The Johannesburg Zoo NPC
(Registration number 2000/022951/08)
Trading as Johannesburg Zoo
Annual Financial Statements
for the year ended 30 June 2012

Auditor-General: South Africa
Registered Auditors

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The core business of the company is the preservation and managment of biodiversity through direct conservation action, education,research and recreation.
DIRECTORS	Prof HC Kasan (Chairperson) Mr S Snell Mr CD Kneale Mr R Tshikovhi Dr G Karim Ms S Bogatsu Mr M Simelane Advocate R Rawat Ms M Dolamo
REGISTERED OFFICE	The Johannesburg Zoo Jan Smuts Avenue Parkview 2193
BUSINESS ADDRESS	The Johannesburg Zoo Jan Smuts Avenue Parkview 2193
POSTAL ADDRESS	Private Bag X13 Parkview 2122
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Absa Bank Limited
AUDITORS	Auditor-General: South Africa Registered Auditors
SECRETARY	Ms H Feuerbach
COMPANY REGISTRATION NUMBER	2000/022951/08
CHIEF FINANCE OFFICER (CFO)	Ms N Thanjekwayo

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act, Act 56 of 2003, and the Companies Act of South Africa, Act 61 of 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the company’s cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The company is largely dependent on The City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the company is a going concern and that The City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the company.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements.

The annual financial statements set out on pages 4 to 48, which have been prepared on the going concern basis, were approved by the directors on 31 October 2012 and were signed on their behalf by:

Ms L Gordon (Acting Chief Executive Officer)

Johannesburg

31 October 2012

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2012.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations . Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of quarterly reports prepared and issued by the board of the entity during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the board;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accepts 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 of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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Chairperson of the Audit Committee

Date: ______________________

Directors' Report

The directors submit their report for the year ended 30 June 2012.

1. INCORPORATION

The company was incorporated on 30 June 2000 and obtained its certificate to commence business on the same day.

2. GOING CONCERN

We draw attention to the fact that at 30 June 2012, the company had an accumulated surplus of R18 610 839 (2011: R18 487 896) and that the company's total assets exceed its liabilities by R20 470 553 (2011: R 20 347 610).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This is based on an institutional review that was taken by City Of Johannesburg . A final decision has been made to merge the Johannesburg Zoo with another entity, in terms of Section 113 and 116 of the Companies Act, 2008. The merger will see the business of the Johannesburg Zoo being intergrated into the merged entity and the proposed efffective date of the merger is 1 January 2013.

3. SIGNIFICANT MATTERS

The amalgamation between Johannesburg Zoo NPC and Johannesburg City Parks NPC was still in progress as at reporting date. The process is likely to take effect from 1 January 2013.

The Chief Executive Officer and Executive Manager Human and Resources resigned during the current financial year. The Executive Manager Marketing and Education's employment contracts expired on or before the reporting date, she was allowed to act in the said positions in terms of the City of Johannesburg Metropolitan Municipality Circular 7/2010 transitional arrangements.

An investigation on the entity's payroll was conducted during the year under review. Management had already started implementing the recommendations contained in the investigation report.

4. DIRECTORS INTEREST IN CONTRACTS

The directors of the company did not have any personal interest in contracts entered by the company.

5. ACCOUNTING POLICIES

The company has prepared its annual financial statements in terms of Generally Recognised Accounting Practices. Where no guidance is available in the current GRAP, paragraph 12 of GRAP3 was considered. The company did not change the accounting policies. Prior year errors have been accounted for in both the current period and the comparative period.

6. BORROWING LIMITATIONS

In terms of the sale of business agreement, The Johannesburg Zoo NPC does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of The City of Johannesburg Metropolitan Municipality Asset and Liability Committee.

7. NON-CURRENT ASSETS

There are no major changes in the nature of the non-current assets of the company during the year. Useful lives and residual values were reviewed in terms of GRAP17.

Directors' Report

8. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
Prof HC Kasan (Chairperson)	South Africa	
Dr SD van der Spuy (Chief Executive Officer)	South African	Resigned 24 April 2012
Mr S Snell	South African	
Mr CD Kneale	South African	
Dr J Ledger	South African	Resigned 24 April 2012
Ms N Naidu	South African	Resigned 24 April 2012
Mr R Tshikovhi	South African	
Ms R Morojele	South African	Resigned 24 April 2012
Dr G Karim	South African	Appointed 24 April 2012
Ms S Bogatsu	South African	Appointed 24 April 2012
Mr M Simelane	South African	Appointed 24 April 2012
Advocate R Rawat	South African	Appointed 24 April 2012
Ms M Dolamo	South African	Appointed 24 April 2012

9. CORPORATE GOVERNANCE

General

The directors are committed to business integrity, transparency and professionalism in all their activities. As part of this commitment, the directors supports the highest standards of corporate governance and the ongoing development of best practice.

The company confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the company's compliance with the code on a three monthly basis.The company is working towards compliance with King III report on corporate governance.

Board of directors

The Board:
- retains full control over the company, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the company;
- is of a unitary structure comprising:
  - 9 non-executive directors, all of whom are independent directors as defined in the Code; and
  - 1 executive director up to 24 April 2012 during the current financial year.

Chairperson and Acting Chief Executive Officer

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Acting Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the Chief Executive Officer is determined by the the shareholder. The remuneration of key management and directors are disclosed in a note of the annual financial statements.

The members of the Human Resources and Remuneration Committee are Advocate R Rawat and Ms S Bogatsu.

Directors' Report

Executive meetings

The Board has met on 8 separate occasions during the financial year. The Board schedules to meet on a quarterly basis.

Non-executive directors have access to all members of management of the company.

The Chairperson attends the Risk Commitee, Audit Committee and Human Resources and Remuneration Committee as an invitee.

Name	Board Meeting	Risk committee meeting	Audit committee meeting	Human Resources and Remuneration Committee	Marketing & Education Committee meeting	Conservation Committee meeting	Planning and Oversight Committee Meeting
Prof HC Kasan (Chairperson)	10	3	1	2			5
Dr SD van der Spuy (Chief Executive Officer)	5	3	3	7	3	2	4
Mr S Snell	4	1	6				1
Mr CD Kneale	10	5				4	5
Dr J Ledger	5	5				3	3
Ms N Naidu	7	5		11	4		4
Mr R Tshikovhi	10		6	1	5		2
Ms R Morojele	7			10	4		4
Dr G Karim	3	1				1	1
Ms S Bogatsu	3			2	1		
Mr M Simelane	3						
Advocate R Rawat	3	1		3			1
Ms M Dolamo	3		2			1	
Total number of meetings held	10	6	6	14	5	4	5

Audit committee

The members of the Audit Committee are Mr S Snell (Chairperson), Mr R Tshikovhi and Ms M Dolamo who was appointed 24 April 2012. The committee met six times during the 2012 financial year to review matters necessary to fulfill its role. The independent committee members are Mr A Torres and Mr G Dunnington.

