

The Johannesburg Zoo NPC
(Registration number 2000/022951/08)
Trading as Johannesburg Zoo
Financial statements
for the year ended 30 June 2013
Auditor-General: South Africa
Registered Auditors

The Johannesburg Zoo NPC

(Registration number 2000/022951/08)

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Financial Statements for the year ended 30 June 2013

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 management of biodiversity through direct conservation action, education, research and recreation.
DIRECTORS	Advocate R Rawat Dr G Karim Mr CD Kneale Mr M Simelane Mr R Tshikovhi Mr S Snell Ms S Bogatsu Ms M Dolamo Prof HC Kasan (Chairperson)
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 Standard Bank
AUDITORS	Auditor-General: South Africa Registered Auditors
SECRETARY	Ms A Shongwe
COMPANY REGISTRATION NUMBER	2000/022951/08
CHIEF FINANCE OFFICER (CFO)	R.Clements

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Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the 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 financial statements and were given unrestricted access to all financial records and related data.

The 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 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The company has been dependent on The City of Johannesburg Metropolitan Municipality for continued funding of operations. .

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

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.


Based on an institutional review undertaken by the City of Johannesburg, a decision was taken to transfer the functions of Johannesburg Zoo NPC to Johannesburg City Parks NPC in terms section 113 and 116 of the Companies Act., 2008. The assets and liabilities of Johannesburg Zoo NPC as at 1 January 2013 have been transferred to Johannesburg City Parks NPC. The company (Johannesburg Zoo NPC) will be deregistered.

In terms of special resolution 2 of the minutes of the annual general meeting held on 11 March 2013, the directors of Johannesburg City Parks NPC are authorised to deal with the business of the Johannesburg Zoo in terms of the transfer of functions agreement.

The financial statements set out on pages 4 to 51, were approved by the directors on 31 August 2013 and were signed on their behalf by;



Director



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Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2013.

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 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 financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the ;
- 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 financial statements, and are of the opinion that the audited 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.



Chairperson of the Audit Committee

Date: 25/11/2013

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Directors' Report

The directors submit their report for the year ended 30 June 2013.

1. INCORPORATION

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

2. GOING CONCERN

Based on an institutional review undertaken by the City of Johannesburg, a decision was taken to transfer the functions of Johannesburg Zoo NPC to Johannesburg City Parks NPC in terms section 113 and 116 of the Companies Act., 2008. The assets and liabilities of Johannesburg Zoo NPC as at 1 January 2013 have been transferred to Johannesburg City Parks NPC at carrying values. The company (Johannesburg Zoo NPC) will be deregistered.

3. SIGNIFICANT MATTERS

The transfer of functions between Johannesburg Zoo NPC and Johannesburg City Parks NPC has taken effect as of 1 January 2013.

As of 1 January 2013 the assets and liabilities have been transferred to Johannesburg City Parks NPC at carrying values (refer to note 35 for details of assets and liabilities transferred).

The income and expenditure represents the amounts incurred by the Johannesburg Zoo NPC for the 6 months ended 31 December 2012.

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.

6. BORROWING LIMITATIONS

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.

Non current assets were transferred as at 1 January 2013 to Johannesburg City Parks NPC.

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Directors' Report

8.

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

Name	Nationality	Changes
Advocate R Rawat	South African	Retired March 2103
Prof HC Kasan (Chairperson)	South African	Retired March 2013
Ms M Dolamo	South African	Retired March 2013
Mr M Simelane	South African	Retired March 2013
Mr S Snell	South African	Retired March 2013
Ms S Bogatsu	South African	Retired March 2013
Mr CD Kneale	South African	Retired March 2013
	South African	

9. CORPORATE GOVERNANCE

General

The are committed to business integrity, transparency and professionalism in all their activities. As part of this commitment, the 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 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 (Check with corporate governance):

- 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;

Internal audit

The company has appointed Joburg Risk and Audit Services as internal auditors.

Due to the transfer of functions to Johannesburg City Parks NPC, the internal auditors of Johannesburg City Parks NPC have performed duties for the Johannesburg Zoo NPC as from 1 January 2013.

The internal auditors have performed a function that is compliant with the MFMA.

10. BANKERS

The Johannesburg Zoo bank account with the Amalgamated Bank of South Africa Limited ('ABSA') and Standard Bank has been closed as at 30 June 2013.

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.

11. 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.

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Directors' Report

12. SECRETARY

The secretary of the entity is Ms A Shongwe of:

Business address

The Johannesburg Zoo
Parkview
2193

Postal address

Private Bag X13
Parkview
2122

13. CONTROLLING ENTITY

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

14. 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.

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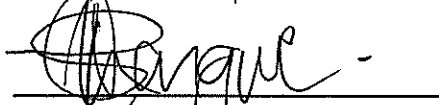
Trading as Johannesburg Zoo

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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.



