswa	Member	2014 - 2017
Z Manase	Member	2014 - 2017
C Manyungwana	Member	2014 - 2017
M Matlala	Member	2014 - 2017
L McMillan	Member	2014 - 2017
N Mxenge	Member	2012 - 2015
W Steenkamp	Member	2014 - 2017
T L Montana	Member - Ex Officio (GCEO)	

Director's emoluments

Please refer to note 27 of the Annual Financial Statements.

Internal controls

Internal controls are in the process of being reviewed to provide adequate assurance of the integrity and reliability of the annual financial statements, to safeguard and maintain accountability of its assets and to minimize the risk of fraud.

Board committees

The Board has five committees, which assist in the good governance, allow for detailed consideration of major issues, provide advice on sensitive matters to the Board and examine matters that may be referred to it by the Board. Each Committee adopted a charter which is reviewed annually.



1. Audit and Risk Committee

Title	Name	Position	Notes
Ms	Z Manase	Chairperson	
Ms	M Kheswa	Member	
Mr	L McMillan	Member	
Ms	N Mxenge	Member	
Mr	W Steenkamp	Member	

The Audit and Risk Committee supports the Board in discharging its Corporate Governance responsibilities in relation to:

- Review of disclosures in the Annual Report;
- Finance reporting;
- Internal control;
- Business ethics and Fraud prevention policies;
- Risk Management;
- Ensuring integrity and effectiveness of internal audit function.

Amongst others, the Audit and Risk Committee is responsible for approving the external audit strategy and fees.

The Audit and Risk Committee further monitors and approves the application of our financial resources, determines the level of the budget required to deliver the Business Plan objectives. The Audit and Risk Committee comprises of five independent non-executive members. The Group Chief Executive Officer, The Group Chief Financial Officer, Head of Internal Audit and External Auditors attend meetings by Invitation.

2. Human Capital and Remuneration Committee

Title	Name	Position	Notes
Ms	N Mxenge	Chairperson	
Ms	C Roskrige-Cele	Member	
Mr	X George	Member	
Ms	N Kheswa	Member	
Mr	L McMillan	Member	

The Human Capital & Remuneration Committee supports the Board in discharging its responsibilities relating to:

- Direct authority for, or consideration and recommendation to the Corporation of, matters relating to inter alia general staff policies, remuneration (executive and directors' fees), bonuses, service contracts and retirement funds;
- Staff wellbeing and sound corporate culture; and
- The promotion of an efficient and effective workforce.

3. Finance, Capital Investment and Procurement (FCIP) Committee

Title	Name	Position
Ms	M Matlala	Chairperson
Ms	X George	Member
Mr	C Manyungwana	Member
Ms	L McMillan	Member

The FCIP Committee supports the Board in discharging its responsibilities relating to:

- Monitoring the implementation of procurement policies and processes;
- Successful negotiation of price reduction in prices charged;
- Fostering Broad Based Black Economic Empowerment (B- BBEE) and supporting small, medium and micro enterprises (SMMEs);
- Adjudication of all capital investments projects and tenders; and
- Ensuring adherence to the principles contained in the framework for supply chain management issued by National Treasury.

4. Safety, Health Environment and Quality Assurance (SHEQ) Committee

Title	Name	Position
Mr	W Steenkamp	Chairperson
Ms	Z Manase	Member
Mr	C Manyungwana	Member
Ms	M Matlala	Member

The SHEQ Committee supports the Board in discharging its responsibilities for the safety of commuters, employees and others who work and use the network and for environmental protection. In discharging its responsibilities, the Committee:

- Ensures that PRASA has effective safety and environmental policies, systems and programmes to meet all legislative responsibilities and to develop and sustain a safe and environmentally friendly culture.
- The SHEQ Committee has the responsibility to ensure that the commuter rail environment is safe, healthy and clean to both employees and the users of the system.

5. Governance and Performance Committee

Title	Name	Position
Dr	P Molefe	Chairman
Ms	Z Manase	Member
Ms	M Matlala	Member
Ms	N Mxenge	Member
Mr	W Steenkamp	Member
Mr	B Boshielo	((LID) Intersite
Ms	L Letlape	((LID) Autopax

The objective of the Governance Committee is to ensure that PRASA is governed in a way that is efficient, responsible, transparent, and accountable to the shareholder and the taxpayer.

- The PFMA further imposes fiduciary duties to the Board, including a duty of care and skill in managing the financial affairs of the Corporation.
- The Board is also obliged to maintain effective and transparent systems of internal controls, including internal audit.
- To ensure that institutional arrangements within the Group are well understood and unambiguous for the effective discharge of the PRASA's mandate as contained in the Legal Succession to the South African Transport Services Act, 1989 (Act No 9 of 1989), read with the PFMA.
- To oversee and ensure the performance of PRASA in line with the approved Business Plan and Performance Agreement between PRASA and the Executive Authority.
- Monitoring compliance to IT Governance.

Attendance of Meetings: ***P – Present** ***A – Absent** ***R – Resigned**

Board of Control Meetings

NB: Prior to the induction of the current board, the previous board held two meeting (29 May 2014 & 31 July 2014).

Board Induction

Names	04.09.2014	05.09.2014
Dr P S Molefe	P	P
M Matlala	P	P
W Steenkamp	P	P
N Mxenge	P	P
Z Manase	P	P
N Kheswa	P	A
C Manyngwana	P	A
C Roskrug	P	A
L McMillan	P	P
S Buthelezi	A	A
T L Montana	P	A

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Non-Regulatory Information

Special Board Meetings

Names	28.08.14	10.10.14	23.12.14	28.03.15
Dr P S Molefe	P	P	P	P
M Matlala	P	P	P	P
W Steenkamp	P	P	P	P
N Mxenge	P	P	P	P
Z Manase	P	P	P	P
N Kheswa	P	P	P	A
X George	P	P	A	P
L Mcmillan	A	P	A	A
C Manyungwana	P	P	A	A
C Roskruge-Cele	P	P	A	P
S Buthelezi	A	P	A	R
T L Montana	P	P	A	A

Board Meetings

Names	27.11.2014	26.02.2015
Dr P S Molefe	P	P
M Matlala	P	P
W Steenkamp	P	P
N Mxenge	P	P
Z Manase	P	P
X George	A	P
N Kheswa	P	P
C Manyungwana	P	P
C Roskruge-Cele	P	P
L McMillan	P	P
T B Phitsane	*	*
T L Montana	P	P

Annual General Meetings

Names	29.09.2014
Dr P S Molefe	P
M Matlala	P
W Steenkamp	P
N Mxenge	P
Z Manase	P
N Kheswa	P
C Manyungwana	P
C Roskruge-Cele	P
L McMillan	P
S Buthelezi	P
X George	P
T L Montana	P

Audit and Risk Committee

Names	24.10.2014	20.11.2014	19.02.2015
Z Manase	P	P	P
N Kheswa	P	P	P
N Mxenge	P	P	P
W Steenkamp	P	P	P
T L Montana	P	P	P
L McMillan	A	A	A

Human Capital and Rem Committee

Names	19.11.2014	25.02.2015
N Mxenge	P	P
S Buthelezi	P	P
X George	P	P
C Roskruge-Cele	P	P
N Kheswa	P	P
T L Montana	P	P

Finance Capital and Procurement Committee Meetings

Names	25.11.2014	18.02.2015
M Matlala	P	P
S Buthelezi	P	R
C Manyungwana	P	P
T L Montana	P	P
C Roskruge-Cele	A	P
L McMillan	A	A
X George	A	P

Governance and Performance (Governance Committee)

Names	25.02.2015
Dr P S Molefe	P
M Matlala	P
W Steenkamp	P
N Mxenge	P
Z Manase	P
L Letlape	A
B Boshielo	A
T L Montana	P

Safety, Health Environmental and Quality Assurance Meetings

Name	23.11.2014	8.01.2015
W Steenkamp	P	P
Z Manase	P	P
C Manyungwana	P	P
M Matlala	P	P
T L Montana	P	P
X George	P	P

A

Non-Regulatory Information



Audit and risk committee Report

We are pleased to present our report for the financial year ended 31 March 2015.

Audit and Risk Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our Charter in line with the requirements of Section 51(1) (a) of the Public Finance Management Act No 1 of 1999 ("PFMA") as amended, Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this Charter.

The effectiveness of internal control

In line with the PFMA and the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively King III), Internal Audit provides the Audit and Risk 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. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statement and the management report of the Auditor-General South Africa, there were matters reported that indicate material deficiencies in the system of internal control or deviation therefrom. Accordingly, we report that the system of internal control over financial reporting for the period under review was not efficient and effective.

Evaluation of Financial Statements we have:

- Reviewed and discussed the audited Annual Financial Statements to be included in

the Annual Report, with the Auditor-General South Africa and the Acting Chief Executive Officer.

- Reviewed the Auditor-General South Africa's management report and management's response thereto.
- Reviewed significant adjustments resulting from the audit.
- Reviewed the Company's Quarterly Financial and Performance Reports.

Internal audit

The Internal Audit function is centralised at a Group level. We are currently reviewing the Internal Audit division to ensure it is operating effectively.

Auditor-General South Africa

We have met with the Auditor-General South Africa we concur with and accept the Auditor-General of South Africa's report on the Annual Financial Statements, and are of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General South Africa.



Zodwa Manase
Chairperson of the Audit and Risk Committee





Report of the auditor-general to Parliament on the Passenger Rail Agency of South Africa

Report on the consolidated and separate financial statements

Introduction

1. I have audited the consolidated and separate financial statements of the Passenger Rail Agency of South Africa and its subsidiaries (Agency) set out on pages 61 to 112 which comprise the consolidated and separate statement of financial position as at 31 March 2015, the consolidated and separate statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the consolidated and separate financial statements

2. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Statements of Generally

Accepted Accounting Practice (SA GAAP) and the requirements of the Public Finance Management Act of South Africa 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Passenger Rail Agency of South Africa and its subsidiaries as at 31 March 2015 and their financial performance and cash flows for the year then ended, in accordance with the South African Statements of Generally Accepted Accounting Practice (SA GAAP) and the requirements of the PFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters

Material capital commitment

8. As disclosed in note 32 to the financial statements, the capital commitment for the purchase of new locomotives has significantly increased by R1,3 billion, from R3,5 billion to R4,8 billion, and the number of anticipated locomotives to be received has declined from 88 (as per the initial contract) to 70.

9. As disclosed in note 32 to the financial statements, the capital commitment for the purchase of rolling stock (fleet renewal programme) is R59,6 billion, which was disclosed under events after reporting date in the 2013-14 annual report as R51 billion.

Material prepayments for capital assets

10. As disclosed in note 5 to the financial statements, material prepayments for

capital expenditure to the total amount of R7,8 billion were made towards the purchase of new locomotives (R2,1 billion) and new rolling stock fleet renewal programme (R5,7 billion).

Financial sustainability of subsidiary

11. The subsidiary company (Intersite Asset Investments SOC Ltd) incurred an operating loss of R28 million (2014: R21 million) for the year. The net loss amounted to R26 million (2014: R19 million). The loss is primarily attributed to the budgeted revenue from property investments, third party projects and commercial projects not materialising. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary's ability to operate as a going concern. The investment in subsidiaries, as disclosed in note 9 to the agency's annual financial statements, has not been impaired.

Restatement of corresponding figures

12. As disclosed in note 37: prior period error adjustment [affecting note 6: leased assets, note 15: finance lease, note 4: property, plant and equipment - network assets and note 5: prepayments for capital expenditure] to the financial statements, the corresponding figures for 2013-14 have been restated as a result of an error discovered during 2014-15 in the financial statements of the agency at,

and for the year ended, 31 March 2014.

Irregular expenditure

13. As disclosed in note 41 to the financial statements, the agency incurred irregular expenditure to the amount of R550 million. Evidence provided confirmed non-compliance with section 51(1)(a)(iii) and 51(1)(b)(ii) of the PFMA and the agency's supply chain management policy.

Additional matter

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

Supplementary information

15. The supplementary information set out on pages 1 to 52 does not form part of the financial statements and is presented as additional information. I have not audited this and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each

subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Passenger Rail Agency of South Africa for the year ended 31 March 2015:

- Objective 1.3: Improve operational effectiveness on pages 21 to 25.
- Objective 1.4: Invest in new capacity to meet passenger demands in medium to long term on pages 26 to 29.

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPP)*.

20. I assessed the reliability of the reported performance information to determine

whether it was valid, accurate and complete.

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 1.3: Improve operational effectiveness.
- Objective 1.4: Invest in new capacity to meet passenger demands in medium to long term.

Additional matters

22. I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on pages 17 to 33 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective 1.3: Improve operational effectiveness and objective 1.4: Invest in new capacity to meet passenger demands in medium to long term. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

25. The supplementary information set out on page 17 does not form part of the annual performance report and is presented as additional information. I have not audited this and, accordingly, I do not report thereon.

Compliance with legislation

26. I performed procedures to obtain evidence that the Passenger Rail Agency of South Africa had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 55(1)(b) of the PFMA. Material misstatements were corrected.

Procurement

28. A contract amounting to approximately R17,9 billion (30% of R59,6 billion) relating to the BBBEE equity partners to the fleet renewal programme (new rolling stock) was awarded to bidders. The following non-compliance was identified:

- Non-compliance with the invitation to participate (ITP) as the agency did not consistently apply its discretion to disqualify the bidders in terms of

conflict of interest, as required by section 51(1)(a)(iii) of the PFMA.

