

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

General Information

Entity's legal form and domicile	Trading entity in South Africa
Nature of business and principal activities	The entity's principal activities are that of receiving all such levies from declared controlled mines or works, paying all benefits that relate to compensatable diseases and administering the fund in terms of the requirements of the Occupational Diseases in Mines Works Act, No. 78 of 1973, as amended.
Business address	209 Smit Street Braamfontein Johannesburg
Postal address	PO Box 4566 Johannesburg 2000
Jurisdiction within which the entity operates	The Compensation Commissioner for Occupational Diseases in Mines and Works is a trading entity within the National Department of Health.

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

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The Compensation Commissioner for Occupational Diseases in Mines and Works

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Responsibility Statement

The Occupational Diseases in Mines and Works Act, No.78 of 1973 as amended by Act 208 of 1993, hereafter referred to as the Occupational Diseases in Mines and Works Act, requires the Commissioner to ensure that full and proper financial records of The Compensation Commissioner for Occupational Diseases in Mines and Works ("CCOD") financial affairs are maintained.

The trading entity's business and operations and the result therefore are clearly reflected in the annual financial statements. No material fact or circumstances has occurred between the accounting date and the date of this report. The Commissioner is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

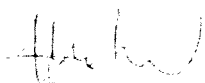
The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"), including any interpretations of such statements issued by the Accounting Practice board and in the manner required by the Public Finance Management Act, No. 1 of 1999, as amended ("PFMA").

The Commissioner is responsible for the trading entity's system of internal control. The internal controls include a risk based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practice policies and procedures. Personnel at the CCOD with an appropriate segregation of duties implement these controls.

As at 31 May 2010, CCOD has not performed the actuarial valuation as required by the Act to determine the total obligation for the outstanding claims. There is a material uncertainty whether CCOD will be able to meet its obligations in terms of the outstanding claims, which could adversely impact the going concern. Except for the outstanding actuarial valuation report, nothing has come to the attention of the Commissioner to indicate that any material breakdown in the functioning of the internal control procedures and systems has occurred during the year under review. The financial statements have been prepared on the going concern basis since the Commissioner has every reason to believe that CCOD has adequate resources in place to continue in operation for the foreseeable future due to its interrelationship with the South African Government and its affiliation with the National Department of Health.


The Auditors are responsible to report on the fair presentation of annual financial statements. The annual financial statement have been examined by the trading entity's auditors and their report is presented on page 24.

The annual financial statements of The Compensation Commissioner for Occupational Diseases in Mines and Works, set out on pages 26 to 41, were approved by the Commissioner, in terms of the Occupational Diseases in Mines and Works Act of 1973, as amended by Act 208 of 1993, for the year ended 31 March 2010 on 29 July 2010 and were signed on its behalf by:



Ms P Matsoso

Director General National Department of Health



Ms T Khaka

Acting Commissioner

Accounting Officer's Report

The accounting officer submits its report for the year ended 31 March 2010.

The accounting officer is responsible for ensuring that the Fund has effective, efficient and transparent systems of financial and risk management and internal control.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"), and incorporate disclosures in line with the accounting philosophy of the trading entity and the requirements of the Public Finance Management Act, No. 1 of 1999 ("PFMA"), as amended.

The Compensation Commissioner for Occupational Diseases in Mines and Works ("CCOD") is responsible in terms of the Occupational Diseases in Mines and Works Act, No. 78 of 1973 ("ODMWA") for the payment of benefits to active and ex-miners, as defined in the Act, who have been certified to be suffering from lung related diseases as a result of the risky work they have performed in the mines or classified works. The office of the CCOD is responsible for the compensation of persons who have acquired occupational lung related diseases as a result of risky work performed in controlled mines and works. To fulfil this mandate, the controlled mines and works must contribute levies on a monthly basis for each risk shift performed by their employees to be payable into the Mines and Works Compensation Fund, administered by the Commissioner. Levies were last increased in 2009 by 75% per risk shift. The increase was per the actuarial valuation that was conducted in 2003 by Deloitte.

The office of the CCOD also receives transfer payments from the National Department of Health on an annual basis, which is specifically used for payments that are due to pensioners who were certified before the commencement of the new Act.