Company Secretary

Date: 25/11/2013

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Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Inventories	3	-	669 553
Loans to shareholders	4	-	15 809 093
Surplus attributable to shareholder		7 471 906	-
Receivables from exchange transactions		-	542 279
Cash and cash equivalents		-	846 777
		7 471 906	17 967 721
Non-Current Assets			
Zoo animals (purchased and donated)	5	-	17 876 835
Property plant and equipment	6	-	4 160 603
Intangible assets	7	-	334 217
		-	22 371 655
Non-Current Assets		-	22 371 655
Current Assets		7 471 906	17 967 721
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		7 471 906	40 339 376
Liabilities			
Current Liabilities			
Finance lease obligation	8	-	510 122
Payables from exchange transactions	9	-	9 126 303
Provisions	10	-	2 933 151
		-	12 569 576
Non-Current Liabilities			
Finance lease obligation	8	-	1 661 607
Retirement benefit obligation	11	-	5 639 481
Provisions	10	-	-
		-	7 301 088
Non-Current Liabilities		-	7 301 088
Current Liabilities		-	12 569 576
Liabilities of disposal groups		-	-
Total Liabilities		-	19 870 664
Assets		7 471 906	40 339 376
Liabilities		-	(19 870 664)
Net Assets		7 471 906	20 468 712
Net Assets			
Contribution from shareholders	32	-	1 859 714
Accumulated surplus		(7 471 906)	18 608 999
Total Net Assets		(7 471 906)	20 468 713

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Statement of Financial Performance

Figures in Rand		2013	2012
Revenue			
Service charges	27	10 218 673	17 531 898
Rental facilities and equipment		805 166	1 577 497
Interest received		368 524	530 082
Government grants & subsidies	25	23 449 181	42 932 967
Other		943 923	2 551 079
Total revenue		35 785 467	65 123 523
Expenditure			
Employee costs	16	(29 707 642)	(42 987 286)
Depreciation, amortisation and impairments	33	(1 143 417)	(2 663 623)
Interest expense	14	(104 127)	(348 174)
Bad debts	31	(354 234)	(11 626)
Repairs and maintenance		(1 343 095)	(2 272 554)
Contracted services	29	(2 984 380)	(4 955 828)
General Expenses	24	(10 420 735)	(12 909 642)
Total expenditure		(46 057 630)	(66 148 733)
Total revenue		35 785 467	65 123 523
Total expenditure		(46 057 630)	(66 148 733)
Operating deficit		(10 272 163)	(1 025 210)
(Loss)/gain on disposal of assets		(864 930)	1 148 151
(Deficit) surplus before taxation		(11 137 093)	122 941
Taxation		-	-
(Deficit) surplus for the year		(11 137 093)	122 941
Attributable to:			
Owners of the controlling entity		(11 137 093)	122 941

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Statement of Changes in Net Assets

Figures in Rand

Balance at 01 July 2011	1 859 714	-	18 486 058	20 345 772
Changes in net assets				
Surplus for the year	-	-	122 941	122 941
Total changes	-	-	122 941	122 941
Opening balance as previously reported	1 859 714	-	18 608 999	20 468 713
Adjustments				
Prior year adjustments	-	-	-	-
Balance at 01 July 2012 as restated	1 859 714	-	18 608 999	20 468 713
Changes in net assets				
Deficit for the year	-	-	(11 137 093)	(11 137 093)
Transfer to JHB City Parks NPC	(1 859 714)	-	-	(1 859 714)
Total changes	(1 859 714)	-	(11 137 093)	(12 996 807)
Balance at 30 June 2013	-	-	7 471 906	7 471 906

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Figures in Rand	Note(s)	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest income		368 524	418 066
Payments			
Employee costs		(24 717 137)	(41 022 695)
Suppliers		(21 450 770)	(14 939 306)
Interest expense		(104 127)	(97 590)
		(46 272 034)	(56 059 591)
Total receipts		46 233 562	55 790 040
Total payments		(46 272 034)	(56 059 591)
Net cash flows from operating activities	12	(38 472)	(269 551)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment	6	(26 734)	(23 307)
Proceeds from sale of property plant and equipment	6	-	1 148 380
Purchase of zoo animals (purchased and donated)	5	-	(38 691)
Net cash flows from investing activities		(26 734)	1 086 382
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of shareholders loan		(542 279)	686 365
Finance lease payments		(239 292)	(606 317)
Net cash flows from financing activities		(781 571)	80 048
Net increase/(decrease) in cash and cash equivalents		(846 777)	896 879
Cash and cash equivalents at the beginning of the year		846 777	(50 102)
Cash and cash equivalents at the end of the year		-	846 777