- The attendance register for the adjudication committee for the ITP and supplementary ITP process in respect of the BBBEE tender for rolling stock could not be provided; consequently we were unable to confirm receipt of all appointment letters.

Unsolicited proposal

29. The agency did not notify National Treasury of the award of an unsolicited bid proposal to the value of R91 million, in contravention with paragraph 12.1 of the National Treasury practice note 11 of 2008-09.

Irregular expenditure

30. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. Irregular expenditure to the value of R550 million was incurred due to non-compliance with laws and regulations and the agency's supply chain management policy.

Fruitless and wasteful expenditure

31. The accounting authority did not take effective steps to prevent fruitless and wasteful expenditure, as required by section 51(1)(b)(iii) of the PFMA. Fruitless and wasteful expenditure to the value of R19,9 million was incurred due to interest and penalties on late payments of creditor accounts, and payments to

employees and consultants.

Internal control

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and performance management

Daily and monthly processing and reconciliation of transactions

33. Internal control deficiencies were identified in the accounting for property, plant and equipment. The verification of network assets and capitalisation of completed assets (assets under construction) was not completed in a timely manner.

Document management

34. Management did not supply documentation requested for audit purposes within a reasonable time due to an inadequate document management system.

35. A significant number of signed board minutes and policies could not be provided for audit purposes.

Regular accurate and complete financial reports

36. The financial statements contained misstatements pertaining to property, plant and equipment, prepayments for capital expenditure, finance and operating leases, capital commitments, prior period error adjustments and irregular expenditure. This was mainly due to financial statements submitted for audit that were not accurate and complete.

Compliance monitoring

37. Management did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure from occurring. Management has not implemented a register of irregular and fruitless and wasteful expenditure.

Other reports

Investigations

38. The Public Protector is performing an investigation based on a complaint received in 2012 which covers the period of the allegations between 2010 and 2012. The investigation was initiated based on allegations of financial mismanagement and tender irregularities. The investigation is being finalised and the report will be issued in the 2015 -16 financial year.

Auditor-General

Pretoria
31 July 2015





Annual Financial





Statements

Consolidated statements of financial position at 31 March 2015

Entity			Group	
2014	2015		2015	2014
R'000	R'000	Notes	R'000	R'000
ASSETS				
31 800 244	42 632 370	Non-current assets	42 456 395	31 761 783
25 756 204	29 257 987	Property, plant and equipment	29 834 192	26 465 279
635 718	7 267 308	Prepayment for capital expenditure	7 267 308	635 718
954 026	924 671	Leased assets	924 671	954 026
317 124	405 178	Intangible assets	405 206	317 175
3 361 435	3 996 644	Investment property	3 996 644	3 361 435
3 939	4 163	Defined benefit plan assets	4 163	3 939
24 211	24 211	Trade and other receivables	24 211	24 211
747 587	752 208	Investment in subsidiaries	-	-
5 793 653	2 680 644	Current assets	2 674 091	5 706 413
565 012	502 686	Trade and other receivables	458 365	412 925
225 100	242 228	Inventories	253 597	235 118
357 955	278 409	Prepayment for capital expenditure	278 409	357 955
4 645 586	1 657 321	Cash and cash equivalents	1 683 720	4 700 415
37 593 897	45 313 014	Total assets	45 130 486	37 468 196
EQUITY AND LIABILITIES				
2 245 832	1 084 084	Total equity attributable to equity holders of the entity	550 063	1 730 792
4 248 258	4 248 258	Share capital:	4 248 258	4 248 258
(2 002 426)	(3 164 174)	Accumulated loss	(3 698 195)	(2 517 466)
28 915 819	37 789 330	Non-current liabilities	37 916 594	29 205 348
-	-	Loans and borrowings	-	48 198
2 277 823	2 405 920	Finance lease	2 405 920	2 277 823
485 873	480 648	Provision for claims	480 648	485 873
15 000	14 240	Employee benefit obligations	14 815	15 181
26 137 123	34 888 522	Capital subsidy and grants	35 015 211	26 378 273
6 432 246	6 439 600	Current liabilities	6 663 829	6 532 056
3 888 551	3 489 198	Trade and other payables	3 550 755	3 830 033
167 824	179 571	Finance lease	179 571	167 824
-	-	Loans and borrowings	48 210	43 866
162 823	197 180	Provision for claims	197 180	162 823
2 213 048	2 573 651	Capital subsidy and grants	2 688 113	2 327 510
37 593 897	45 313 014	Total equity and liabilities	45 130 486	37 468 196

Consolidated statement of comprehensive income for the year ended 31 March 2015

Entity				Group	
2014	2015			2015	2014
R'000	R'000		Notes	R'000	R'000
6 998 515	6 594 230	Revenue		7 311 646	7 678 186
481 701	516 870	Operating lease rental income	21.1	480 351	458 292
2 188 811	2 190 018	Fare revenue	22	2 940 707	2 872 264
4 328 003	3 887 342	Government subsidy	23	3 887 342	4 328 003
-	-	Management fee	24	3 246	19 627
2 440 044	2 084 507	Other income		2 277 120	2 647 318
1 853 610	1 946 956	Capital subsidy and grants amortised	19	2 061 418	1 968 072
586 434	137 551	Other income	28	215 702	679 246
(7 340 047)	(7 783 340)	Operating expenses	26	(8 572 788)	(8 173 556)
(1 842 178)	(2 002 933)	Depreciation and amortisation	4, 5, 6 & 7	(2 136 300)	(1 976 774)
(82 734)	(12 868)	Derecognition/loss on disposal of assets	25	(14 316)	(87 956)
(35 639)	(38 466)	Impairment (losses)/reversal recognised	4	(38 466)	(35 639)
322 406	114 704	Fair valuation of investment properties	8	114 704	322 406
1 630	383	Actuarial gain/(loss)	17	(14)	1 664
461 997	(1 043 783)	Loss before investment income and finance cost		(1 058 414)	375 649
(310 583)	(319 868)	Finance cost	29	(326 595)	(321 779)
228 663	201 903	Finance income	30	204 280	231 305
380 077	(1 161 748)	loss/ Profit before taxation		(1 180 729)	285 175
-	-	Taxation	31	-	-
380 077	(1 161 748)	Loss/Profit and total comprehensive income for the year		(1 180 729)	285 175

Consolidated statement of changes in equity for the year ended 31 March 2015

Entity			Group	
2014 R'000	2015 R'000	Notes	2015 R'000	2014 R'000
Ordinary share capital				
4 248 258	4 248 258	Balance at the beginning of the year	4 248 258	4 248 258
-	-	Movements during the year	-	-
4 248 258	4 248 258	Balance at the end of the year	4 248 258	4 248 258
Accumulated loss				
(2 382 503)	(2 002 426)	Balance at the beginning of the year restated	(2 517 466)	(2 802 641)
380 077	(1 161 748)	loss/Profit for the year restated	(1 180 729)	285 175
431 251	-	Profit for the year	-	336 349
96 452	-	Correction of error on straight lining of leases	-	96 452
157 484	-	Reclassification of energy costs	-	157 484
(290 884)	-	Finance cost on Eskom finance lease	-	(290 884)
(29 355)	-	Depreciation on leased assets	-	(29 355)
29 355	-	Amortisation for capital subsidy on leased assets	-	29 355
(14 226)	-	Depreciation on fair valuation of network assets	-	(14 226)
(2 002 426)	(3 164 174)	Balance at the end of the year	(3 698 195)	(2 517 466)
2 245 832	1 084 084	Total equity attributable to equity holders of the Entity	550 063	1 730 792

Consolidated statement of cash flows for the year ended 31 March 2015

Entity			Group	
2014	2015		2015	2014
R'000	R'000	Notes	R'000	R'000
Cash flow from operating activities				
248 838	(1 039 545)	Operating cash flows before working capital changes	(1 029 643)	187 684
(2 401 600)	(1 314 859)	Changes in working capital	(1 307 699)	(2 358 624)
(2 152 762)	(2 354 404)	Cash utilised from operations	(2 337 342)	(2 170 940)
(18 387)	(10 969)	Finance cost	(4 373)	(18 963)
(2 171 149)	(2 365 373)	Net cash used from operating activities	(2 341 715)	(2 189 903)
Cash flow from investing activities				
228 663	201 903	Investment income - interest received	204 280	231 305
(3 277 746)	(4 322 869)	Acquisition of property, plant and equipment	(4 324 792)	(3 279 092)
(993 673)	(6 552 044)	Prepayment for capital expenditure	(6 552 044)	(993 673)
(108 336)	(127 492)	Acquisition of intangible assets	(127 492)	(108 336)
(440 344)	(520 505)	Acquisition of investment property	(520 505)	(440 344)
-	296	Proceeds on sale of assets	296	-
(50 727)	(4 621)	Increase in loans to/from subsidiaries	-	-
(4 642 163)	(11 325 332)	Net cash used in investing activities	(11 320 257)	(4 590 140)
Cash flow from financing activities				
-	-	Repayment of other financial liabilities	(57 163)	(51 792)
(139 844)	(188 696)	Repayment on insurance claims	(188 696)	(139 844)
(157 484)	(167 822)	Repayment on finance lease	(167 822)	(157 484)
6 843 110	11 058 958	Capital subsidy and grants received	11 058 958	6 843 110
6 545 782	10 702 440	Net cash flow from financing activities	10 645 277	6 493 990
(267 530)	(2 988 265)	Net decrease in cash and cash equivalents	(3 016 695)	(286 053)
4 913 116	4 645 586	Cash and cash equivalents at the beginning of the year	4 700 415	4 986 468
4 645 586	1 657 321	Cash and cash equivalents at the end of the year	1 683 720	4 700 415

Notes to the consolidated financial statements for the year ended 31 March 2015

1. Reporting entity

The Passenger Rail Agency of South Africa (PRASA) is governed by the Legal Succession to the South African Transport Services Act No 9 of 1989 as amended by, Act No 38 of 2008. The consolidated financial statements of the Group for the year ended 31 March 2015 comprise of the Company and its subsidiaries (together referred to as ("the Group").

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP), as prescribed by the Accounting Standards Board, the Public Finance Management Act, 1999 (Act No 1 of 1999) and specific regulations issued by National Treasury.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as set out in the accounting policies below. The financial statements are prepared on the going concern basis.

2.3 Functional and presentation currency

The consolidated financial statements are presented in South African Rand, which is the Group's functional currency. All financial information presented in Rand has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting estimates may differ from the actual results. The estimates and underlying assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected. The use of inaccurate assumptions in calculations for any of these estimates could result in a significant impact on financial results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- Note 4: Property, plant and equipment
- Note 8: Investment Properties
- Note 16: Provision on Insurance Claims
- Note 17: Employee Benefit Obligations
- Note 18: Defined Benefit Plan Assets

2.4.1 Gain on fair valuation of investment property

During the year under review a gain of R114.7 million (2014: R322.4 million) was realised through the profit and loss account due to the fair valuation on investment property. (Refer Note 8). The value of investment properties has been determined using the comparable sales method as well as capitalisation of net income method. These methods are deemed appropriate for valuing both vacant and leased properties.

3. Accounting policies

3.1 Significant accounting policies

The accounting policies set out below have been applied, in all material respects, consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

3.2 Basis of consolidation

3.2.1 Subsidiaries

Subsidiaries are those entities over which the Group has the power to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The consolidated financial statements incorporate the assets, liabilities and results of the operations of the Group and its subsidiaries. Results of subsidiaries are included from the acquisition date until the disposal date. Inter-company transactions, balances and unrealised gains and losses are eliminated on consolidation. The investment in subsidiaries in the Entity's separate financial statements is carried at cost less impairment losses.

3.2.2 Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at date of acquisition without restating comparatives. The assets and liabilities acquired are recognised at the carrying amounts previously accounted for in the Group controlling shareholder's consolidated financial statements. The excess or shortfall on the net amounts at acquisition date, of the identifiable assets acquired, the liabilities assumed and the consideration transferred, is recognised in equity.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement of owned assets

An item of property, plant and equipment is recognised as an asset only if:

- it meets the definition of an asset;
- it is probable that future economic benefits will flow to the Group; and
- the asset has a cost, or other determined value which can be measured reliably.

Property, plant and equipment is initially measured at cost, including all directly attributable costs necessary to bring the asset to its required working condition for its intended use. Subsequently property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The amount capitalised, as part of the asset's cost, is the contractual amount, discounted to the date of initial recognition. Property, plant and equipment cease to be recognised when it is disposed of or permanently withdrawn from use or when no future economic benefits are expected from its use or disposal. Gains and losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and carrying amount of the assets and are recognised as income or expenses in profit or loss. The depreciation method used reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

3.3.2 Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

3.3.3 Prepayments

Payment made up front to a supplier prior to and during construction of the asset is capitalised as a prepayment under long-term assets. The expected delivery of the assets in the new financial year will be transferred to current assets. Once construction of the asset is complete and delivered to PRASA, and meets the organisations quality standards, the prepayment is de-recognised and transferred to property, plant and equipment.