Internal audit

The company has appointed Joburg Risk and Audit Services as internal auditors. The internal auditors have performed a function that is compliant with the MFMA.

10. SPECIAL RESOLUTIONS

On 3 May 2012, The Board of Directors of The Johannesburg Zoo approved an in-principle resolution to merge with Johannesburg City Parks.

11. BANKERS

The Johannesburg Zoo banks with the Amalgamated Bank of South Africa Limited ('ABSA').

The management of the treasury function within the company is managed under the auspices of The City of Johannesburg Metropolitan Municipality Assets and Liabilities Committee and Treasury department.

12. AUDITORS

Auditor-General: South Africa will continue in office in compliance with the Public Audit (Act No 25 of 2004), section 92 of the MFMA and section 270(2) of the Companies Act.

Directors' Report

13. SECRETARY

The secretary of the entity is Ms H Feuerbach of:

Business address	
	The Johannesburg Zoo Parkview 2193
Postal address	
	Private Bag X13 Parkview 2122

14. CONTROLLING ENTITY

The entity's controlling entity is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

15. COMPANIES ACT

The Companies Act, 2008 (Act 71 of 2008) became effective on 1 May 2011 as per proclamation R. 32 published in Government Gazette 34239 on 26 April 2011. The Companies Act, 2008 repealed the whole of the Companies Act, 1973 (Act 61 of 1973), except for Chapter 14 in as far as it deals with the liquidation and winding-up of insolvent companies.

In term of Item 4(1)(a) of Schedule 5 (Transitional Arrangements) to the Companies Act, 2008, the company is deemed to have amended its Memorandum of Incorporation as of the general effective date to expressly state that it is a non-profit company, and to have changed its name in so far as required to comply with section 11 (3). Therefore, as from 1 May 2011, the name of the company is The Johannesburg Zoo NPC.

All references to the Companies Act in these annual financial statements are to the Companies Act, 2008, unless otherwise indicated.

Ms L Gordon (Acting Chief Executive Officer)

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Ms H Feuerbach
Company Secretary

The Johannesburg Zoo NPC
31 October 2012

The Johannesburg Zoo NPC
(Registration number 2000/022951/08)
Trading as Johannesburg Zoo
Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Inventories	3	669 553	666 773
Loans to shareholders	4	15 809 093	16 495 458
Receivables from exchange transactions	5	542 279	1 902 434
VAT receivable		100 019	148 476
Cash and cash equivalents	6	846 777	21 666
		17 967 721	**19 234 807**
Non-Current Assets			
Zoo animals (purchased and donated)	7	17 878 691	18 674 629
Property plant and equipment	8	4 160 603	5 898 151
Intangible assets	9	334 217	402 581
		22 373 511	**24 975 361**
Non-Current Assets		22 373 511	24 975 361
Current Assets		17 967 721	19 234 807
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		**40 341 232**	**44 210 168**
Liabilities			
Current Liabilities			
Finance lease obligation	10	510 122	356 082
Payables from exchange transactions	11	9 126 318	11 367 587
Provisions	12	2 933 151	2 740 727
Bank overdraft	6	-	71 780
		12 569 591	**14 536 176**
Non-Current Liabilities			
Finance lease obligation	10	1 661 607	2 171 380
Retirement benefit obligation	13	5 639 481	7 155 000
		7 301 088	**9 326 380**
Non-Current Liabilities		7 301 088	9 326 380
Current Liabilities		12 569 591	14 536 176
Liabilities of disposal groups		-	-
Total Liabilities		**19 870 679**	**23 862 556**
Assets		40 341 232	44 210 168
Liabilities		(19 870 679)	(23 862 556)
Net Assets		**20 470 553**	**20 347 612**
Net Assets			
Contribution from shareholders		1 859 714	1 859 714
Accumulated surplus		18 610 839	18 487 898
Total Net Assets		**20 470 553**	**20 347 612**

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Service charges	32	17 531 898	16 917 219
Rental of facilities and equipment	33	1 577 497	1 476 132
Interest received		530 082	418 066
Government grants	30	42 932 967	40 370 000
Other revenue		2 551 079	2 980 903
Gains on disposal of assets		1 148 151	518 613
Total Revenue		**66 271 674**	**62 680 933**
Expenditure			
Employee costs	21	(42 987 286)	(41 022 695)
Depreciation, amortisation and impairments		(2 663 623)	(2 910 063)
Interest expense	19	(348 174)	(291 459)
Bad debts		(11 626)	25 593
Repairs and maintenance		(2 272 554)	(1 717 122)
Contracted services	34	(5 663 814)	(5 128 603)
General Expenses	29	(12 201 656)	(12 756 031)
Total Expenditure		**(66 148 733)**	**(63 800 380)**
Revenue		66 271 674	62 680 933
Expenditure		(66 148 733)	(63 800 380)
Other		-	-
Surplus (deficit) for the year		**122 941**	**(1 119 447)**

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Accumulated surplus	Total equity
Balance at 01 July 2010		**1 859 714**	**19 607 345**	**21 467 059**
Changes in net assets				
Deficit for the year		-	(1 119 447)	(1 119 447)
Total changes		-	(1 119 447)	(1 119 447)
Opening balance as previously reported		1 859 714	18 947 671	20 807 385
Adjustments				
Prior year adjustments	18	-	(459 773)	(459 773)
Balance at 01 July 2011 as restated		**1 859 714**	**18 487 898**	**20 347 612**
Changes in net assets				
Surplus for the year		-	122 941	122 941
Total changes		-	122 941	122 941
Balance at 30 June 2012		**1 859 714**	**18 610 839**	**20 470 553**