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Service charges	9 501 401	-	9 501 401	-	-	9 501 401	10 218 673	-	717 272	108 %	108 %
Transfers recognised - operational	23 114 000	-	23 114 000	-	-	23 114 000	23 449 181	-	335 181	101 %	101 %
Other own revenue	2 112 288	-	2 112 288	-	-	2 112 288	2 117 613	-	5 325	100 %	100 %
Total revenue (excluding capital transfers and contributions)	34 727 689	-	34 727 689	-	-	34 727 689	35 785 467	-	1 057 778	103 %	103 %
Employee costs	(22 208 024)	-	(22 208 024)	-	-	(22 208 024)	(29 707 642)	-	(7 499 618)	134 %	134 %
Debt impairment	-	-	-	-	-	-	(354 234)	-	(354 234)	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(916 212)	-	(916 212)	-	-	(916 212)	(1 143 417)	-	(227 205)	125 %	125 %
Finance charges	-	-	-	-	-	-	(104 127)	-	(104 127)	DIV/0 %	DIV/0 %
Other expenditure	(11 993 783)	-	(11 993 783)	-	-	(11 993 783)	(15 613 140)	-	(3 619 357)	130 %	130 %
Total expenditure	(35 118 019)	-	(35 118 019)	-	-	(35 118 019)	(46 922 560)	-	(11 804 541)	134 %	134 %
Total revenue (excluding capital transfers and contributions)	34 727 689	-	34 727 689	-	-	34 727 689	35 785 467	-	1 057 778	103 %	103 %
Total expenditure	(35 118 019)	-	(35 118 019)	-	-	(35 118 019)	(46 922 560)	-	(11 804 541)	134 %	134 %
Surplus/(Deficit)	(390 330)	-	(390 330)	-	-	(390 330)	(11 137 093)	-	(10 746 763)	2 853 %	2 853 %
Surplus/(Deficit) after capital transfers and contributions	(390 330)	-	(390 330)	-	-	(390 330)	(11 137 093)	-	(10 746 763)	2 853 %	2 853 %
Surplus/(Deficit) for the year	(390 330)	-	(390 330)	-	-	(390 330)	(11 137 093)	-	(10 746 763)	2 853 %	2 853 %

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Accounting Policies

1. Presentation of Financial Statements

The 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 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 financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 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 5.10% for the 2013 financial year (2012: 5.63%) 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

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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 through a non-exchange transaction, its cost is its fair value as at date of acquisition. Assets with a cost of R2500 or less are expensed in the year that they are purchased.

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.

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Accounting Policies

1.3 Property plant and equipment (continued)

Items of entity 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 entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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.

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1.5 Financial instruments (continued)

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.

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.

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1.6 Leases (continued)

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.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, 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).

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1.8 Impairment of assets (continued)

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

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

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 contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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1.9 Employee benefits (continued)

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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.

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.

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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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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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.

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Accounting Policies

1.13 Transfer of functions between entities under common control

Definitions

An acquirer is the entity that obtains control of the acquiree or transferor.

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

A transferor is the entity that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which entity to the transaction or event is the transferor(s) and which entity is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which entity is the acquirer and which entity is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

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1.13 Transfer of functions between entities under common control (continued)

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

1.14 Contribution from shareholders

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.15 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.

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.

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1.15 Revenue from non-exchange transactions (continued)

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.

1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.17 Comparative figures

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

1.18 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.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA 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 MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year 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.

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.

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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
Maintenance materials	-	52 108
Food and Beverage	-	331 833
Fuel (Diesel, Petrol)	-	29 311
Stores, materials and fuels	-	55 136
Vet Supplies	-	133 445
	-	669 553

4. LOANS TO SHAREHOLDER

Notional loans	7 471 908	-
City of Johannesburg Metropolitan Municipality - Capex loans	-	4 138 288
Sweeping account	-	11 670 805
	7 471 908	15 809 093

4.2. City of Johannesburg Metropolitan Municipality - Capex claim

Capex claim movement for the year		
Balance at the beginning of the year	4 138 288	4 541 679
Payments received	(4 138 288)	(5 763 764)
Capex claim submitted	-	5 360 373
Balance at end of year	-	4 138 288

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	11 670 805	6 269 802
(Decrease)/Increase in sweeping account	1 372 913	5 683 977
Transfer to Johannesburg City Parks NPC	(13 043 718)	(282 974)
Balance at end of year	-	11 670 805

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. Zoo animals (purchased and donated)

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Breeding stock	-	-	-	19 551 663	(1 674 828)	17 876 835

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5. Zoo animals (purchased and donated) (continued)

Reconciliation of zoo animals (purchased and donated) - 2012

	Opening balance	Difference	Additions	Disposals	Transfers	Depreciation	Total
Breeding stock	17 876 835	(1)	767 020	(1 351 928)	(16 872 332)	(419 594)	

Reconciliation of zoo animals (purchased and donated) - 2012

	Opening balance	Additions	Depreciation	Total
Breeding stock	18 674 629	38 691	(836 485)	17 876 835