3.3.4 Depreciation

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The remaining useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing remaining useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as expected future market conditions, the remaining life of the asset and projected disposal values. Depreciation on all property, plant and equipment commences from the month the items are available for

use. Depreciation is recognised on a straight-line basis to write off the cost of assets to their residual values over the following estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life. Depreciation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

The useful life of items of property, plant and equipment is reviewed annually, and if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates. The estimated useful lives of items of property, plant and equipment are as follows:

Asset class	Useful life
• Facilities and leasehold improvements	3 to 50 years
• Rolling stock	
- Undercarriages	33 to 40 years
- Components	10 to 40 years
• Network assets	5 to 149 years
• Moveable assets and workshop equipment	3 to 10 years
• Buses and vehicles	3 to 10 years

Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Assets under construction represent work in progress and are transferred to the appropriate category of assets on receipt of completion certificates, when the asset is available for use. Depreciation commences on the first day of the month of transfer.

3.4 Intangible assets

3.4.1 Recognition and measurement of owned assets

Intangible assets are initially measured at cost. Cost includes its purchase price, including import duties, non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use. An intangible asset is recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the intangible asset will flow to the Group and the cost of the intangible asset can be measured reliably. Internally generated goodwill is not recognised as an asset. Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date. After initial recognition, intangible assets are carried at their cost less any accumulated amortisation and any accumulated impairment losses. Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense when it is incurred.

Development costs of intellectual property or copyrights are recognised as an asset if, and only if, the Group can demonstrate all of the following:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
 - the intention to complete the intangible asset and use or sell it;
 - the ability to use or sell the intangible asset;
 - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
 - how the intangible asset will generate future economic benefits; and
 - the ability to measure reliably the expenditure attributable to the intangible asset during its development.
- Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

3.4.2 Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.4.3 Amortisation

Intangible assets with a finite useful life are amortised over the useful life of the intangible asset. Amortisation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss unless it is required or permitted, by this or another accounting policy, to be included in the carrying amount of another asset.

The useful life of an intangible assets is reviewed annually, and if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates. The estimated useful lives are as follows:

Asset class	Useful life
• Copyright	20 years
• Software	1 to 10 years

3.5 Investment property

3.5.1 Recognition and measurement of investment property

Investment properties are property held to earn rentals or for capital appreciation or both. An investment property is recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the investment property will flow to the Group and the cost of the investment property can be measured reliably.

Investment properties are measured initially at cost. The cost of a purchased investment property comprises its purchase price, any directly attributable expenditure and transaction costs. After initial recognition, investment properties are measured at fair value. Fair value is based on valuation performed by appointed independent registered valuer(s) taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflect the market conditions at the balance sheet date. Fair value is determined without any deduction for transaction costs that may occur on sale or other disposal. A gain or loss arising from a change in fair value of investment property is recognised in profit or loss for the period in which it arises. Transfer to or from investment property will be made when there is a change in use of the property. The commencement of owner-occupation for the property would result in a transfer of the investment property to self-occupied property, included in the category of asset named "Property, Plant and Equipment". On the other hand, the end of owner-occupation of a property would result in a transfer from the self-occupied property which is included in Property, Plant and Equipment to the category of asset known as "Investment Properties". For a transfer from investment property which is carried at fair value to self-occupied property, the fair value of the property at the date of change in use would be treated as deemed cost of the property for subsequent accounting purposes.

3.5.2 Disposal of investment property

On disposal of an investment property, or when it is permanently withdrawn from use and future economic benefits are no longer expected from the property concerned, it will be derecognised. The difference between the net disposal proceeds and the carrying value is recognised as a gain or loss in the profit or loss in the period of the retirement or disposal. Compensation from third parties for investment property that was impaired, lost or given up is recognised in profit or loss when the compensation becomes receivable.

3.5.3 Transfers

Transfer to or from investment property will be made when there is a change in use of the property. The commencement of owner-occupation of an investment property would result in a transfer of the investment property to Property, Plant and Equipment. Similarly, the end of owner-occupation of a property would result in a transfer from Property, Plant and Equipment to "Investment Properties". Transfer from investment property which is carried at fair value to self-occupied property, the fair value of the property at the date of change in use would be treated as deemed cost of the property for subsequent accounting purposes. For a transfer from property, plant and equipment to an investment property that will be carried at fair value. The accounting policy on property, plant and equipment is applied up to the date of change in use. Any resulting change in the carrying amount of the property is recognised in profit or loss.

3.5.4 Subsequent costs

The Group recognises in the carrying amount of an item of investment property the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense when it is incurred.

3.6 Non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Non-current assets (or disposal groups) are measured at the lower of its carrying amount and fair value less costs to sell. When the sale is expected to occur beyond one year, the Group measures the costs to sell at its present value. Any increase in the present value of the costs to sell that arises from the passage of time is presented in profit or loss as a financing cost. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less cost to sell but not in excess of the cumulative impairment loss that has been recognised. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

3.6.1 Changes to a plan of sale

If an asset (or disposal group) is classified as held for sale, but there is a change to the plan of sale, the Group ceases to classify the asset (or disposal group) as held for sale.

A non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) is measured at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is recognised in profit or loss from continuing operations in the period in which the change in the plan of sale occurs.

3.7 Impairment of assets

3.7.1 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventory and deferred taxation assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. In assessing whether there is any indication that an asset may be impaired, the Group considers both internal and external sources of information. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount of the asset is the higher of its fair value less costs to sell and its value in use. The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset. If there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs to sell. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised immediately in profit or loss if the carrying amount of an asset exceeds its recoverable amount. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its

remaining useful life. A previously recognised impairment loss is reversed if there is an indication that the impairment loss may no longer exist and the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. The reversal is recognised in profit or loss. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

3.8 Inventories

Inventories are assets held for sale in the ordinary course of business, assets in the process of production for such sale or assets in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are measured using the weighted average cost formula.

The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal on any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.9 Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made on the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement may not exceed the amount of the provision. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as finance costs. A provision is reversed to the extent that it is no longer probable that a future outflow of economic benefits will be required to settle the obligation.

3.10 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

3.10.1 Services

Revenue from the rendering of passenger services is recognised in the statement of comprehensive income in the period the service is rendered by reference to the stage of completion of the transaction at the end of the reporting period. It comprises of transport services to train or bus commuters for passenger and long distance journeys rendered during the period.

3.10.2 Operating lease income

Revenue from property management activities is recognised as income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the usage from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Recoveries of operating costs (for example, rates and taxes, water and electricity) are recognised as income, as the costs are charged to lessees and are also included in Revenue (refer note 3.16).

3.11 Finance income

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method.

3.12 Government grants and subsidy

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attached to them - such as ensuring safe, reliable and effective movement of people to contribute to South Africa's social and economic development - and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where grants and subsidies relate to the purchase of property, plant and equipment they are classified as non-current liabilities and are recognised on a systematic basis, as income over the periods necessary to match them with the costs for which they are intended to compensate. Other government grants that are receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit or loss in the period in which they become receivable. Grants received for acquisition of non-depreciable assets will be released to comprehensive income statement on impairment or disposal of the asset.

3.13 Expenses

3.13.1 Financing costs

Financing costs comprise interest payable on borrowings and trade payables calculated using the effective interest method and unwinding of discount. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

3.13.2 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for their intended use or sale. Where the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. Where the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs it incurred during that period. Borrowing costs is capitalised as part of the cost of a qualifying asset from the commencement date until such time as substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed. Capitalisation of borrowing costs are suspended during extended periods in which active development of a qualifying asset is suspended. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.13.3 Lease payments

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The Group considers the substance of a transaction rather than the form of the lease contract. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

3.14 Income taxation

Income taxation expense comprises current and deferred taxation.

3.14.1 Current taxation

PRASA is exempt from the payment of any taxation, transfer duty, stamp duty or levy that would have been payable (excluding customs and excise, and VAT), in terms of section 31(4) of the Legal Succession to the South African Transport Services Act 9 of 1989 as amended by, Act No 38 of 2008.

Intersite Asset Investments (SOC) Ltd (Intersite) and Autopax Passenger Services (SOC) Ltd (Autopax) are subsidiaries of the Group and are liable for taxation, therefore subject to the Income Tax Act. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

3.14.2 Deferred taxation

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is measured at the taxation rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred taxation is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable Group, or on different taxation entities, but they intend to settle current taxation liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously. A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, and reviewed annually to assess probability of recovery.

3.15 Employee benefits

3.15.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised in profit or loss during the period in which the employee renders the related service, unless another policy requires or permits the inclusion of the benefits in the cost of an asset. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts for which the Group has a present obligation to pay as a result of the employee's services provided after deducting any amounts already paid. The accruals have been calculated at undiscounted amounts based on expected salary levels. If the amount already paid exceeds the undiscounted amount of the benefits, the Group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The Group recognises the expected cost of short-term employee benefits in the form of compensated absences as follows:

- in the case of accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences; and
- in the case of non-accumulating compensated absences, when the absences occur.

The Group 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 end of the reporting period.

The Group recognises the expected cost of any bonus payments when, and only when:

- there is a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

3.15.2 Defined benefit plans

The Group operates a defined benefit plan with regards to pension benefits upon retirement of employees, the assets of which are held in separate trustee funds administered by Metropolitan Health Group (Pty) Ltd. Another defined benefit plan for medical scheme benefits for employees and pensioners exists under administration of the Transmed Medical Scheme. These funds are valued by professional independent actuaries. The benefit cost and obligations under the defined benefit fund are determined using the projected unit credit method on an annual basis. The benefit costs are recognised in profit or loss. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and any unrecognised past-service cost and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension fund liability. Past service cost is recognised immediately to the extent that the benefits have already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of the plan assets; less unrecognised past service cost. Any resulting asset is limited to the present value of available refunds and reductions in future contributions to the plan.

3.15.3 Defined contribution plan

Under the defined contribution structures, fixed contributions payable by the Group and members are accumulated to provide retirement benefits through a provident fund. The Group has no legal or constructive obligation to pay any further contributions other than these fixed contributions. Contributions to any defined contribution plan are expensed as incurred.

3.16 Operating leases

The Group, as lessor, enters into a variety of operating lease agreements with third parties in order to maximise the inflow of economic benefits from Government assets. Leases where a significant portion of the risks and rewards of ownership are retained by the Group are classified as operating leases. Payments received under operating leases are recognised as income on a straight-line basis over the term of the lease.

3.17 Financial instruments

Financial instruments are contracts that give rise to both a financial asset of one entity and a financial liability of another entity. They include cash at bank, receivables, investments, payables, derivative financial instruments and financial guarantees.

3.17.1 Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same,

discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on Group-specific inputs.

3.17.2 Recognition and measurement of financial instruments

Financial assets or financial liabilities not at fair value through profit and loss are initially measured at fair value plus, for those financial assets and liabilities not measured at fair value to profit or loss, transaction cost directly attributable to the acquisition or issue of the financial instrument, when the Group becomes a party to the contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

For the purpose of measuring financial assets after initial recognition, financial assets are classified into the following four categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise or indications that a debtor will enter bankruptcy. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that show similar credit risk characteristics. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

The Group derecognises a financial instrument when and only when:

- the contractual rights or obligations to the cash flows from the financial instrument expire; or
- it transfers the financial instrument.

3.17.2.1 Trade and other receivables

Trade and other receivables originated by the Group are stated at amortised cost using the effective interest method less impairment losses.

3.17.2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. For the purposes of the cash flow statement, cash and cash equivalents consists of cash and cash equivalents as defined. Cash and cash equivalents are subsequently measured at amortised cost, using the effective interest method, less any impairment losses.

3.17.2.3 Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest method.

3.18 Deferred income

Deferred income represents rental received in advance in respect of certain lease agreements and is recognised as income over the period of each lease agreement on a straight-line basis.

3.19 Events after the reporting date

Evidence received after the end of the reporting date which provide additional information of conditions existing at the end of the reporting period, other than those relating to Government grants including non-monetary grants at fair value, are adjusted for in the financial statements at the end of the reporting date. Evidence received after the end of the reporting period which provide additional information of conditions existing at the end of the reporting date but relating to Government grants, including non-monetary grants at fair value, are not adjusted for at the end of the reporting date unless, there is reasonable assurance that all the conditions attaching to them have been fully complied with, or there is reasonable assurance that the grants will be received. Non adjusting events are disclosed in the notes to the annual financial statement if the event is of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions.

3.20 Income received in advance

Income on ticket sales for the rendering of passenger services in a future period is recognised as revenue received in advance at year-end.

3.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any taxation effects.

3.22 Finance lease

Assets held by the Group under leases which transfer to the Group subsequently all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of the specific asset or assets; and
- the arrangement contains a right to use the asset(s)

At inception or on reassessment of the arrangement, the Group separate payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at the amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. Lease assets are depreciated in terms of the accounting policy on property, plant and equipment stated above.

3.23 Irregular or fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of the Public Finance Management Act. Fruitless and wasteful expenditure means expenditure that was made in vain.

3.24 Capital commitments

Capital commitments are disclosed in respect of agreements with external parties that will result in future obligations to make outflow of resources. Such agreement may be in the form of purchase orders, notice to proceed with service delivery, other contractual documentations and for amounts which the Board's approval has been obtained but not yet contracted for.

3.25 Related parties

A related party is a person or entity that is related to the Group. Related party transactions are shown at arm's length in accordance with the statements of GAAP as issued by the ASB and the SAICA Circular on related party disclosures for State-owned entities. Related parties are classified in terms of those listed in the Public Finance Management Act, 1999 (Act No 1 of 1999) in schedules 1 (Constitutional Institutions), 2 (Major Public entities) and 3 (Other Public entities).