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		22 808 854	21 892 867
Government grant		42 932 967	40 370 000
Interest income		530 082	418 066
		66 271 903	62 680 933
Payments			
Employee costs		(42 987 286)	(41 022 695)
Suppliers		(23 456 565)	(14 939 306)
Interest expense		(97 590)	(5 302)
		(66 541 441)	(55 967 303)
Total receipts		66 271 903	62 680 933
Total payments		(66 541 441)	(55 967 303)
Undefined difference compared to the cash generated from operations note		**-**	**2**
Net cash flows from operating activities	16	**(269 538)**	**6 713 632**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment	8	(23 307)	(2 522 765)
Proceeds from sale of property plant and equipment		-	104 021
Proceeds from sale of other intangible assets	9	-	6 730
Purchase of zoo animals (purchased and donated)	7	(38 691)	-
Proceeds from sale of other asset 1		1 148 380	518 612
Net cash flows from investing activities		**1 086 382**	**(1 893 402)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of shareholders loan		686 365	(5 714 769)
Finance lease payments		(606 317)	852 124
Net cash flows from financing activities		**80 048**	**(4 862 645)**
Net increase/(decrease) in cash and cash equivalents		**896 892**	**(42 415)**
Cash and cash equivalents at the beginning of the year		(50 114)	(7 700)
Cash and cash equivalents at the end of the year	6	**846 778**	**(50 115)**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

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

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Effective interest rate

The Company used the interest rate of 5.63% for the 2012 financial year (2011: 5.59%) to discount future cash flows.

1.2 Zoo animals (purchased and donated)

Items of Zoo animals are recognised as assets when it is probable that:

- the company controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the company; and
- the fair value or cost of the asset can be measured reliably.

Animals are accounted for in terms of GRAP17. The majority of animals are received as donations and transfers from other similar institutions for no consideration or from procreation. These assets are recorded at a deemed cost, and are depreciated accordingly. -

Market determined prices or values are not available for certain animals due to lack of market because they are not commodities, as well as restrictions on trade of exotic animals which precludes the determination of a fair value.

The Johannesburg Zoo also acquires animals through supply chain processes and these newly acquired animals are carried at cost less accumulated depreciation and any impairment losses. The offspring of newly acquired animals shall be recorded at a deemed cost and will also be depreciated accordingly.

The longevity of animals has been assessed as follows:

Amphibia	4 – 16 years
Arachnida	2 – 20 years
Aves	4 – 64 years
Mammalia	6 – 64 years
Pisces	1 – 35 years
Reptilia	7 – 80 years
Insecta	4 years

Accounting Policies

1.3 Property plant and equipment

The cost of an item of property plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property plant and equipment is initially measured at cost.

The cost of an item of property plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components 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.

Costs include costs incurred initially to acquire or construct an item of property plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment, the carrying amount of the replaced part is derecognised.

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

Depreciation of an asset begins when it 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. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

The useful lives of items of property plant and equipment have been assessed as follows:

Item	**Average useful life**
Plant and machinery	6 - 10 years
Furniture and fixtures	10 years
Motor vehicles	10 years
IT equipment	3 years
Operating software	8 years

The useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Accounting Policies

1.3 Property plant and equipment (continued)

Items of property plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the company; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and comprise of software.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The computer software that forms an integral part of the computer equipment is included in the note on Plant and equipment and accounted for in terms of GRAP 17.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software (application)	8 years

1.5 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Loans to (from) shareholder

These loans are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment 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.

Impairment losses are reversed in subsequent periods when an increase in the investment’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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Accounting Policies

1.5 Financial instruments (continued)

Receivables from exchange transactions

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.

When a trade receivable is uncollectable, it is written off against the impairment allowance. Subsequent recoveries of amounts previously written off are credited to the statement of financial performance.

Payables from exchange transactions

Trade payables are initially measured at fair value, 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. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.6 Leases

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.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standard of GRAP on Property, Plant and Equipment and the International Accounting Standard on Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are 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 revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Accounting Policies

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or

Accounting Policies

1.8 Impairment of assets (continued)

(b) the number of production or similar units expected to be obtained from the asset by the entity.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains or losses are recognised in the period that they occur.

Surplus or deficits on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

Virtually certain reimbursements by the CJMM for some or all of the expenditure required to settle a defined benefit obligation are recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Accounting Policies

1.9 Employee benefits (continued)

The majority of the company employees are members of various defined benefit plans, the assets of which are held in separate trustee-administrated funds. These retirement funds are generally funded by payments from employees, the company and The City of Johannesburg Metropolitan Municipality.

The defined benefit obligation is calculated annually by independent actuaries using the projected credit method.

For defined benefit plans, the accounting costs are assessed and charged to the statement of financial performance.The obligation is measured at the present value of the estimated future cash flows using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

Actuarial gains and losses are charged to the statement of financial performance as the cost occur.

Other post retirement obligations

The company provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The company also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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 company settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating deficits.

If a company has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised, they are disclosed.

Accounting Policies

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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 company 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 financial performance (separately).

Repayment of a grant related to income is applied first in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipal entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue from the provision of a service and the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a company either receives value from another company without directly giving approximately equal value in exchange, or gives value to another company without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Accounting Policies

1.16 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

2. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior years.

3. INVENTORIES

Stationery	67 720	65 696
Maintenance materials	52 108	15 458
Food and Beverage	331 833	312 444
Fuel (Diesel, Petrol)	29 311	47 027
Stores, materials and fuels	55 136	40 476
Vet Supplies	133 445	185 672
	669 553	**666 773**

Inventory consists of consumables which will be utilized by the company in their daily business operations. Inventory is recorded at cost.

Notes to the Annual Financial Statements

Figures in Rand		2012	2011

4. LOANS TO SHAREHOLDER

City of Johannesburg Metropolitan Municipality - Capex loans		4 138 288	4 541 679
City of Johannesburg Metropolitan Municipality - Sweeping account		11 670 805	11 953 779
		15 809 093	**16 495 458**

4.2. City of Johannesburg Metropolitan Municipality - Capex claim

Capex claim movement for the year

Balance at the beginning of the year		4 541 679	4 510 887
Payments received		(5 763 764)	(7 639 355)
Capex claim submitted		5 360 373	7 670 147
Balance at end of year		**4 138 288**	**4 541 679**

Capex amount to be claimed from The City of Johannesburg Metropolitan Municipality.

4.3. City of Johannesburg Metropolitan Municipality - Sweeping account

Sweeping account movement for the year

Balance at beginning of year		11 953 779	6 269 802
(Decrease)/Increase in sweeping account		(282 974)	5 683 977
Balance at end of year		**11 670 805**	**11 953 779**

The sweeping account is the accumulated balance of Johannesburg Zoo's bank account that is cleared on a daily basis by The City of Johannesburg Metropolitan Municipality. The account bears interest at the repo rate, compounded daily.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors		505 694	835 022
Provision of Bad Debts		(2 826)	(4 614)
Related party debtors	17	53 496	1 066 323
Adjustment to fair value at amortised cost		(14 085)	5 703
		542 279	**1 902 434**

Trade and other receivables past due but not written off

Trade and other receivables which are more than 120 days past due are not written off. At 30 June 2012, R110 427 (2011: R183 069) were past due but not impaired.