6. Property plant and equipment

	2013			2012		
	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
Furniture and fixtures	-	-	-	1 358 471	(800 303)	558 168
Motor vehicles	-	-	-	3 571 950	(1 883 415)	1 688 535
IT equipment	-	-	-	828 431	(791 634)	36 797
Computer software	-	-	-	58 297	(56 227)	2 070
Other leased Assets # 1	-	-	-	2 454 255	(1 782 540)	671 715
Total	-	-	-	11 512 994	(7 352 391)	4 160 603

Reconciliation of property plant and equipment - 2012

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Plant and machinery	1 203 318	11 400	(184 814)	(831 804)	(198 100)	-
Furniture and fixtures	558 168	8 699	(77 044)	(421 684)	(68 139)	-
Motor vehicles	1 688 535	-	(11 977)	(1 497 961)	(178 597)	-
IT equipment	36 797	6 631	-	(19 870)	(23 558)	-
Computer software	2 070	-	-	(406)	(1 664)	-
Other leased Assets # 1	671 715	-	-	(452 894)	(218 821)	-
	4 160 603	26 730	(273 835)	(3 224 619)	(688 879)	-

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
Other leased Assets # 1	1 489 803	-	-	-	(818 088)	671 715
	5 898 151	23 307	(229)	-	(1 760 626)	4 160 603

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2013

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6. Property plant and equipment (continued)

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.

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7. INTANGIBLE ASSETS

	2013		2012	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	-	-	547 168	(212 951)
				334 217

Reconciliation of intangible assets - 2013

	Opening balance	Transfers	Amortisation	Total
Computer software	334 217	(299 331)	(34 886)	-

Reconciliation of intangible assets - 2012

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

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8. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	-	697 266
- in second to fifth year inclusive	-	1 963 389
	-	2 660 655
less: future finance charges	-	(488 926)
Present value of minimum lease payments	-	2 171 729
Present value of minimum lease payments due		
- within one year	-	510 122
- in second to fifth year inclusive	-	1 661 607
	-	2 171 729
Non-current liabilities	-	1 661 607
Current liabilities	-	510 122
	-	2 171 729

9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables		-	2 397 885
Payments received in advanced - contract in process		-	283 085
Payroll creditors		-	1 015 588
Accruals		-	1 067 469
Intercompany creditors	13	-	4 427 044
Fair value adjustment		-	(64 768)
		-	9 126 303

10. PROVISIONS

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised/paid during the year	Transferred to JHB City Parks	Total
Staff 13th cheques	1 158 533	609 330	(1 158 533)	(609 330)	-
Leave pay	1 774 617	1 466 513	(49 496)	(3 191 634)	-
Other Provisions	-	732 061	-	(732 061)	-
	2 933 150	2 807 904	(1 208 029)	(4 533 025)	-

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised 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
	2 740 727	2 252 511	(2 060 088)	2 933 150

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11. EMPLOYEE BENEFIT OBLIGATIONS

11.1 Defined benefit plan

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

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

Post-Retirement Medical Aid Plan	-	(777 782)
Post-Retirement Housing Subsidy Plan	-	(258 000)
Retirement Gratuity Plan	-	(4 603 698)
	-	(5 639 480)

11.1.1 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.

Net expense recognised in the statement of financial performance

Interest cost	(24 500)	(195 000)
Actuarial gains(losses)	27 000	1 658 000
	2 500	1 463 000

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11. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

The principal actuarial assumptions used were as follows: 30 June 2013.

Discount rates used	7.89 %	8.60 %
Expected rate of return on assets	7.89 %	8.60 %
Rate of increase in employer post-retirement medical contribution subsidy payments	6.67 %	6.70 %
Expected increase in salaries	6.70 %	6.70 %

Other assumptions.

Age of spouse	-	Husbands 5 years older than wives.
Mortality of in-service members (females)	-	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.

11.1.2 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.

Net expense recognised in the statement of financial performance

Current service cost	-	(1 000)
Interest cost	(500)	(2 000)
Actuarial gains/(loss)	-	87 000
	(500)	84 000

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11. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

Assumptions used on last valuation on 30 June 2013.

Discount rates used	7.89 %	8.60 %
Expected rate of return on assets	7.89 %	8.60 %

Other assumptions.