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity	Land	Facilities & Leasehold improvements	Rolling stock	Network assets	Moveables & workshop	Buses & vehicles	Assets under construction	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
4 Property, plant and equipment								
Group								
Carrying amount at 1 April 2013	1 173 129	4 308 555	7 937 219	2 341 527	168 941	1 176 546	6 802 367	23 908 284
Cost	1 173 129	5 533 230	12 814 637	4 372 216	413 975	1 612 770	6 802 367	32 722 324
Accumulated depreciation	-	(1 216 191)	(4 770 478)	(2 030 684)	(244 952)	(436 224)	-	(8 698 529)
Accumulated impairment losses	-	(8 484)	(106 940)	(5)	(82)	-	-	(115 511)
Additions	-	-	-	-	-	-	4 651 940	4 651 940
Capitalisations	-	2 233 984	1 529 134	771 144	144 974	5 120	(4 684 356)	-
Transfer (to)/from investment property	(14 692)	(39 846)	-	-	-	-	-	(54 538)
Impairment loss recognised	-	-	(35 639)	-	-	-	-	(35 639)
Disposals/derecognitions	-	(4 319)	(78 511)	(179)	(126)	(5 104)	-	(88 239)
Depreciation charge for the year	-	(231 700)	(1 205 665)	(168 137)	(70 213)	(240 814)	-	(1 916 529)
Carrying amount at 31 March 2014	1 158 437	6 266 674	8 146 538	2 944 355	243 576	935 748	6 769 951	26 465 279
Cost	1 158 437	7 723 489	14 145 441	5 140 549	549 028	1 609 858	6 769 951	37 096 753
Accumulated depreciation	-	(1 449 734)	(5 862 958)	(2 196 194)	(305 370)	(674 110)	-	(10 488 366)
Accumulated impairment losses	-	(7 081)	(135 945)	-	(82)	-	-	(143 108)
Additions	-	-	-	-	-	-	5 489 126	5 489 126
Capitalisations	3 350	139 443	1 848 457	209 443	144 987	99 504	(2 445 184)	-
Impairment loss recognised	-	-	(38 466)	-	-	-	-	(38 466)
Disposals/ derecognitions	-	(3 542)	(8 195)	(1 061)	(102)	(1 363)	-	(14 263)
Depreciation charge for the year	-	(207 082)	(1 298 743)	(190 056)	(71 930)	(299 673)	-	(2 067 484)
Carrying amount at 31 March 2015	1 161 787	6 195 493	8 649 591	2 962 681	316 531	734 216	9 813 893	29 834 192
Cost	1 161 787	7 899 311	15 939 362	5 344 074	676 755	1 705 613	9 813 893	42 540 795
Accumulated depreciation	-	(1 696 737)	(7 130 078)	(2 381 393)	(360 179)	(971 397)	-	(12 539 784)
Accumulated impairment losses	-	(7 081)	(159 693)	-	(45)	-	-	(166 819)

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity	Land	Facilities & Leasehold improvements	Rolling stock	Network assets	Moveables & workshop	Buses & vehicles	Assets under construction	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Entity								
Carrying amount at 1 April 2013	1 173 129	4 308 291	7 937 219	2 341 527	158 042	340 184	6 802 367	23 060 759
Cost	1 173 129	5 528 929	12 814 637	4 372 216	391 361	391 092	6 802 367	31 473 731
Accumulated depreciation	-	(1 212 154)	(4 770 478)	(2 030 684)	(233 319)	(50 908)	-	(8 297 543)
Accumulated impairment losses	-	(8 484)	(106 940)	(5)	-	-	-	(115 429)
Additions	-	-	-	-	-	-	4 650 595	4 650 595
Capitalisations	-	2 233 898	1 529 134	771 144	143 953	5 119	(4 683 248)	-
Transfer (to)/from investment property	(14 692)	(39 846)					-	(54 538)
Impairment loss reversed	-	-	(35 639)	-	-	-	-	(35 639)
Disposals/derecognitions	-	(4 318)	(78 511)	(179)	(9)	-	-	(83 017)
Depreciation charge for the year	-	(231 583)	(1 205 665)	(168 137)	(66 656)	(109 915)	-	(1 781 956)
Carrying amount at 31 March 2014	1 158 437	6 266 442	8 146 538	2 944 355	235 330	235 388	6 769 714	25 756 204
Cost	1 158 437	7 719 102	14 145 441	5 140 549	525 646	395 240	6 769 714	35 854 129
Accumulated depreciation	-	(1 445 579)	(5 862 958)	(2 196 194)	(290 316)	(159 852)	-	(9 954 899)
Accumulated impairment losses	-	(7 081)	(135 945)	-	-	-	-	(143 026)
Additions	-	-	-	-	-	-	5 487 204	5 487 204
Capitalisations	3 000	139 443	1 848 458	209 440	143 790	99 504	(2 443 635)	-
Impairment loss recognised	-	-	(38 466)	-	-	-	-	(38 466)
Disposals/derecognitions	-	(3 541)	(8 195)	(1 061)	(18)	-	-	(12 815)
Depreciation charge for the year	-	(206 977)	(1 298 743)	(190 056)	(68 595)	(169 769)	-	(1 934 140)
Carrying amount at 31 March 2015	1 161 437	6 195 367	8 649 592	2 962 678	310 507	165 123	9 813 283	29 257 987
Cost	1 161 437	7 894 925	15 939 363	5 344 071	655 338	494 744	9 813 283	41 303 161
Accumulated depreciation	-	(1 692 477)	(7 130 078)	(2 381 393)	(344 831)	(329 621)	-	(11 878 400)
Accumulated impairment losses	-	(7 081)	(159 693)	-	-	-	-	(166 774)

Assets are impaired when they are damaged, in most cases through accidents. Assets are derecognised when components or assets are replaced. None of the assets are pledged as security for liabilities.

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014 R'000	2015 R'000		2015 R'000	2014 R'000
		5 Prepayment for capital expenditure		
993 673	1 845 758	Locomotives	1 845 758	993 673
		PRASA entered into a contractual agreement with Swifambo Rail Leasing (SRL), on 25 March 2013, to construct new locomotives for Mainline Passenger Services. The expenditure will be incurred for a period of 5 years. Risk and rewards of ownership will pass to PRASA upon delivery of the locomotives, and after PRASA satisfies itself that all quality parameters are met.		
357 955	278 409	Less: Short term portion	278 409	357 955
635 718	1 567 349		1 567 349	635 718
-	5 699 959	Rolling stock	5 699 959	-
		On 14 October 2013, PRASA entered into an agreement with the Gibela Rail Transport Consortium ("Gibela") for the design, supply and manufacture of 600 new trains. The financial agreement was approved and gazetted by the Minister of Finance on 16 April 2014, as follows: The financial commitment of PRASA shall not exceed R53 billion in 2014 prices for the duration of the Manufacture and Supply Agreement, subject to adjustments due to CPI and forex exchange escalations as contemplated in the Manufacture and Supply Agreement. PRASA made payments of R5.7 billion during the 2014/2015 financial year, towards the design, supply and manufacture of the new rolling stock. The contractual terms of the Agreement stipulate that the risks and rewards of ownership will pass to PRASA upon delivery of the rolling stock, and after PRASA satisfies itself that all quality parameters are met.		
635 718	7 267 308		7 267 308	635 718
		6 Leased assets		
1 196 201	1 196 201	Cost - balance restated	1 196 201	1 196 201
(212 820)	(242 175)	Accumulated Amortisation	(242 175)	(212 820)
983 381	954 026	Carrying amount at the beginning of the year	954 026	983 381
(29 355)	(29 355)	Depreciation	(29 355)	(29 355)
954 026	924 671	Carrying amount at the end of the year	924 671	954 026
1 196 201	1 196 201	Cost	1 196 201	1 196 201
(242 175)	(271 530)	Accumulated Amortisation	(271 530)	(242 175)
		Fifty five Eskom sub-stations that provide dedicated supply to PRASA's traction sub-stations		

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		7 Intangible assets		
		Copyright		
14 171	14 171	Cost	14 171	14 171
(3 565)	(4 272)	Accumulated Amortisation	(4 272)	(3 565)
10 606	9 899	Carrying amount at the beginning of the year	9 899	10 606
(707)	(707)	Amortisation	(707)	(707)
9 899	9 192	Carrying amount at the end of the year	9 192	9 899
14 171	14 171	Cost	14 171	14 171
(4 272)	(4 979)	Accumulated Amortisation	(4 979)	(4 272)
		Copyright includes the product- and tool design of the 10M4 Series 2 rolling stock model. None of the items have restricted titles or are pledged as security for liabilities.		
		Software		
279 655	394 728	Cost	400 372	287 703
(50 606)	(87 503)	Accumulated Amortisation	(93 096)	(58 580)
229 049	307 225	Carrying amount at the beginning of the year	307 276	229 123
108 336	127 492	Additions	127 492	108 336
(30 160)	(38 731)	Amortisation	(38 754)	(30 183)
307 225	395 986	Carrying amount at the end of the year	396 014	307 276
394 728	522 016	Cost	527 659	400 372
(87 503)	(126 030)	Accumulated amortisation	(131 645)	(93 096)
		Software comprises customised Geographic Information System (GIS) and Enterprise Resource Planning (ERP) software.		
317 124	405 178		405 206	317 175

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
8 Investment property				
2 544 147	3 361 435	Fair valued amount at the beginning of the year	3 361 435	2 544 147
54 538	-	Facilities/Land transferred from property, plant and equipment	-	54 538
440 344	520 505	Additions	520 505	440 344
322 406	114 704	Fair valuation	114 704	322 406
3 361 435	3 996 644	Carrying amount at the end of the year	3 996 644	3 361 435
803 417	1 384 967	Original cost	1 384 967	803 417
2 445 827	2 560 531	Fair valuation	2 560 531	2 445 827
112 191	51 146	Work in Progress	51 146	112 191
Investment property consists of development leases around the country as well as properties in KwaZulu-Natal, Western Cape and Gauteng.				
A: Development leases				
Property is rented out to third parties under development leases of 50 years or less. Some vacant land is currently held for future development and capital appreciation.				
The fair market valuation of the investment property was professionally determined by an independent valuer, JHI (2014: JHI).				
B: Commercial Properties				
The properties comprise commercial areas rented out to third parties under operating leases ranging from 1 month to 10 years.				
The fair market valuation of the station properties was professionally determined by an independent valuer, DDP Valuers.(2014: Mills Fitchet Magnus Penny).				
Both valuers are members of the Institute of Valuers, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.				
9 Investment in subsidiaries				
The Company's subsidiaries are:				
9.1 Intersite Asset Investments (SOC) Ltd "Intersite"				
88 212	88 212	Unlisted shares and premium at cost	-	-
(183)	-	Loan owing to the subsidiary	-	-
88 029	88 212	Net investment in subsidiary	-	-

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		Intersite was a subsidiary throughout the year. The loan is interest free, unsecured and payable to the subsidiary on demand. The holding company's interest in the aggregate loss after taxation of the subsidiary amounted to R26.7 million. (2014: Loss R19.8 million).		
		Ownership (%)	100	100
		Voting power (%)	100	100
		Country of incorporation: South Africa		
		Principal activity: Property management		
		Authorised share capital		
		4 000 ordinary shares of R1 each		
		Issued share capital		
		375 ordinary shares of R1 each	88 212	88 212
		Directors' valuation R88 211 559 (2014: R88 211 559)		
		9.2 Autopax Passenger Services (SOC) Ltd "Autopax"		
581 402	581 402	Unlisted shares at cost	-	-
78 156	82 594	Loan owing by the subsidiary	-	-
659 558	663 996	Net investment in subsidiary	-	-
		Autopax was a subsidiary throughout the year. The loan is interest free, unsecured, payable on demand, subordinated in favour of the subsidiary's other creditors. The interest in the profit after taxation of the subsidiary amounted to R7.9 million. (2014: Loss R75.1 million).		
		Ownership (%)	100	100
		Voting power (%)	100	100
		Country of incorporation: South Africa		
		Principal activity: Passenger bus services		
		Authorised share capital		
		800 000 000 ordinary shares of R1 each		
		Issued share capital		
		601 863 850 ordinary shares of R1 each (2014: R601 863 850)	601 864	601 864
		Directors' valuation R601 863 850 (2014: R601 863 850)		
747 587	752 208		-	-

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		Related party transactions with subsidiaries		
		During the year, the Company entered into transactions with its wholly-owned subsidiaries, Intersite Asset Investments (SOC) Ltd. and Autopax Passenger Services (SOC) Ltd. All transactions with the above are concluded on an arm's length basis.		
		Related party transactions are summarised as follows:		
		Autopax Passenger Services (Pty) Ltd		
(14 489)	(9 440)	Rental of property	-	-
(8 920)	(15 584)	Rental of buses	-	-
71 795	85 744	Auxiliary transport	-	-
48 386	60 720		-	-
		10 Trade and other receivables		
361 253	231 502	Trade receivables	172 217	195 134
10 612	14 584	Prepayments	24 601	20 047
25 397	26 272	Rental income receivable	26 272	25 397
96 452	132 548	Straight lining of operating leases	132 548	96 452
69 560	85 578	Tenant debtors	85 578	69 560
25 949	36 413	Other receivables	41 360	30 546
589 223	526 897		482 576	437 136
(24 211)	(24 211)	Less: long term portion	(24 211)	(24 211)
565 012	502 686		458 365	412 925
		Receivables are shown net of impairment losses amounting to R91.3 million (2014: R75.2 million).		
		Included in trade receivables is an amount of R24.2 million owed by Transnet for workplace improvement projects. Amount is claimable back from Transnet once stipulated projects are completed. The estimated long term portion of R24.2 million is deemed to be recoverable in periods longer than 12 months.		
		The prepayment amount consists of advance payments for insurance premiums made to Marsh Insurance Brokers.		