CCOD is facing challenges in terms of fulfilling its mandate according to the requirements of the ODMWA. As a result the current turnaround time for payments to beneficiaries is about 4 - 5 months, which is mainly due to the following:

- Communication not reaching beneficiaries;
- Manual verification of fingerprints;
- Incomplete documentation;
- IT systems deficiencies; and
- Resource constraints.

One of the IT systems that are being used by the CCOD is the Mineworks compensation system, which is an administrative system that, amongst others, issues benefit certificates and also facilitates the payment of beneficiaries. The system has major limitations, which amongst others, are unreliable statistics and also the inadequacy of the system to produce reliable financial reports. The actuarial valuation that was commissioned for 2006 could not be finalised due to unreliable data from the system. The incomplete actuarial valuation resulted in:

- Non-compliance with the ODMWA; and
- Inability to assess whether the Fund has adequate assets to settle all potential claims.

It again became apparent during the Parliamentary visit to Bizana in 2007 that the ex-miners are still challenged in accessing their benefits as required by the Act. A resolution was taken by Parliament that CCOD must revisit the R 54 million Eastern Cape project of tracing the ex-miners or their beneficiaries who did not claim their benefits during the 2003 to 2005 process of tracing these beneficiaries. Subsequently CCOD, together with the Medical Bureau for Occupational Disease ("MBOD"), deployed a total of 7 officials to the Eastern Cape Province to embark on the project which was coordinated by the Eastern Cape Premier's Office. The members of the Ex-mineworkers Union in the province also assisted with the project. CCOD received 1 170 claims and successfully paid a total of 671 beneficiaries with a total value of R 1 709 100. A total of 499 claims could not be processed due to challenges in verifying the authenticity of the claims.

Accounting Officer's Report

The following challenges were experienced with this project:

- General low turn-up of beneficiaries;
- Divisions within the Ex-mineworkers Union;
- Fees charged by the Ex-mineworkers Union to beneficiaries of the project; and
- Inadequate communication of the project.

CCOD is a unit within the National Department of Health. All the administrative expenses are undertaken by the National Department of Health. There was a moratorium from the department that all vacant posts were not to be filled due to financial constraints. This resulted in capacity constraints which had a severe impact on service delivery as it resulted in a backlog. However, this moratorium was lifted later during the year for CCOD. All vacant posts have been advertised and the Commissioner's post will be filled at 1 June 2010.

CCOD did not have a strategic plan for the Fund for the past years. Since the CCOD prepares separate financial statements for the Fund, it is mandatory that it should have its own strategic plan. This requirement resulted in non-compliance in terms of performance information.

CCOD was invited to a SCOPA hearing on 2 March 2010 and the resolutions from parliament are still outstanding.

During April 2009 the ABSA Cash focus was breached, which led to fraudulent payments amounting to R 780 000 of which R 672 848 was recovered. The matter is being investigated by the Forensic unit and also the SAPS. The amount of R 107 152 has been accounted for and properly disclosed in note 6.

An arrangement has been made with the Department of Health that CCOD shares the Audit Committee of the department.

The following activities are planned for the 2010/11 year:

- Amendment of the Act;
- Business process re-engineering;
- Enhancement of internal controls; and
- Improvement in governance.

The Auditor-General, as external auditor, is responsible for reporting on the annual financial statements.

The accounting officer approved and signed the annual financial statements for the year ended 31 March 2010 as set out on pages 26 to 41 on 29 July 2010.



Ms P Matsoso
Director General National Department of Acting Commissioner
Health



Ms T Khaka
Acting Commissioner

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

Statement of Financial Position

	Note(s)	2010 R	2009 R
Assets			
Non-Current Assets			
Other investment	4	1 211 399 162	1 126 677 764
Current Assets			
Other financial assets	5	185 700 000	135 700 000
Trade and other receivables	6	29 238 602	20 174 758
Cash and cash equivalents	7	57 011 851	71 962 831
		271 950 453	227 837 589
Total Assets		1 483 349 615	1 354 515 353
Net Assets and Liabilities			
Net Assets			
Accumulated surplus		797 121 207	1 342 875 983
Liabilities			
Current Liabilities			
Trade and other payables	8	5 416 278	4 042 915
Provisions	9	680 812 130	7 596 455
Total Equity and Liabilities		1 483 349 615	1 354 515 353