11.1.3 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:

Net expense recognised in the statement of financial performance

Interest cost	(197 000)	(391 000)
Actuarial gain/(loss)	(66 000)	(193 000)
Total included in employee related costs	(263 000)	(584 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	7.89 %	8.60 %
Expected rate of return on assets	7.89 %	8.60 %
Expected increase in salaries	6.67 %	6.70 %

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11. EMPLOYEE BENEFIT OBLIGATIONS (continued)		
11.2 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):		
12. CASH USED IN OPERATIONS		
(Deficit) surplus	(11 137 093)	122 941
Adjustments for:		
Depreciation and amortisation	1 143 417	2 663 623
Gain (loss) on sale of assets and liabilities	864 930	(1 148 151)
Finance costs - Finance leases	101 811	250 584
Debt impairment	354 234	11 626
Movements in retirement benefit assets and liabilities	(5 639 481)	(1 515 519)
Movements in provisions	(2 933 151)	192 424
Transfer of net assets to Johannesburg City Parks NPC	7 471 906	-
Changes in working capital:		
Inventories	669 553	(2 780)
Receivables from exchange transactions	542 279	1 360 155
Trade debtors	(354 234)	(11 626)
Payables from exchange transactions	8 777 338	(2 241 285)
VAT	100 019	48 457
	(38 472)	(269 551)

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13. RELATED PARTIES

Relationships

Directors

Controlling entity

Other members of the group

Refer to directors' report note

The City of Johannesburg Metropolitan Municipality

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

Group co ID 14

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

Loan accounts - Owing (to) by related parties

City of Johannesburg Metropolitan Municipality	-	11 670 805
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Amounts included in Trade Receivable regarding related parties

City of Johannesburg Property Company SOC Ltd	-	4 150
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Johannesburg City Parks NPC	-	30 446
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City Power Johannesburg SOC Ltd	-	10 000
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City of Johannesburg Metropolitan Municipality	-	11 900
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City of Johannesburg Metropolitan Municipality	-	4 397 008
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Amounts included in Trade Payable regarding related parties

The Johannesburg Fresh Produce Market SOC Ltd	-	29 762
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The Johannesburg Fresh Produce Market SOC Ltd	-	29 762
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14. INTEREST EXPENSE

Finance leases	101 811	250 584
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Fair value adjustments on payables	-	97 521
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Other interest paid	2 316	69
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	104 127	348 174
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15. AUDITORS' REMUNERATION

Fees	1 483 257	707 986
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16. EMPLOYEE RELATED COSTS		
Employee related costs : Salaries and wages	11 550 786	28 874 079
Housing benefits and allowances	55 620	197 624
Overtime payments	596 824	1 312 815
Bonus	2 051 111	2 482 019
Travel, motor car, accommodation, subsistence and other allowances	130 781	265 898
UIF	275 557	457 061
WCA	-	378 011
SDL	209 508	414 550
Other payroll levies	7 893 912	3 809 418
Pension costs	2 493 711	4 432 579
Leave pay	3 959 259	1 010 832
Post-employment benefits - Pension - Defined contribution plan	260 000	(963 000)
Long-service awards	37 550	48 756
Acting allowances	153 796	188 307
Transport allowance (bus coupons)	39 227	78 337
	29 707 642	42 987 286

Remuneration of Chief Executive Officer

Annual Remuneration	-	939 341
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The Chief Executive Officer resigned on 31 March 2012.

Remuneration of Chief Finance Officer

Annual Remuneration	283 605	741 021
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Remuneration of Executive Manager: Research and Conservation

Annual Remuneration	204 831	592 004
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Remuneration of Executive Manager: Human Resources

Annual Remuneration	250 000	270 386
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Remuneration of Executive Manager: Technical

Annual Remuneration	272 712	770 036
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Remuneration of Executive Manager: Marketing and Education

Annual Remuneration	32 806	777 701
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Remuneration earned by Executive Manager Marketing and Education includes acting allowance for the Chief Executive Officer position since 1 April 2012.

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16. EMPLOYEE RELATED COSTS (continued)

Remuneration of Executive Manager: Horticulture

Annual Remuneration	184 269	512 571
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Remuneration of Executive Manager: Animal Department

Annual Remuneration	239 907	597 563
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Remuneration of Company Secretary

Annual Remuneration	248 655	634 770
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17. DIRECTORS' EMOLUMENTS

Non-executive

2013

	Directors' fees	Total
Advocate R Rawat	80 688	80 688
Dr G Karim	55 890	55 890
Mr CD Kneale	103 154	103 154
Ms M Simelane	31 068	31 068
Mr R Tshikovhi	215 274	215 274
Mr S Snell	49 600	49 600
Ms M Dolamo	95 566	95 566
Ms S Bogatsu	49 966	49 966
Prof HC Kasan (Chairperson)	277 757	277 757
	958 963	958 963

2012

	Directors' fees	Total
Prof HC Kasan (Chairperson)	330 543	330 543
Ms S Snell	101 741	101 741
Mr CD Kneale	144 911	144 911
Dr J Ledger	96 752	96 752
Ms S 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
Adv R Rawat	36 073	36 073
Mr M Simelane	10 019	10 019
Ms S Dolamo	10 019	10 019
	1 310 778	1 310 778

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18. COMMITMENTS		
Commitments in respect of capital expenditure:		
Authorised and contracted for		
▪ Property, plant and equipment	-	5 500 000

19. GOING CONCERN

Based on an institutional review undertaken by the City of Johannesburg, a decision was taken to transfer the functions of Johannesburg Zoo NPC to Johannesburg City Parks NPC in terms section 113 and 116 of the Companies Act., 2008. The assets and liabilities of Johannesburg Zoo NPC as at 1 January 2013 have been transferred to Johannesburg City Parks NPC. The company (Johannesburg Zoo NPC) will be deregistered.