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		Allowance for impairment		
		The Group's trade receivables are stated after allowances for doubtful debts based on management's assessment of the creditworthiness of the respective debtors. An analysis of the allowance is as follows:		
(70 726)	(71 474)	Balance at the beginning of the year	(75 235)	(74 615)
(748)	(12 238)	Charged to profit or loss	(16 021)	(620)
(71 474)	(83 712)	Balance at the end of the year	(91 256)	(75 235)
		11 Inventories		
188 191	214 831	Inventories held for maintenance	229 234	197 298
33 243	23 622	Inventories held for capital projects	23 622	33 243
3 666	3 775	Consumable materials	741	4 577
225 100	242 228		253 597	235 118
		12 Cash and cash equivalents		
763 822	163 102	Bank balances	178 771	789 218
18 438	22 425	Tenant deposits held in Trust	22 425	18 438
3 863 326	1 471 794	Call deposits	1 482 524	3 892 759
4 645 586	1 657 321		1 683 720	4 700 415
		Tenant deposits are held in Trust account with ABSA bank.		
		Call deposits earn interest at an average rate of 5.30% (2014: 5.24%) per annum.		
		13 Share capital		
		Authorised		
4 248 258	4 248 258	4 248 258 440 ordinary shares of R1 each	4 248 258	4 248 258
		Issued and fully paid		
4 248 258	4 248 258	4 248 258 440 ordinary shares of R1 each	4 248 258	4 248 258

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		There were no movements in the share capital of the Entity (2014: none).		
		The shares are 100% owned by Government.		
		14 Loans and borrowings		
-	-	Mercedes-Benz Financial Services S.A. (Pty) Ltd	48 210	92 064
-	-	Less: short-term portion	(48 210)	(43 866)
-	-	Total loans and borrowings	-	48 198
		Autopax acquired 570 busses. The acquisition was financed in terms of instalment agreements, governed by a master loan agreement dated 10 February 2010. The Government issued a guarantee for the due and punctual fulfilment of Autopax's payment obligations up to the maximum total guarantee amount of R1 216 million. The guarantee is valid for 6 years from the date of signature (16 April 2010) and reduces by any reduction in the amount of capital outstanding. An additional capital amount of R74 million was settled during the 2013 financial year. Outstanding balance of guarantee on 31 March 2015 was R48.2 million. (2014: R92.06 million)		
		Interest is fixed at 9.45% compounded monthly. The repayment term is six years, the first payment commenced on 15 March 2010.		
-	-	Interest paid on this agreement during the year	6 654	10 603
-	-	Total interest	6 654	10 603
		15 Finance lease		
2 445 647	2 585 491	Eskom finance lease	2 585 491	2 445 647
(167 824)	(179 571)	Less: short-term portion	(179 571)	(167 824)
2 277 823	2 405 920		2 405 920	2 277 823
		In 1996, PRASA previously South African Rail Commuter Corporation Limited (SARCC) entered into an electricity supply agreement with ESKOM. Cost of capital expenditure including future replacements and refurbishments relating to the equipment and apparatus supplied by ESKOM is to a great extent borne by PRASA. The lease is repayable in varying annual instalments on 31 March over the next 32 years and a final payment of R1 463 million on 2047. The lease bears interest at an effective rate of 13% per annum.		

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		The finance lease is payable as follows:		
		15.1 Minimum lease payments		
167 823	179 571	Due within 1 year	179 571	167 823
1 032 667	853 096	Due between 2 and 5 years	853 096	1 032 667
18 759 333	18 759 334	More than 5 years	18 759 334	18 759 333
19 959 823	19 792 001	Minimum lease payments	19 792 001	19 959 823
(17 514 176)	(17 206 510)	Less: Finance costs	(17 206 510)	(17 514 176)
2 445 647	2 585 491	Present value of minimum lease payments	2 585 491	2 445 647
		15.2 Present value of minimum lease payments		
149 070	159 506	Due within 1 year	159 506	149 070
641 577	686 487	Due between 2 and 5 years	686 487	641 577
1 655 000	1 739 498	More than 5 years	1 739 498	1 655 000
2 445 647	2 585 491		2 585 491	2 445 647
		16 Provision for claims		
		The amount shown comprises the gross provision in respect of certain claims brought against the Group by commuters in respect of accidents, which occurred in the current and previous years. It is not expected that the outcome will give rise to significant claims over and above the amounts provided, as the claims have already been registered with the assessors.		
557 125	648 696	Balance at the beginning of the year	648 696	557 125
231 415	217 828	Provisions made during the year	217 828	231 415
(139 844)	(188 696)	Provisions settled during the year	(188 696)	(139 844)
648 696	677 828	Balance at the end of the year	677 828	648 696
(162 823)	(197 180)	Less: short-term portion	(197 180)	(162 823)
485 873	480 648	Long-term portion	480 648	485 873
		The Chain Ladder method was applied in calculating the development factors for PRASA Liability losses as at 31 March 2015. Ultimately these factors will be used to estimate the level of reserves required. The Chain Ladder method is a calculation approach used to estimate outstanding claims (IBNR and future claim payments as required), whereby the weighted average of past claim development is projected into the future with adjustments to development patterns where applicable. The projection is based on the ratios of cumulative past claims, paid and incurred, for successive years of development. The method can be applied to past claims data with either explicit or implicit allowance for claims inflation. Based on the stability in the average claim values, the implicit adjustment was retained. The actuarial valuation was done by Elgatone, an independent Company.		

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		A discount rate of 7.90% (2014: 8.15%) was used to discount future estimated payments. Each year was discounted to represent today's value. In addition to adjustments to the incurred claim patterns as derived from prior years' reporting patterns, the discounting model attempts to allow for further uncertainties in the timing of claim payments for up to 16 years in the future. The derived development and settlement factors, were applied to these outstanding losses to project a future settlement pattern and then based on the total settlement pattern; a discounting cash flow model was developed.		
		17 Employee benefit obligations		
		Employees of the Group participate in Transmed Medical Scheme, administered by Metropolitan Health Group (Pty) Ltd, which is unfunded.		
		The terms of the post-employment medical scheme are summarised below:		
		<ul style="list-style-type: none"> The Company subsidises some employees for a fixed amount of R213 per month in retirement. The amount is fixed irrespective of the number of dependants on the medical scheme and will not increase in future. If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above, provided they remain on Transmed Medical Fund. 		
		The actuarial projection method used to value the fund is the projected unit credit method. The valuation was done by Alexander Forbes. (2014 :Liberty Group)		
		Movement in the present value of the unfunded obligation:		
17 043	15 000	Accrued liability at the beginning of the year	15 181	17 261
(1 725)	(1 610)	Benefits paid	(1 628)	(1 745)
(318)	850	Expenses recognised in profit or loss	1 262	(335)
1 312	1 233	- Interest cost	1 248	1 329
(1 630)	(383)	- Actuarial (gain)/loss	14	(1 664)
15 000	14 240	Accrued liability at the end of the year	14 815	15 181
		Employees of the company retiring from 01 April 2012 onwards will no longer be eligible for the post retirement medical aid subsidy. As a result, no liability has been calculated in respect of the current active members.		
		Principal actuarial assumptions at the reporting date:		
8.69%	7.90%	Discount rate per annum	7.90%	8.69%

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		Sensitivity results		
		Should the discount rate decrease by 1% the accrued liability will be R15.9 million; should the discount rate increase by 1% the accrued liability will be R13.8 million for the Group.		
		Should the age rating be lower by one year the accrued liability will be R14.5 million.		
		18 Defined benefit plan assets		
		The Group operates a defined benefit fund administered by Metropolitan Retirement Fund Administrators. The assets of the funds are held separate from those of the Group. The fund was actuarially valued by Alexander Forbes Actuaries, an independent company.(2014:Liberty Group).		
		A member with at least ten years pensionable service is entitled to the following benefits on attaining the minimum retirement age:		
		<ul style="list-style-type: none"> An annual pension equal to: [Average pensionable salary] x (pensionable service) x (accrual factor of 1). Plus a gratuity equal to: (1/3) x (1) x (gratuity factor). 		
		A member with less than ten years of pensionable service is entitled to gratuity equal to twice the member's own contribution without interest on attaining the age limit.		
		The rules do not permit late retirement after the attainment of the age limit.		
1 101 659	1 264 673	Fair value of plan assets	1 264 673	1 101 659
(615 938)	(621 974)	Total present value of obligations	(621 974)	(615 938)
485 721	642 699	Surplus	642 699	485 721
(481 782)	(638 536)	Less: amount not recognised as a result of IAS 19.58	(638 536)	(481 782)
3 939	4 163	Net defined benefit plan assets	4 163	3 939

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
Movement in the fair value of plan assets				
1 018 795	1 101 659	Fair value of plan assets at the beginning of the year	1 101 659	1 018 795
84 292	93 265	Interest income on assets	93 265	84 292
1 955	942	Member contribution	942	1 955
2 872	1 374	Company contribution	1 374	2 872
-	(981)	Administration cost	(981)	-
(37 134)	(58 156)	Benefits paid	(58 156)	(37 134)
30 879	126 570	Net return on assets	126 570	30 879
1 101 659	1 264 673	Fair value of plan assets at the end of the year	1 264 673	1 101 659
The fair value of plan assets consist of:				
6 610	147 081	Cash	147 081	6 610
362 446	431 886	Equity	431 886	362 446
373 462	311 110	Bonds	311 110	373 462
79 319	102 691	Property	102 691	79 319
279 822	271 905	International	271 905	279 822
1 101 659	1 264 673	Fair value of plan assets at the end of the year	1 264 673	1 101 659
Movement in the present value of defined benefit obligations				
(659 400)	(615 938)	Present value of defined benefit obligations at the beginning of the year	(615 938)	(659 400)
(53 479)	(51 315)	Interest cost	(51 315)	(53 479)
(2 432)	(3 684)	Past and current service cost	(3 684)	(2 432)
(1 955)	(942)	Member contributions	(942)	(1 955)
-	981	Administration cost	981	-
37 134	58 156	Benefits paid	58 156	37 134
64 194	(9 232)	Actuarial (loss)/gain	(9 232)	64 194
(615 938)	(621 974)	Present value of defined benefit obligation at the end of the year	(621 974)	(615 938)
Expenses recognised in profit or loss				
(2 432)	(3 684)	Past and current service costs	(3 684)	(2 432)
(53,479)	(51 315)	Interest cost	(51 315)	(53 479)
84 293	93 265	Interest income on assets	93 265	84 293
(8,401)	(41 867)	Interest on asset ceiling	(41 867)	(8 401)
2 872	1 374	Company contributions	1 374	2 872
64 193	(9 232)	Current gains/(losses)	(9 232)	64 193
(121 112)	(114 887)	Effect of asset limit	(114 887)	(121 112)
30 878	126 570	Net return on asset	126 570	30 878
(3 188)	224		224	(3 188)

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		These expenses are recognised in operating expenses.		
		The principal actuarial assumptions used were as follows:		
8.69%	7.94%	Discount rate	7.94%	8.69%
6.58%	5.67%	Inflation rate	5.67%	6.58%
7.58%	6.67%	Salary increase rate	6.67%	7.58%
4.93%	4.25%	Pension increase allowance	4.25%	4.93%
		19 Capital subsidy and grants		
23 360 671	28 350 171	Balance at the beginning of the year	28 705 783	23 830 745
12 000	-	Grants received during the year	-	12 000
6 831 110	11 058 958	Capital subsidy received during the year	11 058 958	6 831 110
(1 853 610)	(1 946 956)	Less: amortised	(2 061 418)	(1 968 072)
28 350 171	37 462 173	Total	37 703 323	28 705 783
(2 213 048)	(2 573 651)	Less: short-term portion	(2 688 112)	(2 327 510)
26 137 123	34 888 522	Long-term portion	35 015 211	26 378 273
		Capital subsidies are amortised over the useful life of the assets.		
		Capital subsidies receivable in future years:		
		2016: R 14 155.8 million		
		2017: R 14 958.6 million		
		2018: R 15 707.9 million		
		20 Trade and other payables		
2 076 754	1 839 660	Trade payables	1 879 395	2 002 262
1 372 848	1 164 683	Accruals for property, plant and equipment acquired but not yet paid for	1 164 683	1 372 848
76 695	114 028	Retention	114 028	76 695
273 527	302 366	Leave pay accrual	314 655	283 760
88 727	68 461	Income received in advance	77 995	94 468
3 888 551	3 489 198		3 550 756	3 830 033

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		21 Operating leases		
481 701	516 870	21.1 Operating lease rental income	480 351	458 292
		The future minimum lease payments receivable under non-cancellable operating leases are as follows:		
150 615	216 255	Not later than one year	216 255	148 715
341 036	531 495	Later than one year and not later than five years	531 495	339 777
875 571	1 049 749	Later than five years	1 049 749	875 571
1 367 222	1 797 499		1 797 499	1 364 063
		21.1 Description of the Group as lessor's significant leasing arrangements		
		21.1.1.1 Short-term commercial and residential operating leases		
		The Group has entered into a number of short-term commercial and residential operating leases in respect of certain land and buildings with third parties, in order to maximise the inflow of economic benefits from our assets. The average term of these leases is between three and five years, and do not provide for any purchase options. In some older lease agreements, lessees have renewal options for a short-term period if they have complied with all terms and conditions of the original lease, and on renewal, lease rentals are subjected to escalation. Newer lease agreements have no renewal options but have rights of first refusal should the Group decide to continue leasing the properties on expiry of the lease. Lease agreements generally contain a clause that they may be cancelled at the option of the lessor after giving sufficient notice to the lessee, should the lease arrangements conflict with commuter services to be provided.		
		21.1.1.2 Leasehold improvements operating leases		
		The Group has entered into a number of operating leases with third parties for the lease of land. In terms of the agreements, the lessee is obliged to effect leasehold improvements on the premises, which remains the property of the lessor, without compensation to the lessee, on termination of the lease. Lease rentals charged for the land are market-related, determined with reference to independent valuations of the properties, and no incentive is given to lessees in view of the leasehold improvements which they are obliged to effect. The terms of the leases are generally between 20 and 50 years. However, there are three instances where the lease terms are 83, 84 and 91 years. The leases between 20 and 50 years have rental reviews renegotiated every five years with the majority of the leases incorporating turnover clauses.		