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

> 90 days		380	182 993
>120 days		110 047	76

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Trade receivables ageing

Current	4 455 266	503 106
>30 days	34 952	137 000
>60 days	78 841	2 071
>90 days	380	4 352
>120 days	21 473	1 924
>150 days	36 179	76
>180 days	5 878	181 994
Over 6 months	46 516	12 395

Reconciliation of provision for impairment of trade and other receivables

Opening balance	4 614	30 206
Unused amounts reversed	(1 788)	(25 592)
	2 826	**4 614**

There is a policy in respect of bad debts in place. Bad debts may only be written off after the company has convinced itself that the debts are irrecoverable based on the existing bad debts policy.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	162 340	21 666
Bank balances	684 437	-
Bank overdraft	-	(71 780)
	846 777	**(50 114)**

Current assets	846 777	21 666
Current liabilities	-	(71 780)
	846 777	**(50 114)**

The Company has a sweeping arrangement with The City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to The City of Johannesburg Metropolitan Municipality's bank account. Petty Cash is reflected as being on hand. The cash owed by the company to The City of Johannesburg Metropolitan Municipality is reflected as an amount payable to the shareholder. The Johannesburg Zoo has a second bank account which is a 'special purpose' account called the Max Trust Account. This account comprises donations from donors to bronze a statue of Max the Gorilla for the Zoo.

7. ZOO ANIMALS (PURCHASED AND DONATED)

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Zoo animals	19 549 807	(1 671 116)	17 878 691	19 511 114	(836 485)	18 674 629

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

7. ZOO ANIMALS (PURCHASED AND DONATED) (continued)

Reconciliation of zoo animals (purchased and donated) - 2012

	Opening balance	Additions	Depreciation	Total
Zoo animals	18 674 629	38 691	(834 629)	17 878 691

Reconciliation of zoo animals (purchased and donated) - 2011

	Opening balance	Depreciation	Total
Zoo animals	19 508 653	(834 024)	18 674 629

Non - Financial information

Quantities of animals

	2012	2011
Mammals	674	667
Aves	628	613
Reptilia	190	155
Amphibia	287	171
Insecta	4	5
Pisces	164	188
Arachnida	12	13
Crustacea	-	6
	1 959	**1 818**

8. PROPERTY PLANT AND EQUIPMENT

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	3 241 590	(2 038 272)	1 203 318	3 218 282	(1 779 684)	1 438 598
Furniture and fixtures	1 358 471	(800 303)	558 168	1 358 983	(656 058)	702 925
Motor vehicles	3 571 950	(1 883 415)	1 688 535	3 571 949	(1 502 835)	2 069 114
IT equipment	828 431	(791 634)	36 797	831 933	(642 767)	189 166
Computer software	58 297	(56 227)	2 070	58 297	(49 752)	8 545
Leased Assets	2 454 255	(1 782 540)	671 715	2 454 255	(964 452)	1 489 803
Total	**11 512 994**	**(7 352 391)**	**4 160 603**	**11 493 699**	**(5 595 548)**	**5 898 151**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

8. PROPERTY PLANT AND EQUIPMENT (continued)

Reconciliation of property plant and equipment - 2012

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Plant and machinery	1 438 598	23 307	-	-	(258 587)	1 203 318
Furniture and fixtures	702 925	-	(180)	-	(144 577)	558 168
Motor vehicles	2 069 114	-	-	20 954	(401 533)	1 688 535
IT equipment	189 166	-	(49)	(20 954)	(131 366)	36 797
Computer software	8 545	-	-	-	(6 475)	2 070
Leased Assets	1 489 803	-	-	-	(818 088)	671 715
	5 898 151	**23 307**	**(229)**	**-**	**(1 760 626)**	**4 160 603**

Reconciliation of property plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	1 030 143	773 796	(1 276)	(364 065)	1 438 598
Furniture and fixtures	801 004	44 196	(212)	(142 063)	702 925
Motor vehicles	2 853 930	65 000	(396 205)	(453 611)	2 069 114
IT equipment	317 917	43 682	-	(172 433)	189 166
Computer software	17 247	-	-	(8 702)	8 545
Leased Assets	977 902	1 596 091	(219 170)	(865 020)	1 489 803
	5 998 143	**2 522 765**	**(616 863)**	**(2 005 894)**	**5 898 151**

Other information

Property, plant and equipment fully depreciated and still in use (Cost)

	2012	2011
Plant and machinery	871 044	-
IT equipment	192 098	-
Computer software	31 554	-
	1 094 696	**-**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Notes to the Annual Financial Statements

Figures in Rand

9. INTANGIBLE ASSETS

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	547 168	(212 951)	334 217	547 168	(144 587)	402 581

Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Computer software	402 581	(68 364)	334 217

Reconciliation of intangible assets - 2011

	Opening balance	Disposals	Amortisation	Total
Computer software	479 461	(6 730)	(70 150)	402 581

Notes to the Annual Financial Statements

Figures in Rand		2012	2011

10. FINANCE LEASE OBLIGATION

Minimum lease payments due			
- within one year		697 266	606 318
- in second to fifth year inclusive		1 963 389	2 660 655
		2 660 655	3 266 973
less: future finance charges		(488 926)	(739 512)
Present value of minimum lease payments		**2 171 729**	**2 527 461**

Present value of minimum lease payments due			
- within one year		510 122	356 082
- in second to fifth year inclusive		1 661 607	2 171 380
		2 171 729	**2 527 462**

Non-current liabilities		1 661 607	2 171 380
Current liabilities		510 122	356 082
		2 171 729	**2 527 462**

It is company policy to lease certain equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 12% (2011: 12%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The entity has not defaulted on any of its interest capital repayments during the year, and none of terms and conditions of the finance leases were re-negotiated.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables		2 397 900	5 105 537
Payments received in advance		283 085	704 022
Payroll creditors		1 015 588	1 602 439
Accruals		1 067 469	487 523
Credit Card		-	22 617
Related party creditor	17	4 427 044	3 487 235
Adjustment for fair value at amortised cost		(64 768)	(41 786)
		9 126 318	**11 367 587**

The carrying amounts of the financial liabilities approximates their fair value due.