20. 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 they 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 acceptable 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.

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20. RISK MANAGEMENT (continued)

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:

21. FRUITLESS AND WASTEFUL EXPENDITURE (TO CONFIRM IF THIS AMOUNT WAS CONDONED)

Reconciliation of fruitless and wasteful expenditure

Opening balance	1 114 976	-
Approved by Council or condoned	-	-
Fruitless and wasteful expenditure incurred in prior years and awaiting condonement by council	-	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 acrylics 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.

22. 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 , 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

23. OVERSPENDING OF THE ENTITY'S BUDGET AS PER MFMA, SECTION 101(1)(III) (TO CONFIRM IF THIS AMOUNT HAS BEEN CONDONED BY THE COUNCIL)

Reconciliation of amount overspent

Opening balance	740 094	-
Amount overspent in the current year	-	740 094
	740 094	740 094

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24. GENERAL EXPENSES		
Advertising	365 848	617 516
Auditors remuneration	1 483 257	707 986
Bank charges	77 172	105 549
Consulting and professional fees	348 584	273 156
Entertainment	17 185	7 427
Animal Costs	2 528 130	4 686 434
Gifts	-	25 093
Insurance	36 576	243 980
Conferences and seminars	-	24 760
Marketing	7 919	12 458
Horticulture	36 144	58 547
Motor vehicle expenses	16 866	18 107
Fuel and oil	323 715	570 898
Printing and stationery	61 985	264 259
Protective clothing	16 275	-
Software expenses	30 578	116 819
Staff welfare	68 141	153 834
Telephone and fax	107 763	172 739
Training	35 431	336 432
Travel - local	8 267	29 258
Travel - overseas	64 568	47 252
Assets expensed	699	6 891
Electricity	1 661 700	2 172 578
Water	2 660 534	551 386
Refuse	(13 859)	-
Farm expenses	171 282	339 305
Study Loans	-	92 877
Cashiers Variances - Unders	26 828	33 105
Veterinary department	112 525	844 621
Venue expenses	49 900	10 012
Other expenses	116 722	386 363
	10 420 735	12 909 642
25. GOVERNMENT GRANTS AND SUBSIDIES		
Grants from shareholder - City of Johannesburg Metropolitan Council	23 449 181	42 932 967
26. REVENUE		
Service charges	10 218 673	17 531 898
Rental facilities and equipment	805 166	1 577 497
Interest received	368 524	530 082
Government grants & subsidies	23 449 181	42 932 967
Other revenue	943 923	2 551 079
	35 785 467	65 123 523
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	10 218 673	17 531 898
Rental facilities and equipment	805 166	1 577 497
Interest received	368 524	530 082
	11 392 363	19 639 477

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26. REVENUE (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	23 449 181	42 932 967
Other revenue	943 923	2 551 079
	24 393 104	45 484 046
27. SERVICE CHARGES		
Admission income	9 749 542	16 654 931
Tours and rides	354 809	718 554
Membership fees	114 322	158 413
	10 218 673	17 531 898
28. RENTAL OF FACILITIES AND EQUIPMENT		
Third party rentals	359 434	745 464
Venue hire	269 843	536 194
Other rental income	4 386	10 323
Related party rentals	171 503	285 516
	805 166	1 577 497
	-	-
	-	-
29. CONTRACTED SERVICES		
Information Technology Services	-	30 081
Specialist Services	498 353	379 606
Other Contractors	2 486 027	4 546 141
	2 984 380	4 955 828

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30. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

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

Net deficit per the statement of financial performance	(11 137 093)	(263 767)
Increase in Service charges as a result of more admissions to the JHB Zoo than expected in the current period	(717 272)	(455 219)
Increase in Other Revenue due to EPWP grant received that was under budgeted for	(335 181)	(956 275)
Increase in other revenue	(5 325)	291 459
Increase in anticipated depreciation as a result of scrappings of assets that were carried out in the current period	227 205	-
Employee costs exceeds budget largely due to outstanding PAYE payments due to SARS that were not budgeted for; an increase in the actual provision for 13th cheque as opposed to budgeted due to executive managers not receiving 13th cheque payments in October; an increase in the actual leave pay accrual as opposed to budgeted	7 104 895	1 168 528
This variance is due to debt impairment that was not budgeted for	354 234	455 986
This variance is due to finance charges that was not budgeted for	104 127	(25 593)
The major components that contribute to this variance are due to under budgeting of water, electricity, auditors fees, finance consulting and animal costs in the current period	4 014 080	(1 150 286)
Net deficit per approved budget	(390 330)	(935 167)

