

CLASSIFICATION CIRCULAR 7 OF 2008/09

ADJUSTMENTS TO THE STANDARD CHART OF ACCOUNTS (SCOA)

Purpose

The purpose of this classification circular is to inform all government financial practitioners of the amendments, and the reasons for amendments, made to versions 0809.10 and 0809.11 of the chart of accounts.

PAYMENTS

1. Compensation of employees

No changes have been made to this section.

2. Goods and services

2.1 Assets < R5000

The name of the category for biological and cultivated assets has been **changed** to biological assets. Biological assets are living animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services. Examples of animals to be included in this category are dairy cattle, draft animals, wool-producing animals, breeding stocks, same etc. Examples of plants are trees, vines and shrubs cultivated for production of fruits, nuts, sap, resin, bark and leaf products. Slaughtered animals do not fall within this category because they can only be used once (i.e. once a biological asset is slaughtered it no longer qualifies for recognition as a biological asset and should then be regarded as inventory until it is sold or distributed).

ITEMS CHANGED	BAS SEGMENT NUMBER
BIOLOGICAL ASSET<R5000	435
BIO/ASS<R5000:ANIMAL REPRODUCT	517
BIO/ASS<R5000:ANIMAL WOOL&MILK	518
BIO/ASS<R5000:DAIRY CATTLE	519
BIO/ASS<R5000:DOGS (LAW ENF&SEC)	520
BIO/ASS<R5000:FEATHERED ANIMALS	521

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BIO/ASS<R5000:FRUIT TREES	522
BIO/ASS<R5000:GAME ANIMALS	523
BIO/ASS<R5000:HORSES(LAW ENF&SEC)	524
BIO/ASS<R5000:OTHER ANIMALS	525
BIO/ASS<R5000:PLANTS (PROD SEEDS)	526
BIO/ASS<R5000:VINES	527

The item for plumbing, pumps, purification and sanitation has been **changed** to include waste removal equipment. The definition as amended is: This items includes 1) pumps - a devise used to move gases, liquids or slurries. 2) plumbing equipment include water meters, pumps, expansion tanks, backflow presenters, filters, water softeners, water heaters, heat exchangers, gauges and control systems; 3) purification - includes devices and equipment used in the process of removing contaminants from a raw water source; 4) sanitation - includes devices and equipment used in engineering solutions such as sewerage and wastewater treatment and simple technologies such as latrines and septic tanks; 5) waste – includes devices and equipment used in refuse removal process e.g. iron dust bins.

ITEM CHANGED	BAS SEGMENT NUMBER
EQP<R5000:PUMP/PLUM/PUR/SAN/WAST	2533

2.2 Contractors

A new item has been **added** for allocating spending when a service provider is procured to either pack, label or bottle goods produced by a department, i.e. the bottling and labeling of wine or packaging of for instance vegetables that are produced by the department themselves. The contractor will in most instances provide the packaging material, labour and necessary machinery and equipment to do the packaging, labeling and bottling. This item excludes wrapping and packaging materials purchased by the department for their own purpose. The latter is allocated to the inventory category under the goods and services.

ITEM ADDED	BAS SEGMENT NUMBER
CONTRACTORS:BOTTLING & PACKAGING	2982

2.3 Inventory

A new item has been **added** for livestock and plants for consumption or sale, for e.g. livestock or own grown vegetables and other plants to be kept for consumption, slaughtering or harvest for sale. Also livestock purchased for redistribution (which due to the fact that government use the cash/modified cash basis of accounting, is not in the current system shown as transfers in kind) and directly transferred to households, farmers or communities over which the department would not keep control. Excluded from this item are biological assets.

ITEM ADDED	BAS SEGMENT NUMBER
INV OTH CONS:LIVESTOCK&PL/CON/SA	2983

2.4 Owned and leasehold property expenditure

A new item has been **added** under owned and leasehold property for costs incurred for upgrade and additions of owned or leasehold property. A transaction is allocated to this item if the upgrade and additions extend the useful life of the asset and result in future cash inflows into the organisation. On the Asset segment the relevant asset category that is being upgraded should be selected e.g. an office building. Projects for upgrade and additions are always classified as capital projects in the Project segment.

ITEM ADDED	BAS SEGMENT NUMBER
OWN&LEAS PROP EXP:UPGRADE&ADDITI	2984

2.5 Operating expenditure

A new item has been **added** for expenditure on awards made to staff members for outstanding efforts in the achievement of the objectives of the section/division for a specific short term period. This could include expenditure on i.e. floating trophies, certificates, plaques etc. but excludes cash rewards. This type of expenditure is usually miniscule in comparison to the staff members' total remuneration and does not replace the official performance and recognition policy of any department.

ITEM ADDED	BAS SEGMENT NUMBER
OPERATING EXPENDITURE:STAFF ACHIEVEMENT AWARD	2985

A new item for warrantees and guarantees has been **added** to the chart under this category. It is important to note that warrantees and guarantees usually form part of the elements of cost at initial purchase price of an asset and is therefore capitalised. However, once the warrantee has expired and departments need to **re-new or extend** such warrantee the cost should be expensed against this item.