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Statement of Comprehensive Income

	Note(s)	2010 R	2009 R
Revenue	10	134 142 702	123 507 411
Operating expenses		(780 069 680)	(81 117 273)
Operating (deficit) / surplus	11	(645 926 978)	42 390 138
Finance income	14	100 446 380	134 590 042
Finance costs	15	(274 178)	(160 966)
(Deficit) / surplus for the year		(545 754 776)	176 819 214

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Statement of Changes in Equity

	Accumulated surplus R	Total equity R
Balance at 01 April 2008	1 166 056 769	1 166 056 769
Surplus for the year	176 819 214	176 819 214
Balance at 01 April 2009	1 342 875 983	1 342 875 983
Deficit for the year	(545 754 776)	(545 754 776)
Balance at 31 March 2010	797 121 207	797 121 207

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Statement of Cash Flows

	Note(s)	2010 R	2009 R
Cash flows from operating activities			
Receipts (excluding government grants)		134 142 702	121 595 146
Bank charges and benefits paid		(217 699 075)	(238 340 582)
Cash used in operations	16	(83 556 373)	(116 745 436)
Finance income		100 446 380	134 590 042
Finance costs		(274 178)	(160 966)
Receipts from non-current assets		99 475 589	19 334 024
Net cash from operating activities		116 091 418	37 017 664
Cash flows from investing activities			
(Acquisition) / disposal of other financial assets		(50 000 000)	114 800 049
Acquisition of interest bearing investment		(84 721 398)	(114 800 050)
Net cash from investing activities		(134 721 398)	(1)
Cash flows from financing activities			
Government grant received		3 679 000	2 355 000
Net cash from financing activities		3 679 000	2 355 000
Total cash movement for the year		(14 950 980)	39 372 663
Cash at the beginning of the year		71 962 831	32 590 168
Total cash at end of the year	7	57 011 851	71 962 831

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"), including any interpretations of such statements issued by the Accounting Practices Board, and the Public Finance Management Act, No. 1 of 1999 as amended ("PFMA").

The annual financial statements have been prepared on the historical cost basis, except where otherwise stated, and incorporate the principal accounting policies set out below.

These annual financial statements are presented in South African Rands ("R"), which is the trading entity's functional currency. All financial information presented in Rand has been rounded to the nearest Rand.

These accounting policies are consistent with the previous period. Any changes in accounting policies are disclosed in the notes to the annual financial statements.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual future results could differ from these estimates which may be material to the annual financial statements.

Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Contingent liabilities

Contingent liabilities were disclosed and management determined an estimate based on the information available, refer to note 17.

1.2 Financial instruments

Classification

The trading entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment, refer note 4 - Other investment;
- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. For financial instruments which are not at fair value through surplus or deficit, classification is re-assessed on an annual basis.

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

Accounting Policies

1.2 Financial instruments (continued)

The financial assets and liabilities are classified as follows:

Financial asset / liability	Category
Financial asset and other investments	Loans and receivables
Other financial assets	Loans and receivables
Trade and other receivables	Loans and receivables
Trade and other payables	Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the trading entity's statement of financial position, when the trading entity becomes a part to the contractual provisions of the instruments.

The trading entity classifies financial instruments, or their component parts, on initial recognition as a financial asset or liability or an equity instrument according to the substance of the contractual arrangement.

Impairment of financial assets

At each reporting date the trading entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the trading entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment deficits are recognised in surplus or deficit. The amount of the deficit is measured as the difference between the carrying amount and present value of estimated future cash flows. The present value of future cash flows is discounted at the financial asset's effective interest rate.

Impairment deficits are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the deficit is recognised in surplus or deficit within operating expenses. Financial assets are written off when there is no realistic prospect of future recovery. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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Accounting Policies

1.2 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Other financial assets

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment deficit recognised to reflect irrecoverable amounts. An impairment deficit is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1.3 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including the PFMA, or any provincial legislation providing for procurement procedures in that provincial government.