The accounting policies for the financial instruments have been applied to the line items below:

Payments received in advance relates to the following:

- Donation for the Wattled Crane Project of R145 068
- Donation from The Mackenzie Foundation R60 650
- Deferred annual pass income of R76 490
- Venue deposit received from a customer of R877

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

12. PROVISIONS

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised/paid during the year	Reversed during the year	Total
Staff 13th cheques	1 373 335	1 721 711	(1 936 513)	-	1 158 533
Leave pay	1 367 392	530 800	(123 575)	-	1 774 617
Other Provisions	-	-	-	1	1
	2 740 727	**2 252 511**	**(2 060 088)**	**1**	**2 933 151**

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Staff 13th cheques	1 112 332	2 030 618	(1 769 615)	-	1 373 335
Leave pay	2 393 994	1 694 740	(2 721 342)	-	1 367 392
Other Provisions	360 572	-	-	(360 572)	-
	3 866 898	**3 725 358**	**(4 490 957)**	**(360 572)**	**2 740 727**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

13. EMPLOYEE BENEFIT OBLIGATIONS

13.1 Defined benefit plan

The defined benefit plan to which the Johannesburg Zoo belongs is governed by the Pension Fund Act of 1956.

These funds are subject to an annual actuarial valuation. The last valuation was performed on 30 June 2012. These valuations indicate that the funds are in a sound financial position. The liability and fund in this respect will in the long-term be reduced to a nil balance.

The actuarial valuations were done by Independent Actuarial Consultants, an independent post retirement plan administrator and they determined that the retirement plan was in a sound financial position., taking into account the notional loan account receivable from The City of Johannesburg Metropolitan Municipality.

Post-retirement liability

	2012	2011
Post-Retirement Medical Aid Plan	(777 782)	(2 266 000)
Post-Retirement Housing Subsidy Plan	(258 000)	(342 000)
Retirement Gratuity Plan	(4 603 698)	(4 547 000)
Undefined Difference	**(1)**	**-**
	(5 639 480)	**(7 155 000)**

13.1.1 Post retirement medical aid plan

The Johannesburg Zoo NPC has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. Only pensioners and employees who were aged 50 or older and were members of Lamaf.

The Johannesburg Zoo NPC provides medical aid in respect of certain qualifying staff members.

The above liabilities are unfunded. However, Johannesburg Zoo has undertaken to cover such portion of the liability for the staff of The Johannesburg Zoo NPC who are entitled to benefits that relates to their service with the City of Johannesburg Metropolitan Council since the company was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earned interest and against which the company may claim benefit payments made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the company.

City of Johannesburg Metropolitan Council paid the full Notional Accounts balances as at 30 June 2009 during the period since the last valuation, with no interest.

The Johannesburg Zoo operates on 4 accredited medical aid schemes, namely Sizwe, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Movements for the year

	2012	2011
Opening balance	(2 266 000)	(2 011 000)
Benefits paid	25 218	-
Net expense recognised in the statement of financial performance	1 463 000	(255 000)
	(777 782)	**(2 266 000)**

Net expense recognised in the statement of financial performance

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

13. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Current service cost	-	(15 000)
Interest cost	(195 000)	(182 000)
Actuarial gains(losses)	1 658 000	(58 000)
	1 463 000	**(255 000)**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

13. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

The principal actuarial assumptions used were as follows: 30 June 2012.

Discount rates used	8,60 %	8,60 %
Expected rate of return on assets	8,60 %	8,60 %
Rate of increase in employer post-retirement medical contribution subsidy payments	6,70 %	7,10 %
Expected increase in salaries	6,70 %	5,60 %

Other assumptions.

Age of spouse - Husbands 5 years older than wives.

Mortality of in-service members - In accordance with the SA 85-90 (Light) ultimate table (rated down 3 years for females)

Mortality of pensioners - In accordance with the PA(90) ultimate male and female tables

The expected effect of AIDS was taken into account by using the Actuarial Society of South Africa's ASSA2000lite AIDS model.

13.1.2 Post retirement housing subsidy plan

The Johannesburg Zoo provides housing subsidies in respect of certain qualifying staff members. In the event that the housing loan that the subsidy related to is not fully repaid at retirement date, the subsidy will continue into the members' retirement. The subsidy amount is based on the subsidy being received at the date of valuation. The subsidy amount is assumed to remain constant and to continue for a period of 5 years after retirement.

The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of The Johannesburg Zoo NPC who are entitled to benefits that relates to their service with the CJMM since the The Johannesburg Zoo NPC was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earned interest against which the company may claim benefit payments made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the The Johannesburg Zoo NPC.

City of Johannesburg paid the full Notional Accounts balances as at 30 June 2009 during the period since the last valuation, with no interest.

Movements for the year

Opening balance	(342 000)	(30 000)
Net expense recognised in the statement of financial performance	84 000	(312 000)
	(258 000)	**(342 000)**

Net expense recognised in the statement of financial performance

Current service cost	(1 000)	(1 000)
Interest cost	(2 000)	(3 000)
Actuarial gains(losses)	87 000	(308 000)
	84 000	**(312 000)**

Figures in Rand	2012	2011

13. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

Assumptions used on last valuation on 30 June 2012.

Discount rates used	8,60 %	8,60 %
Expected rate of return on assets	8,60 %	8,60 %

Other assumptions.

13.1.3 Post retirement gratuity plan

The Johannesburg Zoo NPC provides gratuities on retirement or prior death in respect of certain qualifying staff members who have service with The City of Johannesburg Metropolitan Municipality or The Johannesburg Zoo NPC when they were not members of one of the retirement funds and who meet certain service requirements in terms of The City of Johannesburg Metropolitan Municipality's conditions of employment. The gratuity amount is based on 1 month's salary per year of non-retirement funding service.

The above liability is unfunded. However, The City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of The Johannesburg Zoo NPC who are entitled to benefits that relates to their service with the The City of Johannesburg Metropolitan Municipality since the company was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earned interest and against which the company may claim benefit payments, made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the The Johannesburg Zoo NPC.

City of Johannesburg paid the full Notional Accounts balances as at 30 June 2009 during the period since the last valuation, with no interest.

The plan is a post-retirement gratuity benefit plan.