31. DEBT IMPAIRMENT

Debt impairment	192 285	-
Contributions to debt impairment provision	152 840	(1 788)
Debts impaired	9 109	13 414
	354 234	11 626

32. CONTRIBUTION FROM SHAREHOLDERS

Members loan	1 859 714	1 859 714
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33. DEPRECIATION AND AMORTISATION

Property plant and equipment	688 891	1 760 628
Zoo animals (purchased and donated)	419 595	834 631
Intangible assets	34 931	68 364
	1 143 417	2 663 623

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34. NEW STANDARDS AND INTERPRETATIONS

34.1 Standards and interpretations effective and adopted in the current year

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

GRAP 23: Revenue from Non exchange Transactions

Revenue from non exchange transactions arises when the entity receives value from another party without directly giving approximately equal value in exchange. An asset acquired through a non exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for 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 will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, the entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where the entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has adopted the standard for the first time in the 2013 annual financial statements.

The adoption of this standard has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 103: Heritage Assets

GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the entity; and
- the cost of fair value of the asset can be measured reliably.

The standard requires judgement in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Where the entity holds a heritage asset, but on initial recognition, it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in the notes to the financial statements.

GRAP 103 states that a heritage asset should be measured at its cost unless it is acquired through a non exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, the entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

GRAP 103 states that a heritage asset should not be depreciated, but the entity should assess at each reporting date whether there is an indication that it may be impaired.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

-on disposal; or

-when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is set out in note 32 Changes in accounting policy.

GRAP 21: Impairment of Non cash generating Assets

Non cash generating assets are assets other than cash generating assets.

When the carrying amount of a non cash generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non cash generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non cash generating asset is determined using one of the following approaches:

-Depreciated replacement cost approach;

-Restoration cost approach; or

-Service units approach.

If the recoverable service amount of a non cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non cash generating asset is treated as a revaluation decrease.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non cash generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non cash generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non cash generating asset is treated as a revaluation increase.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is set out in note 32 Changes in accounting policy.

GRAP 26: Impairment of Cash generating 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.

When the carrying amount of a cash generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

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

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

surplus or deficit. Any impairment loss of a revalued cash generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

-the future cash inflows used to determine the asset's or cash generating unit's value in use; and

-the future cash outflows used to determine the value in use of any other assets or cash generating units that are affected by the internal transfer pricing.

Cash generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non cash generating asset contributes to a cash generating unit, a proportion of the carrying amount of that non cash generating asset is allocated to the carrying amount of the cash generating unit prior to estimation of the recoverable amount of the cash generating unit.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash generating asset is treated as a revaluation increase.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is set out in note 32 Changes in Accounting Policy.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments.

Financial instruments are defined as those contracts that result in a financial asset in one entity and a financial liability or residual interest in another entity. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, the entity considers the substance of the contract and not just the legal form.

Financial assets and financial liabilities are initially recognised at fair value. Where the entity subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Concessionary loans are loans either received by or granted to another entity on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. The entity measures a financial instrument at fair value if it is:

-a derivative;

-a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non derivative host contract;

-held for trading;

-a non derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

-an investment in a residual interest for which fair value can be measured reliably; and

-other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Financial assets and financial liabilities that are non derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, the entity can however designate such an instrument to be measured at fair value.

The entity can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once the entity has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

The entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

-the cash flows from the asset expire, are settled or waived;

-significant risks and rewards are transferred to another party; or

-despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

The entity derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the entity modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

The entity cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for the entity's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that the entity is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is set out in note 32 Changes in accounting policy.

- | | |
|---------------------------------------------------------------------------|---------------|
| • GRAP 24: Presentation of Budget Information in the Financial Statements | 01 April 2012 |
| • GRAP 103: Heritage Assets | 01 April 2012 |
| • GRAP 21: Impairment of non-cash-generating assets | 01 April 2012 |
| • GRAP 26: Impairment of cash-generating assets | 01 April 2012 |
| • GRAP 104: Financial Instruments | 01 April 2012 |

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

34.2 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

GRAP 1 (as revised 2012): Presentation of Financial Statements

Minor amendments were made to the statement of financial performance as well as the statement of changes in net assets.

All amendments are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Amendments were made to changes in accounting policies. A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a Standard of GRAP would otherwise require or permit to be measured at fair value are no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

The effective date of the amendment is for years beginning on or after 01 April 2013

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 7 (as revised 2012): Investments in Associates

Amendments were made to definitions. A requirement to include transaction costs on initial recognition of an investment in an associate under the equity method, has been included in the Standard of GRAP Investments in Associates

All amendments are to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Amendments were made to the scope and definitions.