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

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.4 Provisions and contingencies

Provisions are recognised when:

- the trading entity has a present obligation 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 of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where the effect of time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Accounting Policies

1.5 Government grants

Government grants are recognised when there is reasonable assurance that:

- the trading entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the trading entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the statement of comprehensive income and detailed in note 10 - Revenue.

Government grants are recognised when it is probable that future economic benefits will flow to the trading entity and these benefits can be measure reliably. The grant is recognised to the extent that there are no further obligations / conditions arising from the receipt of the grant.

1.6 Revenue

Revenue comprises of levies and government grants utilised, which can be reliably established by the CCOD.

Revenue is recognised at the fair value of the consideration received / receivable.

1.7 Related party transactions

Related parties are departments that control or significantly influence the CCOD in making financial and operating decisions. Specific information regarding related parties is included in note 18 - Related parties.

1.8 Benefits paid

Benefits paid constitute all accrued benefits in terms of the provisions of the Occupational Diseases in Mines and Works Act and which relate to the specific accounting period. These are benefits that relate to any person who was found for the first time to be suffering or to have suffered from a compensatable disease which, in the opinion of the certification committee, was contracted from work at or in connection with a controlled mine or works.

1.9 Public sector practices and policies: Inter-relationship with national government

The CCOD is a trading entity operating within the National Department of Health.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP") on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IAS 1 (AC 101) Presentation of Financial Statements Revised

During the current year, the trading entity adopted IAS 1 (AC101) Presentation of Financial Statements - Revised.

The revisions resulted in several changes, including terminology changes. As such, the balance sheet will now be referred to as the statement of financial position and the cash flow statement as the statement of cash flows. In accordance with the revisions, all non owner changes in equity are now presented in a single statement of comprehensive income .

The revisions also introduced the concept of other comprehensive income and require disclosure to be made of all reclassification adjustments and all taxation implications of each component of other comprehensive income. This information has been disclosed in the notes to the annual financial statements.

In addition, a statement of financial position and related notes have been presented for the earliest comparative period. This is in accordance with the requirements of the revised Standard to present such a statement of financial position whenever there is a retrospective restatement to the annual financial statements.

The Standard did not provide for any transitional provisions for the stated revisions. The change has been applied retrospectively.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the trading entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 1 (AC 101) (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in IFRS, but are not mandatory for use in financial statements.

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

The effective date of the standard is for years beginning on or after 01 January 2009. The trading entity has adopted the standard for the first time in the 2010 annual financial statements.

4. Other investment

Non-current assets - Held to maturity

Interest bearing investment	1 211 399 162	1 126 677 764
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The interest bearing investment is money invested in the Corporation for Public Deposits. It bears interest at 8.31% per annum (2009: 8.31% per annum).

5. Other financial assets

Short term deposits - Absa Bank

Mines	85 700 000	85 700 000
Works	100 000 000	50 000 000
	185 700 000	135 700 000

Current assets

Loans and receivables	185 700 000	135 700 000
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6. Trade and other receivables

Trade receivables	29 131 449	20 161 524
Interest receivable on bank account	-	13 234
Loss due to fraud - refundable claims	107 153	-
	29 238 602	20 174 758

Accounts receivable represent the present value of estimated future cash flows discounted at the effective interest rate. The effective interest rate of 14.75% per annum is considered to be a fair rate of return as this rate represents the level of exposure which the trading entity experiences with regards to these receivables.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	57 011 851	71 962 831
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Bank balances consists of:

Absa Bank - Current account: Mines	42 891 838	69 713 231
Absa Bank - State account	2 219	92 636
Absa Bank - Research account	2 267 201	2 156 964
Absa Bank - Current account: Works	11 850 593	-
	57 011 851	71 962 831

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Notes to the Annual Financial Statements

	2010 R	2009 R
7. Cash and cash equivalents (continued)		
In terms of established practices, any cost associated with the maintaining of separate bank accounts, or any interest received on such accounts, is for the account of the CCOD.		
8. Trade and other payables		
Trade payables	3 532 226	1 578 812
Other payables	1 884 052	2 464 103
	5 416 278	4 042 915

Fair value of trade and other payables

Accounts payable are measured at amortised cost using the effective interest rate method.