ITEM ADDED	BAS SEGMENT NUMBER
OPERATING EXPENDITURE:WARRENTEES & GUARANTEES	2986

TRANSFERS AND SUBSIDIES

3. Provinces and municipalities

The segment number on the published chart, i.e. excel version, changed to correspond with the one on BAS.

ITEM SEGMENT NUMBER	BAS SEGMENT NUMBER
MUN B/ACC:MUN GIFTS & DONATIONS	2945

4. Departmental agencies and accounts

No changes have been made to this section.

5. Universities and technikons

No changes have been made to this section.

6. Foreign government and international organisations

No changes have been made to this section.

7. Public corporations and private enterprises

No changes have been made to this section.

8. Non-profit institutions

No changes have been made to this section.

9. Households

No changes have been made to this section.

PAYMENTS FOR CAPITAL ASSETS

10. Purchase/construction of capital assets

This item for pumps, plumbing, purification and sanitation equipment has been **changed** to include waste removal equipment. The definition as amended: This items includes 1) pumps - a devise used to move gases, liquids or slurries. 2) plumbing equipment include water meters, pumps, expansion tanks, backflow presenters, filters, water softeners, water heaters, heat exchangers, gauges and control systems; 3) purification - includes devices and equipment used in the process of removing contaminants from a raw water source; 4) sanitation - includes devices and equipment used in engineering solutions such as sewerage and wastewater treatment and simple technologies such as latrines and septic tanks; 5) waste – includes devices and equipment used in refuse removal process e.g. Iron Dust Bins.

ITEMS CHANGED	BAS SEGMENT NUMBER
PUMP/PLUMB/PURIF/SANIT/WASTE EQ	2589

RECEIPTS

11. Tax receipts

No changes have been made to this section.

12. Sales of goods and services

12.1 Other sales

The item created for the proceeds for the abolishment of old coins under the category 'other sales' will be removed on 1 April 2009, as this deemed not to be departmental receipts. The SCoA committee after consultation with various stakeholders created a **new item** under the category 'Direct exchequer receipts' where these proceeds need

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to be recorded. The item "Sales Metal: Nickel and Copper" is therefore replaced with the new item 'Proceeds on old coins' in the category "Direct exchequer receipts.

ITEM REMOVED	BAS SEGMENT NUMBER
SALES METAL: NICKEL & COPPER	2944

13. Fines penalties and forfeits

No changes have been made to this section.

14. Interest, dividends and rent on land

No changes have been made to this section.

15. Sale of capital assets

No changes have been made to this section.

ASSETS, LIABILITIES AND NET ASSETS**16. Current assets**

No changes have been made to this section.

17. Non current assets

No changes have been made to this section.

18. Current Liabilities

No changes have been made to this section.

19. Non current Liabilities

No changes have been made to this section.

20. Net assets

No changes have been made to this section.

DIRECT EXCHEQUER RECEIPTS

21. The item "Proceeds on old coins" was **added** under the category for direct exchequer receipts. This replaces the item "Sales Metal: Nickel & Copper" initially provided for under normal departmental receipts. This is revenue flowing from the withdrawal of 1c and 2c coins. The South African Reserve Bank is dealing with the process to sell the metal and collecting the proceeds on these metals. This item is only used by National Treasury when receiving such money. (See above "Other sales")

ITEMS ADDED	BAS SEGMENT NUMBER
PROCEEDS ON OLD COINS	2987

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22. A new item was **added** on request of Department of Public Enterprises for the Direct Exchequer Receipts from Diabo Share Trust.

ITEMS ADDED	BAS SEGMENT NUMBER
PROCEEDS DIABO SHARE TRUST	2988

23. The names of the following items have been **changed** from revenue fund receipts to direct exchequer receipts to be in line with the annual financial statement templates.

ITEMS CHANGED	BAS SEGMENT NUMBER
DIR/EX/REC:TRANSFERS RECEIVED	159
DIR/EX/REC:FINES,PENALTIES&FORFE	160
DIR/EX/REC:PENALTIES	165
DIR/EX/REC:AMNESTY UNIT	1213
DIR/EX/REC:RETAIL BONDS	1214
DIR/EX/REC:EXH CONTR CPD ACC:PEN	2958
DIR EXCHEQUER RECEIPTS:FORFEITS	2962

DIRECT EXCHEQUER PAYMENTS

24. Debt take-overs

This item is a direct exchequer payment which has been **removed** because it was no longer in use.

ITEMS DELETED	BAS SEGMENT NUMBER
PAR PAYM OF SAAMBOU BANK LIABILI	2953

Please contact the SCOA project team via the **SCOA call center**, by sending a concise mail to scoa@treasury.gov.za if further clarity or discussion is required regarding the changes highlighted above.

For updated versions of the SCOA COR database and classification circulars please visit <https://scoa.treasury.gov.za/>

Regards,

SCOA Technical Committee

Date: 30 January 2009