The amounts recognised in the Statement of Financial Position were determined as follows:

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(4 547 000)	(4 003 000)
Benefits paid	527 301	334 000
Net expense recognised in the statement of financial performance	(584 000)	(878 000)
Closing balance	**(4 603 699)**	**(4 547 000)**

Net expense recognised in the statement of financial performance

Interest cost	(391 000)	(362 000)
Actuarial losses	(193 000)	(516 000)
Total included in employee related costs	**(584 000)**	**(878 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8,60 %	8,60 %
Expected rate of return on assets	8,60 %	8,60 %
Expected increase in salaries	6,70 %	5,60 %

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

13. EMPLOYEE BENEFIT OBLIGATIONS (continued)

13.2 Defined contribution plan

The company is under no obligation to cover any unfunded benefits.

The Johannesburg Zoo provides post-employment benefits to all their permanent employees through two funds

Defined Contribution Funds:
- The Johannesburg Zoo Pension Fund
- e-Joburg Retirement Fund.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plan(s) as a defined benefit plan(s). The entity accounted for this (these) plan(s) as a defined contribution plan(s):

14. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2012

	Loans and receivables	Total
Loans to shareholders	15 809 093	15 809 093
Trade and other receivables	542 279	542 279
	16 351 372	**16 351 372**

2011

	Loans and receivables	Total
Loans to shareholders	16 495 458	16 495 458
Trade and other receivables	1 893 231	1 893 231
	18 388 689	**18 388 689**

15. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2012

	Financial liabilities at amortised cost	Total
Trade and other payables	9 126 316	9 126 316
Finance lease obligation	2 171 729	2 171 729
	11 298 045	**11 298 045**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

15. FINANCIAL LIABILITIES BY CATEGORY (continued)

2011

	Financial liabilities at amortised cost	Total
Trade and other payables	9 248 927	9 248 927
Bank overdraft	(50 114)	(50 114)
Finance lease obligation	2 527 462	2 527 462
	11 726 275	**11 726 275**

16. CASH (USED IN) GENERATED FROM OPERATIONS

	2012	2011
Surplus (deficit)	122 941	(1 119 447)
Adjustments for:		
Depreciation and amortisation	2 663 623	2 910 063
Loss on sale of assets and liabilities	(1 148 136)	(5 773)
Finance costs - Finance leases	250 584	286 157
Debt impairment	11 626	(25 593)
Movements in retirement benefit assets and liabilities	(1 515 520)	1 111 000
Movements in provisions	192 423	(1 126 171)
Changes in working capital:		
Inventories	(2 780)	(11 327)
Receivables from exchange transactions	1 360 155	(482 086)
Trade debtors	(11 626)	25 593
Prepayments	-	33 165
Payables from exchange transactions	(2 241 285)	6 141 072
VAT	48 457	(1 023 021)
	(269 538)	**6 713 632**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

17. RELATED PARTIES

Relationships	
Directors	Refer to directors report note
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other members of the group	City Housing Company SOC Ltd
	City of Joburg Property Company SOC Ltd
	City of Johannesburg Metropolitan Municipality
	City Power Johannesburg SOC Ltd
	Johannesburg City Parks NPC
	Johannesburg Development Agency SOC Ltd
	Johannesburg Metropolitan Bus Services SOCLtd
	Johannesburg Roads Agency SOC Ltd
	Johannesburg Tourism Company NPC
	Johannesburg Water SOC Ltd
	Metropolitan Trading Company SOC Ltd
	Pikitup Johannesburg SOC Ltd
	Roodepoort City Theatre
	The Johannesburg Civic Theatre SOC Ltd
	The Johannesburg Fresh Produce Market SOC Ltd
	Greater Newtown Development Company SOC Ltd
	Constitutional Hill Development Company SOC Ltd

Related party balances

	2012	2011
Loan accounts - Owing (to) by related parties		
City of Johannesburg Metropolitan Municipality	11 670 805	11 953 778
Amounts included in Trade Receivable regarding related parties		
City of Johannesburg Property Company SOC Ltd	4 150	4 916
Johannesburg City Parks NPC	30 446	30 388
City Power Johannesburg SOC Ltd	10 000	-
City of Johannesburg Metropolitan Municipality	11 900	1 031 019
Amounts included in Trade Payable regarding related parties		
City Power Johannesburg SOC Ltd	-	3 800
City of Johannesburg Metropolitan Municipality	4 397 008	3 378 241
Johannesburg City Parks NPC	-	11 875
The Johannesburg Fresh Produce Market SOC Ltd	29 762	93 319

Related party transactions

	2012	2011
Sales to related parties		
City of Johannesburg Metropolitan Municipality	42 947 367	40 714 686
City of Johannesburg Property Company SOC Ltd	41 008	48 228
Johannesburg City Parks NPC	281 204	245 230
	43 269 579	**41 008 144**
Purchases from related parties		
City Power Johannesburg SOC Ltd	-	3 800
City of Johannesburg Metropolitan Municipality	3 254 181	3 892 125
The Johannesburg Fresh Produce Market (Pty) Ltd	549 931	-

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

17. RELATED PARTIES (continued)

	3 804 112	**3 895 925**

18. PRIOR PERIOD ERRORS

Amount of R435 167 relates to understated payroll related expense and liability in the 2010/2011 period.

Amount of R25 042 relates to an understated expense and liability in the 2010/2011 period.

Amount of R439 relates to understated income and VAT receivable in the 2010/2011 period.

Amount of R19 437 571 for prior year 2010/2011 relates to Zoo Animals previously accounted for at a Nominal Value and now Accounted for at a Deemed Value.

Amount of R831 078 relates to Depreciation raised on the Zoo Animals accounted for at the Deemed value in period 2010/2011.

The correction of the error results in adjustments as follows:

Statement of financial position

Net increase in trade and other payables	-	460 209
Increase in trade and other payables	-	439
ZOO - Increase in Accumulated depreciation	-	831 078
	-	**1 291 726**

Statement of financial performance

ZOO - Depreciation	-	831 078

19. INTEREST EXPENSE

Finance leases	250 584	286 157
Fair value adjustments on payables	97 521	4 808
Other interest paid	69	494
	348 174	**291 459**

20. AUDITORS' REMUNERATION

Fees	651 896	531 661

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

21. EMPLOYEE RELATED COSTS

Employee related costs : Salaries and wages	28 874 079	32 613 391
Housing benefits and allowances	197 624	218 301
Overtime payments	1 312 815	1 151 365
Bonus	2 482 019	2 071 408
Travel, motor car, accommodation, subsistence and other allowances	265 898	324 833
UIF	457 061	222 291
WCA	378 011	292 650
SDL	414 550	277 783
Other payroll levies	3 809 418	-
Pension costs	4 432 579	2 574 638
Leave pay	1 010 832	(430 870)
Post-employment benefits - Pension - Defined contribution plan	(963 000)	1 444 681
Long-service awards	48 756	128 643
Acting allowances	188 307	66 313
Transport allowance (bus coupons)	78 337	67 268
	42 987 286	**41 022 695**

Remuneration of Chief Executive Officer

Annual Remuneration	494 913	978 057
Performance Bonuses	107 682	-
Contributions to Pension Fund	120 618	156 581
Contributions to UIF and Medical	25 470	33 432
Leave Payout	190 658	-
	939 341	**1 168 070**

The Chief Executive Officer resigned on 31 March 2012.