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		These leasehold improvements are effected and financed by lessees, who have exclusive rights of use of the buildings for the period of the lease. As a result, these buildings are not classified as assets of the Group as defined and therefore have not been capitalised. However, these assets will be capitalised on expiry of the lease. These assets are bonded by lessees' financiers who have the first option of occupation in the event of breach of contract.		
151 355	162 190	21.2 Operating lease expenses	201 141	188 133
		The future minimum lease payments payable under non-cancellable operating leases are as follows:		
84	739	Not later than one year	13 117	6 730
13	4 195	Later than one year and not later than five years	16 394	7 818
-	12 860	Later than five years	12 860	-
97	17 794		42 371	14 548
		Leases for subsidiaries consist of property and motor vehicle rentals.		
		PRASA entered into a development lease agreement with Ekurhuleni Municipality for land on which the Gibela factory will be constructed. The lease is for a period of twenty years.		
		The first two years of the rental will be at zero value. The next thirty six months thereafter will be for an amount of R78.9 thousand per month. After year five, the lease will be reviewed and agreed upon for the next five years until year ten. The rentals and annual escalation rates will be reviewed at year ten and thereafter every five years based on market values.		
2 188 811	2 190 018	22 Fare revenue	2 940 707	2 872 264
		Fare revenue comprises ticket sales to train and bus commuters for passenger and long distance journeys.		
4 328 003	3 887 342	23 Government subsidy	3 887 342	4 328 003
		The Government subsidy, which is received annually to finance the operational deficit is not guaranteed. However, the following Medium Term Expenditure Framework allocations have been made in respect of future years:		
		2016: R 4 066.2 million		
		2017: R 4 281.7 million		
		2018: R 4 495.7 million		
		24 Management fee		
		Management fee on property management services rendered to other public entities.		
-	-		3 246	19 627

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
25 Derecognition/loss on disposal of assets				
78 511	8 195	De-recognition/loss on disposal of rolling stock	8 195	78 511
4 223	4 673	Loss on disposal of other assets	6 121	9 445
82 734	12 868		14 316	87 956
26 Operating expenses				
12 181	12 603	Audit fee - external audit	14 480	13 880
11 115	17 062	Audit fee - internal audit	17 278	11 115
12 750	12 768	Bank charges	15 036	15 008
77 372	67 306	Communications	70 041	81 129
122 202	154 703	Computer expenses	155 425	123 557
-	-	Cost of sale on property management	-	11 736
4 136 487	4 371 699	Employee benefits	4 702 241	4 439 860
488 628	525 147	Energy expenses	767 862	748 750
225 039	160 023	Haulage fees	160 023	225 039
147 697	183 830	Health and risk	197 087	161 913
239 570	240 931	Insurance claims	242 170	240 991
66 320	73 844	Insurance premiums	79 160	75 127
34 244	19 222	Legal fees	19 517	34 156
109 832	103 895	Maintenance expenditure	174 270	184 459
70 598	61 204	Marketing	63 331	72 561
182 297	203 523	Material expenses	241 720	216 083
282 144	341 384	Municipal charges	345 328	285 484
151 355	162 190	Operating lease expenses	201 141	188 133
14 263	20 164	Printing	20 413	14 418
182 657	151 354	Professional fees	154 026	184 422
512 979	522 073	Security	537 557	530 498
64 638	127 696	Training	128 713	66 961
41 223	44 651	Travel expenses	45 315	47 412
154 456	206 068	Other expenditure	220 654	200 864
7 340 047	7 783 340		8 572 788	8 173 556

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

						Entity		Group	
	Directors' fees	Salary	Retirement fund contributions	Other contributions	Performance incentive bonus	2015	2014	2015	2014
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
27 Personnel cost and directors' emoluments									
Defined contribution and benefit plans expense						414 317	361 823	438 071	384 526
Unemployment Insurance Fund						24 529	22 843	26 459	24 747
Unwinding of interest on post-retirement medical aid benefits						1 233	1 312	1 248	1 329
Salaries and personnel cost						3 884 562	3 706 038	4 188 669	3 985 987
Executive directors	-	6 583	162	-	1 968	8 713	9 237	11 443	10 341
Mr TL Montana (Group CEO)	-	5 621	-	-	1 968	7 589	5 343	7 589	5 343
Mr TR Kgaboesele (Autopax)	-	-	-	-	-	-	3 894	2 730	2 730
Ms M Ratsiane (Intersite) *	-	962	162	-	-	1 124	-	1 124	2 268
Non-executive directors	6 284	-	-	-	-	6 284	5 342	6 848	5 563
Mr P Molefe (Chairperson)	640	-	-	-	-	640	-	640	-
Ms Z Manase	298	-	-	-	-	298	-	298	-
Mr S Buthelezi	555	-	-	-	-	555	909	555	909
Ms C Cele	205	-	-	-	-	205	-	205	-
Ms B Gasa	-	-	-	-	-	-	220	-	220
Mr T Gcabashe	-	-	-	-	-	-	237	-	237
Mr X George	386	-	-	-	-	386	463	386	463
Mr N Kheswa	224	-	-	-	-	224	-	224	-
Mr M Matlala	205	-	-	-	-	205	-	205	-
Ms NS Mxenge	392	-	-	-	-	392	319	392	319
Mr K Pillay	-	-	-	-	-	-	92	-	92
Mr M Salanje	105	-	-	-	-	105	419	105	419
Mr W Steenkamp	286	-	-	-	-	286	-	-	-
Autopax (subsidiary)									
Ms B Haywood	271	-	-	-	-	271	179	-	-
Mr LR Hlapolosa	38	-	-	-	-	38	-	38	-
Mr BB Kupe	244	-	-	-	-	244	201	244	201
Ms L Letlape	345	-	-	-	-	345	241	345	241
Mr TC Luvhani	272	-	-	-	-	272	213	272	213
Ms MG Mokoka	216	-	-	-	-	216	204	216	204
Mr K Pillay	236	-	-	-	-	236	245	-	-

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

						Entity		Group	
	Directors' fees	Salary	Retirement fund contributions	Other contributions	Performance incentive bonus	2015	2014	2015	2014
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Intersite (subsidiary)									
Ms J Boggenpoel	-	-	-	-	-	-	136	-	136
Mr B Boshelo	363	-	-	-	-	363	346	1 072	692
Ms HN Lupuwana	349	-	-	-	-	349	299	997	598
Mr P Moiloa	306	-	-	-	-	306	293	306	293
Ms M Mokoka	348	-	-	-	-	348	326	348	326
Other key management	-	29 752	2 309	-	-	32 061	29 892	29 503	27 367
Mr F Gastin **	-	1 119	-	-	-	1 119	6 530	1 119	6 530
Ms H Manyatsa ***	-	2 441	224	-	-	2 665	-	2 665	-
Mr EM Mofi	-	3 064	281	-	-	3 345	3 504	3 345	3 504
Mr P Gombert ****	-	1 159	126	-	-	1 285	-	1 285	-
Mr N Khena	-	2 406	206	-	-	2 612	2 384	2 730	2 384
Ms P Ngubane	-	2 457	191	-	-	2 648	1 829	2 648	1 829
Mr S Zamxaka	-	2 676	-	-	-	2 676	2 525	-	-
Mr Z Mayaba	-	2 066	202	-	-	2 268	1 606	2 268	1 606
Mr C Mbatha	-	1 884	318	-	-	2 202	2 169	2 202	2 169
Ms P Munthali	-	2 827	-	-	-	2 827	2 443	2 827	2 443
Dr J Phungula	-	1 688	165	-	-	1 853	-	1 853	-
Ms M Ratsiane	-	1 488	227	-	-	1 715	2 268	1 715	2 268
Mr AR Zaman	-	2 290	-	-	-	2 290	2 080	2 290	2 080
Mr L Zide	-	2 187	369	-	-	2 556	2 554	2 556	2 554

	6 284	36 335	2 471	-	1 968	4 371 699	4 136 487	4 702 241	4 439 860

* CEO of Intersite until 30 August 2014

** GCFO until 31 July 2014

*** GCFO from 1 August 2014

**** Acting CEO Intersite from 1 September 2014

***** Performance bonus for 2012/13 financial year

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		28 Sundry income		
72 577	27 237	Insurance recovered	28 060	73 462
10 701	11 773	On board sales	11 773	10 701
3 950	5 545	Hire of trains/buses	80 464	91 873
18 370	20 056	Advertising income	20 514	18 370
480 836	72 940	Other	74 891	484 840
586 434	137 551		215 702	679 246
		Included in other income for 2014 is an amount of R400 million relating to Transnet debt write off.		
		29 Finance cost		
(176)	-	Interest paid on long-term liability	(6 654)	(10 779)
(290 884)	(307 666)	Interest on Eskom finance lease	(307 666)	(290 884)
(19 523)	(12 202)	Interest other	(12 275)	(20 116)
(310 583)	(319 868)		(326 595)	(321 779)
		30 Finance income		
		Interest received from banking institutions, on bank balances and call accounts.		
228 663	201 903		204 280	231 305
		31 Taxation		
		31.1 South African normal taxation		
-	-	Current taxation	-	-
-	-	Under provision in prior years	-	-
-	-	Deferred taxation	-	-
-	-		-	-
		31.2 Reconciliation of rate of taxation		
-	-	Effective rate	0.00%	0.00%
		Adjusted for:		
-	-	Assessed loss	28.00%	28.00%
-	-	South African normal taxation rate	28.00%	28.00%

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		31.3 Deferred taxation Intersite Asset Investments (SOC) Ltd		
		The Company has not recognised any deferred tax asset as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.		
		31.4 Deferred taxation Autopax Passenger Services (SOC) Ltd		
		The net deferred tax assets have not been recognised as the near future taxable profits will not be sufficient against which the associated unused losses and deductible temporary differences can be utilised.		
		32 Capital commitments		
13 117 316	69 147 885	Commitments for future years in respect of contracts entered into.	69 148 216	13 117 526
13 117 316	69 147 885		69 148 216	13 117 526
		On 14 October 2013, PRASA entered into an agreement with the Gibela Rail Transport Consortium ("Gibela") for the design, supply and manufacture of 600 new trains. The financial agreement was approved and gazetted by the Minister of Finance on 16 April 2014, as follows: The financial commitment of PRASA shall not exceed R53 billion in 2014 prices for the duration of the Manufacture and Supply Agreement, subject to adjustments due to CPI and forex exchange escalations as contemplated in the Manufacture and Supply Agreement. PRASA reached financial close on 26 April 2014 and accordingly adjusted the total contract value for foreign exchange movement from bid submission until financial close to R59.6 billion (including VAT, excluding indexation).		
		The capital expenditure committed on the Manufacture and Supply Agreement for new rolling stock will be funded through National Revenue Fund. The rest of the commitments will be funded through baseline budget on Medium Term Expenditure Framework.		
		During the financial year, PRASA accepted an unsolicited proposal from Baran Projects (Pty) Ltd (Baran) for purchasing of software, licences, hardware and integration of a wireless artificial intelligence system. The contract between the two parties (PRASA and Baran) was concluded on 21 May 2014 to the value of Ninety One Million Rand.		