All amendments are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 12 (as revised 2012): Inventories

Amendments were made to measurement after recognition.

All amendments are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2012): Leases

Amendments were made to disclosures.

All amendments are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 16 (as revised 2012): Investment Property

Amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to the Standard of GRAP on Investment Property (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non monetary assets when the exchange transaction lacks commercial substance.

Furthermore the assessment of significant use of an investment property has been clarified.

All amendments are to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

GRAP 17 (as revised 2012): Property, Plant and Equipment

Amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to the Standard of GRAP on Property, Plant and Equipment (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle, has been clarified.

All amendments are to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The entity has early adopted the amendment for the first time in the 2013 annual financial statements.

The impact of the amendment is not material.

GRAP 27 (as revised 2012): Agriculture (replaces GRAP 101)

This Standard of GRAP replaces the previous Standard of GRAP on Agriculture (GRAP 101) due to the International Public Sector Accounting Standards Board (IPSASB) that has issued an IPSAS on Agriculture (IPSAS 27).

The effective date of the standard is for years beginning on or after 01 April 2013.

The entity has early adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

GRAP 31 (as revised 2012): Intangible Assets (replaces GRAP 102)

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

Changes made comprise three areas that can be summarised as follows:

-consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31;

-the deletion of guidance and examples from interpretations issued by the International Accounting Standards Board (IASB) previously included in GRAP 102; and

-changes to ensure consistency between the Standards of GRAP, or to clarify existing principles.

All amendments are to be applied retrospectively.

The effective date of the standard is for years beginning on or after 01 April 2013.

The entity has early adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

IGRAP 16: Intangible Assets Website Costs

The interpretation deals with the treatment of the entity's own website. It concludes that the entity's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

A website arising from development will be recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement, the entity can satisfy the requirements in paragraph .54 in the Standard of GRAP on Intangible Assets, which in particular requires the entity to be able to demonstrate how its website will generate probable future economic benefits or service potential.

If the entity is not able to demonstrate how a website developed solely or primarily for providing information about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The entity has early adopted the interpretation for the first time in the 2013 annual financial statements.

The impact of the interpretation is not material.

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

34.3 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2013 or later periods:

GRAP 25: Employee Benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The standard requires the entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The standard states the recognition, measurement and disclosure requirements of:

- short term employee benefits;
- all short term employee benefits;
- short term compensated absences;
- bonus, incentive and performance related payments;
- post employment benefits: defined contribution plans;
- other long term employee benefits; and
- termination benefits.

The major difference between this this standard (GRAP 25) and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This standard requires the entity to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013.

The entity expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between entities under common control.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective.

The impact of the standard is currently being assessed.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

Specific disclosures are required when there is a transfer of functions between entities not under common control.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective.

The impact of the standard is currently being assessed.

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, no acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective.

The impact of the standard is currently being assessed.

GRAP 20: Related Parties

The objective of this standard is to ensure that the reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The entity (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

The standard states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The entity expects to adopt the standard for the first time once it becomes effective.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

• GRAP 25: Employee benefits	01 April 2013
• GRAP 105: Transfers of functions between entities under common control	01 April 2014
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014
• GRAP 107: Mergers	01 April 2014
• GRAP 20: Related parties	01 April 2013
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014

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34. NEW STANDARDS AND INTERPRETATIONS (continued)

• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013
• GRAP 12 (as revised 2012): Inventories	01 April 2013
• GRAP 13 (as revised 2012): Leases	01 April 2013
• GRAP 16 (as revised 2012): Investment Property	01 April 2013
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013
• IGRAP16: Intangible assets website costs	01 April 2013
• IGRAP1 (as revised 2012): Applying the probability test on initial recognition of revenue	01 April 2013

34.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2013 or later periods but are not relevant to its operations:

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2013 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of the entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by the entity within a particular region.

This standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance

The entity expects to adopt the standard for the first time once it becomes effective.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

IGRAP 1 (as revised 2012): Applying the Probability Test on Initial Recognition of Revenue

This interpretation of the Standards of GRAP now addresses the manner in which the entity applies the probability test on initial recognition of both:

- (a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions; and
- (b) non exchange revenue in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers).

This interpretation supersedes the interpretation of the Standards of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue issued in 2009.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The entity expects to adopt the interpretation for the first time in the 2014 annual financial statements.

The impact of this interpretation is currently being assessed.

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Figures in Rand	2013	2012
35. TRANSFER OF ASSETS AND LIABILITIES TO JOHANNESBURG CITY PARK NPC		
Non Current Assets	20 396 280	-
Current Assets	19 528 391	-
Non Current Liabilities	(6 976 963)	-
Current Liabilities	(23 616 088)	-
Contributions from shareholders	(1 859 714)	-
Transfer to Johannesburg City Parks NCP	(7 471 906)	-
	-	-