Remuneration of Chief Finance Officer

Annual Remuneration	536 429	528 449
Performance Bonuses	87 093	-
Contributions to Pension Fund	96 448	85 933
Contributions to UIF and Medical	21 051	10 812
	741 021	**625 194**

Remuneration of Executive Manager: Research and Conservation

Annual Remuneration	406 349	391 636
Performance Bonuses	81 078	-
Contributions to Pension Fund	73 486	63 561
Contributions to UIF and Medical	31 091	25 446
	592 004	**480 643**

Remuneration of Executive Manager: Human Resources

Annual Remuneration	176 651	532 930
Performance Bonuses	64 053	-
Contributions to Pension Fund	24 245	83 186
Contributions to UIF and Medical	5 437	17 982

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

21. EMPLOYEE RELATED COSTS (continued)

	270 386	**634 098**

The Executive Manager Human Resources resigned on 30 September 2011.

Remuneration of Executive Manager: Technical

Annual Remuneration	526 892	466 386
Performance Bonuses	88 116	-
Contributions to Pension Fund	100 333	80 478
Contributions to UIF and Medical	54 695	47 040
	770 036	**593 904**

Remuneration of Executive Manager: Marketing and Education

Annual Remuneration	573 369	541 206
Performance Bonuses	104 629	-
Contributions to Pension Fund	97 208	85 017
Contributions to UIF	2 495	1 497
	777 701	**627 720**

Remuneration earned by Executive Manager Marketing and Education includes acting allowance for the Chief Executive Officer position since 1 April 2012.

Remuneration of Executive Manager: Horticulture

Annual Remuneration	356 255	351 439
Performance Bonuses	46 395	-
Contributions to Pension Fund	68 210	59 199
Contributions to UIF and Medical	41 711	34 134
	512 571	**444 772**

Remuneration of Executive Manager: Animal Department

Annual Remuneration	459 649	447 070
Performance Bonuses	55 539	-
Contributions to Pension Fund	79 880	70 114
Contributions to UIF	2 495	1 497
	597 563	**518 681**

Remuneration of Company Secretary

Annual Remuneration	471 259	400 856
Performance Bonuses	80 860	28 974
Contributions to Pension Fund	80 156	63 744
Contributions to UIF and Medical	2 495	1 497
	634 770	**495 071**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

22. DIRECTORS EMOLUMENTS

Non-executive

2012

	Directors fees	Total
Prof HC Kasan (Chairperson)	330 543	330 543
Mr S Snell	101 741	101 741
Mr CD Kneale	144 911	144 911
Dr J Ledger	96 752	96 752
Ms N Naidu	206 310	206 310
Mr R Tshikovhi	171 139	171 139
Ms R Morojele	153 163	153 163
Dr G Karim	24 050	24 050
Ms S Bogatsu	26 058	26 058
Mr M Simelane	10 019	10 019
Advocate R Rawat	36 073	36 073
Ms M Dolamo	10 019	10 019
	1 310 778	**1 310 778**

2011

	Directors fees	Total
Prof HC Kasan (Chairperson)	184 268	184 268
Mr S Snell	151 281	151 281
Mr CD Kneale	79 804	79 804
Dr J Ledger	112 050	112 050
Ms N Naidu	116 941	116 941
Mr R Tshikovhi	87 708	87 708
Ms R Morojele	137 236	137 236
Ms P Mosupye	20 236	20 236
Ms I Jacobs	25 271	25 271
	914 795	**914 795**

23. COMMITMENTS

Commitments in respect of capital expenditure:

Authorised and contracted for

	2012	2011
• Property, plant and equipment	700 000	5 500 000

The committed expenditure relates to construction of buildings and enclosures on the Johannesburg Zoo premises. A budget has been submitted and approved by The City of Johannesburg Metropolitan Municipality in this respect. This capital expenditure is to be financed from internally generated funds as well as from shareholder loans and capital expenditure funding from The City of Johannesburg Metropolitan Municipality

This expenditure will be financed from:

	2012	2011
External Loans	700 000	5 500 000

24. GOING CONCERN

A final decision has been made to merge the Johannesburg Zoo with another entity, in terms of Section 113 and 116 of the Companies Act, 2008. The merger will see the business of the Johannesburg Zoo being intergrated into the merged entity and the proposed efffective date of the merger is 1 January 2013.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

25. RISK MANAGEMENT

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide services to the public.

The capital structure of the company consists of cash and cash equivalents disclosed in note 7.

There are no externally imposed capital requirements.

There have been no changes to what the company manages as capital.

Financial risk management

This note presents information about the company's exposure to credit, liquidity and market risk, the companies objectives and the policies and procedures for managing risk.

The Board has established the Risk Management Committee, which is responsible for developing and monitoring the companies risk management policies.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as the fall due. The company's approach to managing liquidity is to ensure , as far as possible, that it will always have sufficient liquidity when due.The table below analyses the companies financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

Interest rate risk

Market risk is the risk that changes in market prices, such as interest rates that will effect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within accept able limits.

The company’s interest rate risk arises from long-term borrowings consisting of Loans from members and Finance Lease Obligations. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables. Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

There is an established credit policy under which each new customer is evaluated individual for creditworthiness. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Loans to shareholders	15 809 093	16 495 458
Trade and other receivables	542 279	1 893 231
Cash and cash equivalents	846 777	50 114

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

26. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	129 260
Approved by Council or condoned	-	(129 260)
Fruitless and wasteful expenditure incurred in prior years and awaiting condonement by council	1 114 976	1 114 976
	1 114 976	**1 114 976**

The fruitless and wasteful expenditure relates to prepayment to supplier for the supply and installation of the acrilycs panels for the Temple of Ancient project. The supplier did not deliver in terms of the prepayment made. Legal advice was sort resulting in a recommendation that pursuing this would be fruitless. Now awaiting condonement by Council.

27. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

In the financial year under review goods were procured in a manner that deviated from the Supply Chain Management Regulations . The reasons for these deviations will be investigated and reported to the directors, who will considered them and make relevant decisions accordingly.

Deviation from normal procurement processes

Tax Clearance Certificates not supplied	265 716	-
Declarations to declare interest not submitted	207 217	-
Procurement without 3 quotations	29 163	-
	502 096	**-**

28. OVERSPENDING OF THE ENTITY'S BUDGET AS PER MFMA, SECTION 101(1)(III)

Reconciliation of unauthorised expenditure

Opening balance	740 094	-
Unauthorised expenditure current year	-	740 094
	740 094	**740 094**

The operating budget for the prior year (2010/11) was exceeded by R740 094 (1%). The overspending was mainly as a result of the capitalisation of newly acquired leased assets. The unauthorised expenditure is awaiting condonement by Council

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

29. GENERAL EXPENSES

Advertising	617 516	864 591
Bank charges	105 549	87 885
Consulting and professional fees	273 156	154 266
Entertainment	7 427	17 428
Animal Costs	4 686 434	4 404 291
Gifts	25 093	45 440
Insurance	243 980	310 454
Conferences and seminars	24 760	55 588
Marketing	12 458	62 446
Horticulture	58 547	69 327
Motor vehicle expenses	18 107	5 686
Fuel and oil	570 898	425 761
Printing and stationery	264 259	239 743
Protective clothing	-	282 072
Software expenses	116 819	-
Staff welfare	153 834	177 153
Subscriptions and membership fees	-	62 651
Telephone and fax	172 739	179 409
Training	336 432	315 370
Travel - local	29 258	69 554
Travel - overseas	47 252	67 682
Assets expensed	6 891	77 991
Electricity	2 172 578	1 674 580
Water	551 386	1 689 015
Refuse	-	281 323
Farm expenses	339 305	436 726
Study Loans	92 877	98 930
Cashiers Variances - Unders	33 105	40 503
Veterinary department	844 621	445 740
Venue expenses	10 012	35 055
Other expenses	386 363	79 371
	12 201 656	**12 756 031**

30. GOVERNMENT GRANTS AND SUBSIDIES

Grants from shareholders : City of Johannesburg Metropolitan Council	42 932 967	40 370 000

31. REVENUE

Service charges	17 531 898	16 917 219
Rental of facilities & equipment	1 577 497	1 476 132
Interest received – trading	530 082	418 066
Government grants	42 932 967	40 370 000
Other revenue	2 551 079	2 980 903
	65 123 523	**62 162 320**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

31. REVENUE (continued)

The amount included in revenue arising from exchanges of goods or services

are as follows:

Service charges	17 531 898	16 917 219
Rental of facilities & equipment	1 577 497	1 476 132
Interest received – trading	530 082	418 066
	19 639 477	**18 811 417**

The amount included in revenue arising from non-exchange transactions is as

follows:

Government grants	42 932 967	40 370 000
SDL recoveries	478 161	488 956
Donations and sponsorships	205 309	915 196
	43 616 437	**41 774 152**

32. SERVICE CHARGES

Admission income	16 654 931	16 021 831
Tours and rides	718 554	701 135
Membership fees	158 413	194 253
	17 531 898	**16 917 219**

33. RENTAL OF FACILITIES AND EQUIPMENT

Third party rentals	745 464	768 311
Venue hire	536 194	366 685
Other rental income	10 323	47 683
Related party rentals	285 516	293 453
	1 577 497	**1 476 132**
Premises	1 577 497	1 476 132
	1 577 497	**1 476 132**

34. CONTRACTED SERVICES

Information Technology Services	30 081	89 029
Specialist Services	1 087 592	1 016 654
Other Contractors	4 546 141	4 022 920
	5 663 814	**5 128 603**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

35. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus (deficit) per the statement of financial performance	122 941	(263 767)
Increase in Service charges	(663 898)	(455 219)
Increase in Other Revenue	(415 748)	(956 275)
Finance lease savings benefit	98 174	291 459
Employee costs	1 716 350	1 168 528
Depreciation and Finance charges	116 545	455 986
Debt impairment	11 626	(25 593)
Other expenditure	(3 460 401)	(1 150 286)
Net deficit per approved budget	**(2 474 411)**	**(935 167)**

Notes to the Annual Financial Statements

Figures in Rand

36. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

2012

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Service charges	16 868 000	16 868 000	16 868 000	17 531 898	(663 898)	104 %	104 %
Transfers recognised - operational	42 575 000	42 934 000	42 934 000	42 932 967	1 033	100 %	101 %
Other own revenue	5 409 000	5 409 000	5 409 000	5 806 809	(397 809)	107 %	107 %
Total revenue (excluding capital transfers and contributions)	**64 852 000**	**65 211 000**	**65 211 000**	**66 271 674**	**(1 060 674)**	**102 %**	**102 %**
Employee costs	(41 364 000)	(41 364 000)	(41 364 000)	(42 987 286)	1 623 286	104 %	104 %
Debt impairment	-	-	-	(11 626)	11 626	- %	
Depreciation and asset impairment	(1 716 000)	(1 716 000)	(1 716 000)	(2 663 623)	947 623	155 %	155 %
Finance charges	(250 000)	(250 000)	(250 000)	(348 174)	98 174	- %	139 %
Other expenditure	(21 522 000)	(23 642 000)	(23 642 000)	(20 138 024)	(3 503 976)	85 %	94 %
Total expenditure	**(64 852 000)**	**(66 972 000)**	**(66 972 000)**	**(66 148 733)**	**(823 267)**	**99 %**	**102 %**
Total revenue (excluding capital transfers and contributions)	64 852 000	65 211 000	65 211 000	66 271 674	(1 060 674)	102 %	102 %
Total expenditure	(64 852 000)	(66 972 000)	(66 972 000)	(66 148 733)	(823 267)	99 %	102 %
Surplus/(Deficit)	-	(1 761 000)	(1 761 000)	122 941	(1 883 941)	(7)%	- %
Surplus (Deficit) after capital transfers and contributions	-	(1 761 000)	(1 761 000)	122 941	(1 883 941)	(7)%	- %
Surplus/(Deficit) for the year	**-**	**(1 761 000)**	**(1 761 000)**	**122 941**	**(1 883 941)**	**(7)%**	**- %**