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		33 Reconciliation of net loss before taxation to cash utilised in operations		
248 838	(1 039 545)	Operating cash flows before working capital changes	(1 029 643)	187 684
380 077	(1 161 748)	Net loss/profit before taxation	(1 180 729)	285 175
		Adjusted for:		
1 842 178	2 002 933	Depreciation and amortisation	2 136 300	1 976 774
82 734	12 868	Loss on disposal of property, plant and equipment	14 316	87 956
35 639	38 466	Impairment/(reversal of impairment) of property, plant and equipment	38 466	35 639
748	12 238	Impairment of trade and other receivables	16 021	620
(1 630)	(383)	Fair value adjustments on post-retirement medical aid benefit	14	(1 664)
(322 406)	(114 704)	Fair value adjustments on investment properties	(114 704)	(322 406)
1 312	1 233	Unwinding of interest on post-retirement medical aid benefits	1 248	1 329
-	-	Interest on long term loan	6 654	10 603
290 884	307 666	Interest on finance lease	307 666	290 884
3 188	(224)	Repayment on defined benefit assets	(224)	3 188
(1 853 610)	(1 946 956)	Amortisation on capital subsidy and grants received	(2 061 418)	(1 968 072)
18 387	10 969	Finance cost	11 027	18 963
(228 663)	(201 903)	Income from investments	(204 280)	(231 305)
(2 401 600)	(1 314 859)	Changes in working capital	(1 307 699)	(2 358 624)
(360 040)	50 088	Decrease/(increase) in trade and other receivables	(61 461)	(223 286)
231 415	217 828	Increase in provision for insurance claims	217 828	231 415
4 104	(17 128)	Increase in inventories	(18 479)	6 809
(2 269 595)	(1 564 037)	Increase/Decrease in trade and other payables	(1 443 959)	(2 366 058)
(1 725)	(1 610)	Benefits paid on post retirement medical aid benefit	(1 628)	(1 745)
(5 759)	-	Decrease in discounted lease agreements	-	(5 759)
(2 152 762)	(2 354 404)	Cash (utilised)/generated in operations	(2 337 342)	(2 170 940)

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		34 Contingent liabilities		
14 248	14 248	34.1 Makumo Technologies claiming for damages and loss suffered as a result of alleged repudiation of contract by PRASA.	14 248	14 248
41 000	35 907	34.2 Bagale Consulting claiming for extra work done during 2010 due to increase in scope.	35 907	41 000
140 738	123 590	34.3 Labour disputes, including mass dismissal dispute by National Transport Movement.	133 347	140 738
3 460	3 460	34.4 PRASA vs. Rail & Road Assessing Services, for alleged services rendered.	3 460	3 460
2 280	2 280	34.5 Lenkwane Cleaning Services for breach of contract.	2 280	2 280
40 589	40 589	34.6 Proconse Consulting Engineers for services rendered.	40 589	40 589
83 782	53 000	34.7 Various insurance claims for personal injuries as well as legal and other matters which may result in a possible loss in future.	53 000	83 782
2 692	-	34.8 Africa International (Pty)Ltd - utility and insurance charges paid on behalf of Rail.	-	2 692
173	173	34.9 Algee Medics and Fire for services rendered.	173	173
1 873	-	34.10 Superway construction for services rendered.	-	1 873
300	-	34.11 Unlawful arrest and detention by MI Masolane.	-	300
150	150	34.12 Unlawful arrest by ME Mlungisi.	150	150
757	757	34.13 Fidelity Security Services (Pty)Ltd for services rendered.	757	757
8 552	8 552	34.14 National Force Security CC for services rendered.	8 552	8 552
100	100	34.15 Transportation and Traffic Technology Africa for professional services rendered.	100	100
-	6 774	34.16 Madisha Associates	6 774	-
413	-	34.17 TLL Trust for rental due.	-	413
-	478	34.18 Koor Dindar Moti Quantity Services	478	-
-	940	34.19 The New Age	940	-
9 096	9 096	34.20 Sbahle Safety consultants for services rendered.	9 096	9 096
343	343	34.21 Be My Guest Trading for services rendered.	343	343
-	929	34.22 Rasakanya Builders CC	929	-
22 717	3 000	34.23 Potential liability on outstanding PAYE payment	3 000	22 717
600	-	34.24 Securiy companies urgent application, Chuma, Sechaba and High Coal	-	600
14 000	14 000	34.25 Arbitration Shabangu Architects	14 000	14 000

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
22	-	34.26 DJ Westmore/JJ De Beer - Metrorail driver	-	22
1 397	-	34.27 Spanish Ice	-	1 397
14	-	34.28 Telkom SA Moripane	-	14
5	-	34.29 Alida Dywana	-	5
3 608	6 800	34.30 Daveglen 371(pty)Ltd t/a Security International	6 800	3 608
392 909	325 166	Total contingent liabilities	334 923	392 909

35 Other related party transactions

The Group is a Schedule 3B Public Entity in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999). It therefore has a significant number of related parties, including other State-owned entities, Government departments and all other entities within the national sphere of Government. The Group used the database maintained by National Treasury to identify related parties. A list of all related parties is available on the National Treasury website at www.treasury.gov.za.

The Company has a related party relationship with its subsidiaries, Autopax and Intersite, as well as with its directors and senior executives (key management). Refer note 9 for related party transactions with subsidiaries and note 27 for related party transactions with key management.

All transactions with the above related parties are concluded on an arm's length basis.

Transactions with related entities

Services rendered to related parties comprise principally transportation (rail and road) services. Services purchased from related parties comprised principally energy, telecommunications, information technology, transportation and property related services.

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		The following is a summary of transactions with related parties during the year and balances due at year-end:		
		Services rendered to related parties		
128 898	123 885	Major Public entities	143 954	146 083
-	-	Other Public entities	-	-
128 898	123 885		143 954	146 083
		Services received from related parties		
1 700 337	2 019 495	Major Public entities	2 023 950	1 878 593
722 816	649 223	Other Public entities	701 457	769 845
2 423 153	2 668 718		2 725 407	2 648 438
		Amounts due to related parties		
(654 367)	(639 109)	Major Public entities	(639 521)	(827 660)
(43 443)	(41 122)	Other Public entities	(44 645)	(47 305)
(697 810)	(680 231)		(684 166)	(874 965)
		Majority of transactions with Major Public entities are with Transnet.		
		Majority of Other Public entities transactions are with South African Revenue Services.		
		36 Risk disclosure		
		36.1 Financial risk management		
		36.1.1 Credit risk management		
		Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy parties.		
		The Group performs ITC checks on tenants before contracts are entered into. Tenants are required to pay deposits, provide guarantees or sureties based on their risk profile.		

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		The Group's cash and cash equivalents are placed with high credit quality financial institutions.		
		Concentrations of credit risk with respect to trade receivables are limited either because debtors are other Government entities or due to the Group's large number of tenants under operating lease agreements. Where relevant, the Group has policies in place to ensure that transactions only take place with customers with an appropriate credit history.		
		36.1.2 Maximum exposure to credit risk		
		The Group's exposure to credit risk with regards to loans and receivables are limited due to collateral held.		
		The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk:		
370 526	253 013	Trade receivables	201 272	208 168
131 761	162 670	Tenant debtors	162 670	131 761
25 397	26 272	Rental income receivables	26 272	25 397
25 949	36 413	Other receivables	41 360	30 546
553 633	478 368		431 574	395 872
(71 474)	(83 712)	Less impairment losses	(91 256)	(75 235)
482 159	394 656		340 318	320 637
10 612	14 584	Prepayments not at risk	24 601	20 047
492 771	409 240		364 919	340 684

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		Tenant receivables comprise of hawkers, residential and commercial tenants in the following percentages:		
1.5%	1.5%	Hawkers	1.5%	1.5%
8.9%	8.9%	Residential	8.9%	8.9%
89.6%	89.6%	Commercial	89.6%	89.6%
100%	100.0%		100.0%	100%
		Commercial tenants are deemed to be low risk compared to residential tenants, however during the last three years we have been negatively impacted due to poor economic conditions in the property market.		
		There has been no significant change during the financial year, or since the end of the financial year, to the Group's exposure to credit risk. The approach to the measurement has remained constant for the current and prior year in line with the objectives, policies and procedures for managing this risk.		
		36.1.3 Collateral		
		For all tenant receivables collateral is held in the form of tenant deposits, guarantees or sureties based on the risk profile of the respective tenant.		
		36.1.4 Financial assets that are past due but not impaired		
		The following represents information on the credit quality of trade receivables that are past due but not impaired:		
		The tenant trade receivables are tenants who have entered into rental contracts. All tenants prepay amounts. Therefore, if a tenant has not paid, the amount is past due.		
		36.1.5 Aged analysis of financial assets that are past due but not impaired		
		Trade receivables		
30 821	26 038	1 to 30 days past due	52 335	57 118
2 409	2 397	31 to 60 days past due	4 507	4 519
156 529	151 536	61 to 90 days and over past due	156 822	161 815
189 759	179 971	Total	231 664	223 452

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
Tenant trade receivables				
23 085	13 897	1 to 30 days past due	13 897	23 085
5 529	12 354	31 to 60 days past due	12 354	5 529
40 946	46 247	61 to 90 days and over past due	46 247	40 946
69 560	72 498	Total	72 498	69 560
<p>All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance of R91.3 million (2014: R75.2 million) has been recorded accordingly.</p> <p>36.2 Liquidity risk management</p> <p>Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.</p> <p>The Group maintains sufficient cash resources and receives substantial cash allocations from Government on a monthly basis, in order to act as an agent for Government in the provision of rail commuter services. The Group manages liquidity risk through an on-going review of future commitments and credit facilities.</p> <p>The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses of risking damage to the Group's reputation.</p> <p>The Group receives a guaranteed subsidy from National Treasury through the Medium Term Expenditure Framework allocation process to meet all current and future obligations.</p> <p>The following table details the Group's remaining contractual maturity for its financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both estimated interest and principal cash flows.</p> <p>36.2.1 Maturity analysis</p> <p>Non-derivative financial liabilities</p> <p>Trade payables</p>				
3 449 602	1 839 660	1 to 6 months	1 879 394	3 375 110
76 695	114 028	7 to 12 months	114 028	76 695
3 526 297	1 953 688	Carrying amount	1 993 422	3 451 805

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		Mercedes-Benz Financial Services S.A. (Pty) Ltd		
-	-	1 to 6 months	23 533	21 409
-	-	7 to 12 months	24 677	22 457
-	-	more than 12 months	-	48 198
-	-	Carrying amount	48 210	92 064

36.3 Market risk disclosures

36.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is not exposed to interest rate risk through the Mercedes Benz loan. This loan is at a fixed interest rate over a fixed term and not revalued at year end. Therefore, a change in interest rate would not affect profit or loss.

36.3.2 Foreign exchange currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This would arise mainly as a result of import capital and operational expenditure programmes, where goods are imported from, and services provided in foreign countries and thus are exposed to currency fluctuations. PRASA does not manage exchange rate exposures utilising forward foreign exchange contracts.

On 25 March 2013, PRASA entered into a contractual agreement valued at R3.5 billion with Swifambo Rail Leasing (SRL), which includes its technical partners Vossloh Spain and Vossloh Germany, to construct 88 new locomotives for Mainline Passenger Services. SRL submitted to PRASA a price based on EURO, at the Rand/Euro exchange rate of R10.18 (the "Set Rate"). The contractual agreement stipulates that the risk for the fluctuations of the Rand against the EURO shall be shared by the parties. SRL shall be responsible for the cost and the risk of fluctuation of the Rand to the Euro above the Set Rate up to R10.40. PRASA shall be responsible for the cost and the risk of the fluctuation of the Rand to the Euro above R10.40.

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		On 14 October 2013, PRASA entered into an agreement with the Gibela Rail Transport Consortium ("Gibela") for the design, supply and manufacture of 600 new trains. In this Programme, PRASA is not exposed to foreign currency risk as Gibela is responsible for addressing the risk, through financial methods such as hedging, at no cost to PRASA.		
		36.4 Capital management		
		The Group's capital consists of share capital. Capital and operational subsidies are received through Medium Term Expenditure Framework. Capital subsidy is accounted for in terms of IAS 20 'Accounting for government grants and disclosure of government assistance'.		
		Neither the Group nor its subsidiaries are subject to externally imposed capital requirements.		
		36.5 Categories of financial instruments		
		Loans and receivables		
589 223	526 897	Trade and other receivables	482 576	437 136
4 645 586	1 657 321	Cash and cash equivalents	1 683 720	4 700 415
5 234 809	2 184 218	Carrying amount	2 166 296	5 137 551
		Financial liabilities at amortised cost		
3 888 551	3 489 198	Trade payables	3 550 755	3 830 033
-	-	Other financial liabilities	48 210	92 064
3 888 551	3 489 198	Carrying amount	3 598 965	3 922 097
		Due to nature of financial instruments the carrying amount approximates the fair value amount.		
		37 Prior period error adjustment		
		37.1 Straight lining of leases were done without taking the full lease periods into account. This error has now been corrected which led to retrospective adjustments to the statement of comprehensive income, accumulated loss and trade and other receivables.		