9. Provisions

Reconciliation of provisions - 2010

	Opening balance R	Additions R	Utilised during the year R	Closing balance R
Provision for benefit claims	7 596 455	680 812 130	(7 596 455)	680 812 130

Reconciliation of provisions - 2009

	Opening balance R	Additions R	Utilised during the year R	Closing balance R
Provision for benefit claims	27 056 853	7 596 455	(27 056 853)	7 596 455

The above provision was raised for all miners or ex-miners that were certified by the certification committee to be suffering from a compensatable occupational disease and where it is anticipated that the outflow of resources embodying economic benefits required to settle that obligation, is more probable than not.

The Compensation Commissioner for Occupational Diseases in Mines and Works

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements

	2010 R	2009 R
10. Revenue		
Levies and grants received	134 142 702	123 507 411
	<u>134 142 702</u>	<u>123 507 411</u>
The amounts included in levies and grants received include the following:		
Section 62 levies	129 960 368	120 580 490
Section 63 research levies	503 334	571 921
Government grant utilised	3 679 000	2 355 000
	<u>134 142 702</u>	<u>123 507 411</u>
11. Operating surplus		
Operating (deficit) / surplus for the year is stated after accounting for the following:		
Pensions - refer to note 12	2 986 209	3 208 672
Compensations (One-Sum Benefits) - refer to note 13	776 909 491	77 856 987
Bank charges	173 980	51 614
	<u>2 986 209</u>	<u>3 208 672</u>
12. Pensions		
Payment for pneumoconiosis which has permanently impaired cardio-reparatory functions by:		
Not less than 20% but more than 50%	266 564	247 043
More than 50% and not more than 75%	-	7 728
More than 75%	50 688	63 914
Pneumoconiosis together with tuberculosis	236 523	214 500
Tuberculosis	56 352	53 392
Dependants	2 376 082	2 622 095
	<u>2 986 209</u>	<u>3 208 672</u>
13. Compensations (One-Sum Benefits)		
Disease in first degree - section 80(1), 87(1)	233 155 617	15 366 260
Disease in second degree - section 80(3), 87(3)	493 053 741	26 076 555
Tuberculosis in first degree - section 80(4), 87(4)	4 641 653	2 873 852
Tuberculosis at 75% - section 80(1)	23 840 913	1 646 909
Tuberculosis in second degree - section 80(2)(b), 87(4)	20 508 467	26 335 778
Dependants - section 83(1), 91(1)	-	36 133
Eastern Cape cases	1 709 100	5 521 500
	<u>776 909 491</u>	<u>77 856 987</u>

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Notes to the Annual Financial Statements

	2010 R	2009 R
14. Finance income		
Interest revenue		
Interest on other financial assets and bank	99 475 589	134 147 307
Interest on accounts receivable	970 791	442 735
	<u>100 446 380</u>	<u>134 590 042</u>
<p>Interest received from revenue has been reclassified as Interest received and not Revenue as previously stated R 99 475 589 (2009: R 134 147 307 (refer note 21).</p>		
15. Finance costs		
Interest on accounts payable	<u>274 178</u>	<u>160 966</u>
<p>Interest arises from claims approved for payment but not yet paid by the Compensation Commissioner for Occupational Diseases.</p>		
16. Cash used in operations		
(Deficit) / surplus before taxation	(545 754 776)	176 819 214
Adjustments for:		
Interest received	(100 446 380)	(134 590 042)
Finance costs	274 178	160 966
Movements in provisions	673 215 675	(19 460 398)
Other non-cash income received	(99 475 589)	(134 147 307)
Government grants	(3 679 000)	(2 355 000)
Changes in working capital:		
Trade and other receivables	(9 063 844)	(5 953 735)
Trade and other payables	1 373 363	2 780 866
	<u>(83 556 373)</u>	<u>(116 745 436)</u>

17. Contingencies

Surrendering of surplus funds

The accounting officer, in terms of Treasury Regulation 19.7, must at the end of each financial year declare any surplus or deficit to the relevant treasury. The relevant treasury may apply such surplus to reduce any proposed allocation to the trading entity or require that all or part of it be re-deposited in the Exchequer account.

The Compensation Commissioner for Occupational Diseases in Mines and Works

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Notes to the Annual Financial Statements

	2010	2009
	R	R

17. Contingencies (continued)

Benefit claims

A contingent liability in the amount of R 278 584 205 (2009: R 714 836 824) potentially exists for all miners or ex-miners that were not certified by the certification committee as at 31 March 2010.

As at 31 May 2010 CCOD has not performed the final actuarial valuation report. This report may have a material impact on the contingent liability (refer note 20).

18. Related parties

Related party transactions

Government Grant

Government grant received

	3 679 000	2 355 000
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This transaction occurred under terms that were no less favourable than those available in similar arm's length dealings. No guarantees have been given or received.

Other than the transaction mentioned above, there were no other transactions with other related or national public entities.

19. Risk management

Financial risk management

The trading entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

The trading entity's principal financial liabilities are benefits payable to miners. The trading entity's principal financial assets include interest bearing investments, cash and short term deposits and trade and other receivables from its operations.

The Commissioner monitors the management of these risks.

Interest rate risk

Interest rate risk arises on loans and receivables.

Fixed deposits and all current accounts attract interest at a rate that varies with the bank prime lending rate. The Commissioner manages interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit for the year.

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19. Risk management (continued)

2010

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
		R	R	R	R	R
Trade and other receivables - normal credit terms	14.75 %	29 238 602	-	-	-	-
Interest bearing investment	8.31 %	-	1 211 399 162	-	-	-
Short term deposits	8.70 %	185 700 000	-	-	-	-
Other cash balances	3.45 %	57 011 851	-	-	-	-

2009

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
		R	R	R	R	R
Trade and other receivables - normal credit terms	14.75 %	20 174 758	-	-	-	-
Interest bearing investment	8.31 %	-	1 126 677 764	-	-	-
Short term deposits	8.70 %	135 700 000	-	-	-	-
Other cash balances	7.00 %	71 962 831	-	-	-	-

Credit risk

Financial assets, which potentially subject the CCOD to the risk of non-performance by counter parties consist mainly of trade receivables, interest bearing investments and cash and cash equivalents. The maximum exposure is represented by the sum of the carrying amount of these financial assets.

The CCOD limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury as well as the Corporation for Public Deposits.

There are no concentrations of credit risk.

Liquidity risk

The Commissioner manages liquidity risk through proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

Financial liabilities include trade accounts payable, which consist of benefits payable for claims approved.

All trade and other payables will be settled within one year.

Price risk

The CCOD is exposed to fluctuations in the employment market, for example sudden increases in unemployment and changes in the mining industry. No significant events occurred during the year that the CCOD is aware of.

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2010	2009
R	R

19. Risk management (continued)

Fair value

The estimated fair value at 31 March 2010 has been determined using the market value and appropriate valuation methodologies, but are not necessarily indicative of the amounts the trading entity could realise in the normal course of business. The fair value of almost all financial instruments equals their carrying value, either because of the short-term nature and normal trade terms thereof, or the market-related interest rate attached to it, except for loans which have no interest and / or fixed repayment terms attached to them.

20. Going concern

We draw attention to the fact that at 31 May 2010, CCOD has not performed the actuarial valuation as required by the Act to determine the total obligation for outstanding claims. There is a material uncertainty whether CCOD will be able to meet its obligations in terms of the outstanding claims until the final value of the outstanding claims is confirmed by the actuarial valuation. This may adversely impact on the going concern of CCOD.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

21. Comparative figures

Surplus or deficit

Revenue	(99 475 589)	(134 147 307)
Finance income	99 475 589	134 147 307
	<u>-</u>	<u>-</u>

Interest received from revenue has been reclassified as Interest received. This reclassification was done retrospectively (refer note 14).

Deferred income

The Government grant received has not been classified as deferred income as it does not meet the conditions of a conditional grant and it is therefore treated as a transfer. This reclassification was done retrospectively.

22. Budget figures

No comparison to budget have been made as the CCOD has not prepared a budget in respect of claims payable.