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		37.2 Energy cost paid to Eskom for leasing of substation assets, which were previously incorrectly accounted for through profit and loss as operating leases, were corrected and reclassified as a finance lease. The contract with Eskom is an arrangement that contains a lease and therefore a finance asset and a corresponding lease obligation have been recognised in statement of financial position. Interest were also restated.		
		37.3 Capital subsidies were amortised on Eskom leased assets.		
		37.4 The network assets verification undertaken during 2014/2015 financial year led to the discovery of additional assets that were not previously recorded in the fixed assets register.		
		37.5 The short term portion of Swifambo contract for expected delivery in March 2014 has been transferred to current assets.		
		38.1 Restatement of consolidated statement of comprehensive income for the year		
(146 802)	-	Net (loss) as at 31 March 2013	-	(156 736)
147 310	-	Reclassification of energy cost	-	147 310
(274 841)	-	Interest on Eskom finance lease	-	(274 841)
(29 355)	-	Depreciation on leased assets	-	(29 355)
29 355	-	Amortisation for capital subsidy on leased assets	-	29 355
(14 226)	-	Depreciation on fair valuation of network assets	-	(14 226)
(288 559)	-	Restatement of net loss 31 March 2013	-	(298 493)
431 251	-	Net profit as at 31 March 2014	-	336 349
96 452	-	Correction of error on straight lining of leases	-	96 452
157 484	-	Reclassification of energy costs	-	157 484
(290 884)	-	Finance cost on Eskom finance lease	-	(290 884)
(29 355)	-	Depreciation on leased assets	-	(29 355)
29 355	-	Amortisation for capital subsidy on leased assets	-	29 355
(14 266)	-	Depreciation on fair valuation of network assets	-	(14 266)
380 077	-	Restatement of net loss 31 March 2014	-	285 175
		38.2 Restatement of accumulated loss		
(1 350 965)	-	Accumulated loss 31 March 2012	-	(1 761 169)
437 584	-	Cumulative reclassification of energy costs	-	437 584
(1 426 099)	-	Cumulative correction on finance cost Eskom finance lease	-	(1 426 099)
(183 465)	-	Cumulative depreciation on leased assets	-	(183 465)

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
183 465	-	Cumulative amortisation for capital subsidy on leased assets	-	183 465
245 536	-	Net book value of network assets taken on	-	245 536
(2 093 944)	-	Accumulated loss 31 March 2012 restated	-	(2 504 148)
(146 802)	-	Loss for the year March 2013	-	(156 736)
147 310	-	Reclassification of energy costs	-	147 310
(274 841)	-	Finance cost Eskom finance lease	-	(274 841)
(29 355)	-	Depreciation on leased assets	-	(29 355)
29 355	-	Amortisation for capital subsidy on leased assets	-	29 355
(14 226)	-	Depreciation on fair valuation of network assets	-	(14 226)
(2 382 503)	-	Accumulated loss 31 March 2013 restated	-	(2 802 641)
431 251	-	Profit for the year March 2014	-	336 349
96 452	-	Correction of error on straight lining of leases	-	96 452
157 484	-	Reclassification of energy costs	-	157 484
(290 884)	-	Finance cost Eskom finance lease	-	(290 884)
(29 355)	-	Depreciation on leased assets	-	(29 355)
29 355	-	Amortisation for capital subsidy on leased assets	-	29 355
(14 226)	-	Depreciation on fair valuation of network assets	-	(14 226)
(2 002 426)	-	Accumulated loss 31 March 2014 restated	-	(2 517 466)
38.3 Property, plant and equipment				
22 829 449	-	Balance as previously stated 31 March 2013	-	23 676 974
231 310	-	Net book value of network assets taken on	-	231 310
23 060 759	-	Balance at end of year 31 March 2013 restated	-	23 908 284
25 539 120	-	Balance as previously stated 31 March 2014	-	26 248 195
231 310	-	Net book value of network assets taken on	-	231 310
(14 226)	-	Depreciation on assets	-	(14 226)
25 756 204	-	Balance at end of year 31 March 2014 restated	-	26 465 279

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
38.4 Leased assets				
Balance as previously stated 31 March 2012				
1 196 201	-	Leased asset taken on	-	1 196 201
(183 465)	-	Accumulated depreciation corrected	-	(183 465)
1 012 736	-	Balance at end of year 31 March 2012 restated	-	1 012 736
(29 355)	-	Depreciation on assets	-	(29 355)
983 381	-	Balance at end of year 31 March 2013 restated	-	983 381
(29 355)	-	Depreciation on assets	-	(29 355)
954 026	-	Balance at end of year 31 March 2014 restated	-	954 026
38.5 Finance lease				
Balance as previously stated 31 March 2012				
1 196 201	-	Finance lease taken on	-	1 196 201
1 426 099	-	Cumulative interest corrected	-	1 426 099
(437 584)	-	Cumulative payments corrected	-	(437 584)
2 184 716	-	Balance at end of year 31 March 2012 restated	-	2 184 716
274 841	-	Cumulative interest corrected	-	274 841
(147 310)	-	Cumulative payments corrected	-	(147 310)
2 312 247	-	Balance at end of year 31 March 2013 restated	-	2 312 247
290 884	-	Cumulative interest corrected	-	290 884
(157 484)	-	Cumulative payments corrected	-	(157 484)
2 445 647	-	Balance at end of year 31 March 2014 restated	-	2 445 647
38.6 Capital subsidy and grants				
Balance as previously stated 31 March 2012				
18 195 029	-	Accumulated amortisation corrected	-	18 779 566
(183 465)	-		-	(183 465)
18 011 564	-	Balance at end of year 31 March 2012 restated	-	18 596 101
23 573 491	-	Balance as previously stated 31 March 2013	-	24 043 566
(183 465)	-	Accumulated amortisation for capital subsidy on leased assets	-	(183 465)
(29 355)	-	Amortisation on capital subsidy	-	(29 355)
23 360 671	-	Balance at end of year 31 March 2013 restated	-	23 830 746
28 592 346	-	Balance as previously stated 31 March 2014	-	28 947 959
(183 465)	-	Accumulated amortisation for capital subsidy on leased assets	-	(183 465)
(29 355)	-	Amortisation on capital subsidy 2013	-	(29 355)
(29 355)	-	Amortisation on capital subsidy 2014	-	(29 355)
28 350 171	-	Balance at end of year 31 March 2014 restated	-	28 705 784

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

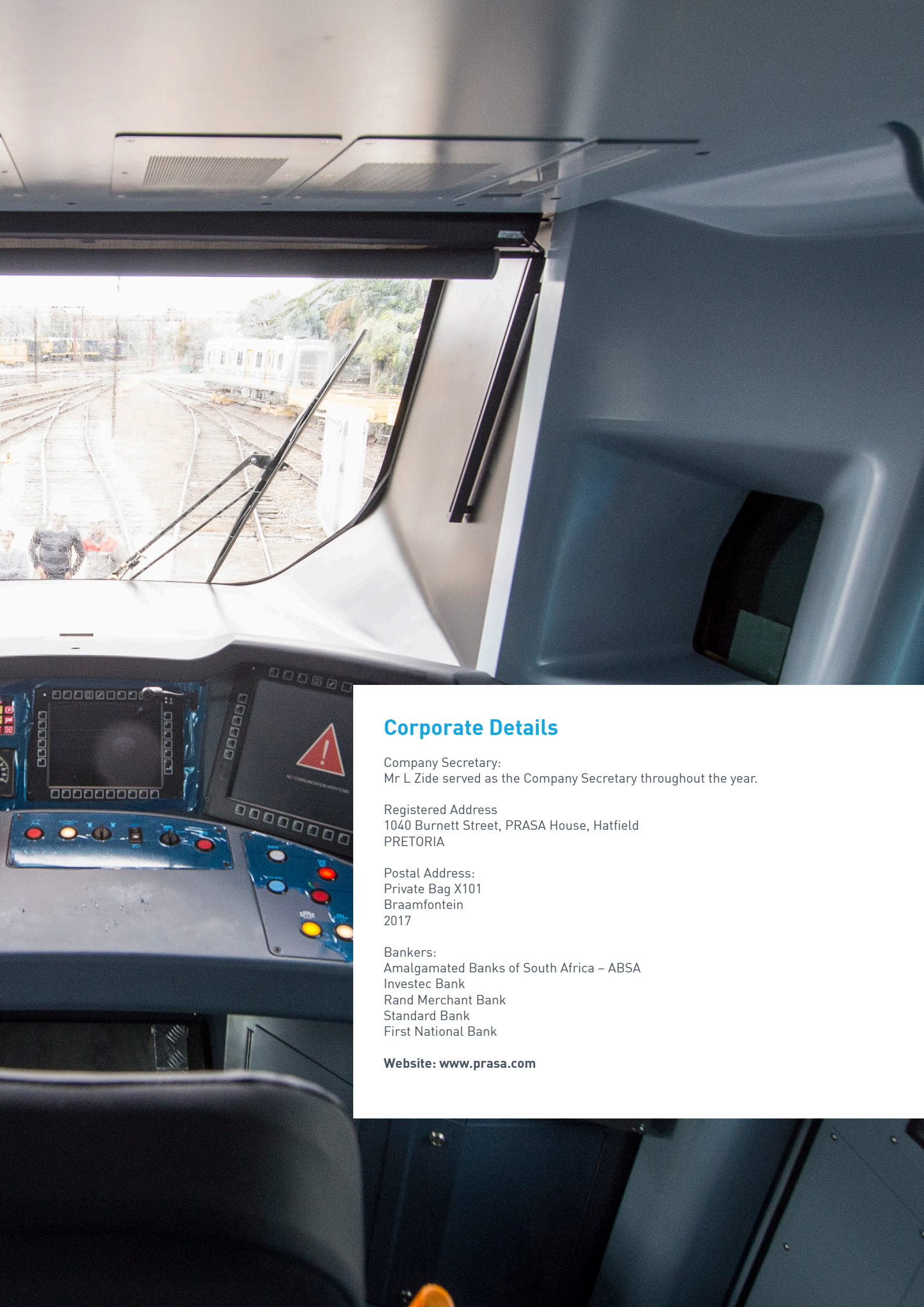
Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		38.7 Restatement of trade and other receivables		
468 560	-	Balance as previously stated 31 March 2014	-	316 473
96 452	-	Correction of error on straight lining of leases	-	96 452
565 012	-	Balance at end of year 31 March 2014 restated	-	412 925
		38.8 Restatement of prepayment for capital expenditure		
		38.8.1 Non current assets		
993 673	-	Prepayment for capital expenditure	-	993 673
(357 955)	-	Transferred to current assets	-	(357 955)
635 718	-	Balance at end of year 31 March 2014 restated	-	635 718
		38.8.2 Current assets		
-	-	Prepayment for capital expenditure	-	-
357 955	-	Transferred from non current assets	-	357 955
357 955	-	Balance at end of year 31 March 2014 restated	-	357 955
		39 Events after reporting date		
		39.1 On 28 April 2015 the Tshwane Business Express collided into the rear of Metroplus at Denver Station, Johannesburg. Two hundred and thirty nine commuters and one train driver were injured. One employee, a Train Guard suffered fatal injuries. Estimated loss on claims and injuries is R22 million.		
		39.2 On Wednesday 20 May 2015, a Transnet goods train collided with a Shosholoza Meyl passenger train outside King Williams Town. The accident resulted in 2 fatalities and 9 people were admitted in the surrounding hospitals in Bhisho and East London. Loss on claims and injuries is estimated at R37.5 million.		
		39.3 Two Metrorail trains collided between Crown and Booysen stations on 17 July 2015. Two hundred passengers were injured and there were no fatalities. Damage to rolling stock is estimated at R6.5 million.		
		39.4 PRASA through its subsidiary Autopax was contracted to take over bus routes that were previously serviced by Putco bus company in the areas of Tswane, Sedibeng and Ekurhuleni Municipalities on 01 July 2015. The duration of the contract is three months and will come to an end in September 2015. The expected revenue amount from the contract could not be determined at reporting date.		
		39.5 Four locomotives to the value of R159 million were received from Swifambo during the month of April.		

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
		40 Fruitless and wasteful expenditure		
19 416	11 099	Interest and penalties on late payments of creditors accounts	11 158	19 429
-	6 070	Process not followed on dismissal of Executive	6 070	-
-	2 681	Advisory contract for former Executive	2 681	-
19 416	19 850		19 909	19 429
		41 Irregular expenditure		
16 690	-	Opening balance	-	16 690
		Add: irregular expenditure current year		
-	8 168	Undisclosed conflict of interest by member of the BEC	8 168	-
-	13 650	Feasibility study and testing of the market was not conducted prior to the consideration of supplier projects unsolicited proposal	13 650	-
-	572	Approval for confinement not in compliance with the PRASA SCM policy and PPPFA	572	-
-	357 955	Supplier not disqualified and was subsequently appointed despite not submitting pertinent bid documentation	357 955	-
-	1 063	Unfair advantage granted to the winning bidder	1 063	-
-	345	Quotation received after the closing date for request for quotations	345	-
-	6 590	The extension was not approved by delegated officials	6 590	-
-	176	Approval for confinement not in compliance with the PRASA SCM policy and PPPFA	176	-
-	262	Payment made without supporting documents	262	-
-	1 432	Payments made to security service provider without following proper SCM process	1 432	-
-	16	Payment made to supplier without a contract	16	-
-	58 153	Contract extended prior to obtaining approval from delegated authority	58 153	-
-	14 212	Overspending on a contract prior to obtaining approval from delegated official	14 212	-
-	12 600	The bid documents of winning bidder were accepted after the time for submission of bids had elapsed	12 600	-
-	-	Confinement was not documented in terms of PRASA SCM policy	73 296	-
-	-	Payment made to supplier without a contract	2 077	-
9 179	-	Non- compliance with laws, regulations and SCM policies	-	10 639

Notes to the consolidated financial statements for
the year ended 31 March 2015 Continued

Entity			Group	
2014	2015		2015	2014
R'000	R'000		R'000	R'000
25 869	475 194		550,567	27 329
25 869	-	Less: amounts condoned	-	27 329
-	475,194		550,567	-
Standards and interpretations The Accounting Standards Board agreed that, as an interim measure, Government Business Enterprises that applied Statements of GAAP, should continue to apply Statements of GAAP (as issued at 01 April 2012) until the Board has undertaken more extensive research to identify the most appropriate reporting framework. Management is therefore not in a position to ascertain what the effect on the financial statements may be.				





Corporate Details

Company Secretary:
Mr L Zide served as the Company Secretary throughout the year.

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1040 Burnett Street, PRASA House, Hatfield
PRETORIA

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Braamfontein
2017

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Investec Bank
Rand Merchant Bank
Standard Bank
First National Bank

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