Can't Show logo (2).bmp

Johannesburg City Parks NPC

(Registration number 2000/028782/08)

Trading as Johannesburg City Parks & Zoo (JCPZ)

Financial statements

for the year ended 30 June 2016

The Auditor - General of South Africa

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The company is a municipal entity and has been appointed as the greening, conservation and cemetery management agency for the City of Johannesburg Metropolitan Municipality. The company's mandate is to provide and manage parks, open spaces, environmental conservation services and cemeteries as well as the preservation and management of biodiversity through direct conservation, education, research and recreation. The operating results and state of affairs of the company are fully set out in the attached financial statements.
CHIEF FINANCE OFFICER (CFO)	Sedite M
DIRECTORS	Dollie B* Leketi FV* Mabaso JJ*(Chairperson) Makgonye MJ* Mogorosi N* Nelana B (Managing Director) Ngubane S* Rajah AA* Sandlana N* September A* *Non-executive
REGISTERED OFFICE	40 De Korte Street Braamfontein 2017
BUSINESS ADDRESS	40 De Korte Street Braamfontein 2017
POSTAL ADDRESS	P O Box 2824 Johannesburg 2000
CONTROLLING ENTITY	City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Standard Bank of South Africa Limited
AUDITORS	The Auditor - General of South Africa
SECRETARY	Shongwe NA
COMPANY REGISTRATION NUMBER	2000/028782/08

Index

The reports and statements set out below comprise the financial statements presented to the Council:

ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
CJMM	City of Johannesburg Metropolitan Municipality

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act (Act 71 of 2008), 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 entity 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 Standards 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 judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity 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 directors have reviewed the entity's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

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

The financial statements are set out on pages 5 to 69.

Nelana B (Managing Director) **Mabaso JJ*(Chairperson)**

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2016. The report is presented as recommended by the King III Report on Corporate Governance. We perform our functions in accordance with section 166(2)(a) of the MFMA and the Companies Act 71 of 2008.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved Charter. During the current year 7 meetings including Special Committee meetings were held.

Dunnington GC"	7
Maboa MJ" (Chairperson - April 2016)	4
Mashanda TN* (Chairperson) - (Resigned - 15/03/2016)	6
Mogorosi N* (Appointed - 15/03/2016)	0
Moolla H"	7
Sandlana N*	5
* Non-executive director	" Independent audit committee member

Audit committee responsibility

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

The effectiveness of internal control

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 directors;
- 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 through its audits.

Assessment of financial function

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:

Director's Report

The directors submit their report for the year ended 30 June 2016.

1. Incorporation

The entity was incorporated on 15 November 2000 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The company is a municipal entity and has been appointed as the greening, conservation and cemetery management agency for the City of Johannesburg Metropolitan Municipality. The company's mandate is to provide and manage parks, open spaces, environmental conservation services and cemeteries as well as the preservation and management of biodiversity through direct conservation, education, research and recreation. During the period under review, there were no changes to this mandate. The operating results and the state of affairs of the company are fully set out in the attached financial statements. The company operates in South Africa.

3. Going concern

We draw attention to the fact that at 30 June 2016, the entity had accumulated surpluses of R 143 388 000 (2015: R 92 444 000) and that the entity's total assets exceed its liabilities by R 172 431 000 (2015: R 122 402 000).

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

The ability of the entity to continue as a going concern is dependent on continued funding of its operations by the City of Johannesburg Metropolitan Municipality. The financial statements are prepared on the basis that the City of Johannesburg Metropolitan has neither the intention nor the need to liquidate or curtail materially the scale of the company's operations.

4. Directors' personal financial interest in contracts

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

5. Accounting policies

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Shareholder's loan on incorporation

There were no changes to this loan during the year under review.

7. Non-current assets

There were no major changes in the nature of the non-current assets of the company during the year.

There were no changes in the policy relating to the use of non-current assets during the year.

Director's Report

8. Directors

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

Name	Nationality	Changes
Dollie B*	South African	
Leketi FV*	South African	
Mabaso JJ*(Chairperson)	South African	
Makgonye MJ*	South African	
Mashanda TN*	South African	Resigned 15 March 2016
Mogorosi N*	South African	Appointed 15 March 2016
Nelana B (Managing Director)	South African	
Ngubane S*	South African	Appointed 15 March 2016
Rajah AA*	South African	
Sandlana N*	South African	
Sedite M (Chief Financial Officer)	South African	
September A*	South African	
Simelane MJ*	South African	Resigned 15 March 2016

*Non-executive , Independent Audit Commitee Member (IAC)

9. Corporate governance

General

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

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

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The board:
- retains full control over the entity, 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 entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.

Chairperson and Managing Director

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

The roles of chairperson and managing director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the managing director, is determined by the controlling entity, and the directors determine the remuneration within its limits.

Directors meetings

Director's Report

The directors met on 10 separate occasions during the financial year under review. The directors are required to meet at least 4 times per annum.

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

Name	Board meeting	Audit Committee meeting	Social and Ethics Committee meeting	Operations Committee meeting	Human Resources Committee meeting	Risk Committee meeting
Total number of meetings held	10	7	2	4	8	5
Dollie B*	10				-	-
Leketi FV*	9			4	8	4
Mabaso JJ*	9					
Makgonye M*			1	4	1	5
Mashanda TN*	7	6				4
Mogorosi N*	2				1	
Nelana B (Managing Director)	10	4	1	2	2	2
Ngubane S*	1					1
Rajah A*	10		2	3	8	
Sandlana N*	9	5				5
Sedite M (Chief Financial Officer)	10	7	2	3	4	4
September A*	9				1	5
Simelane MJ*	8		2	3	7	
J Maboa (IAC)	1	4				
H Moolla (IAC)		7				
G Dunnington (IAC)		7				
* Non-executive. Independent Audit Commitee Member (IAC)						
	-	-	-	-	-	-

Audit committee

For the current financial year the chairperson of the audit committee was Ms TN Mashanda for period July 2015 to 15 March 2016. Effective from the April 2016 Mr J Maboa was appointed as the Chairperson of the Audit commitee. He is a Independent audit commitee member of the company. The commitee met 7 times during the financial year to review matters necessary to fulfill its role.

10. Controlling entity

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

11. Subsequent events

The directors are not aware of any other matters or circumstances arising since the end of the financial year to the date of this report, not otherwise dealt with in the financial statements and directors' report which significantly affect the financial position of the entity or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

12. Bankers

Standard Bank of South Africa Limited is the primary Bankers of the entity and its Parent Municipality.

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

13. Auditors

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

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.

A Shongwe
Company Secretary

Johannesburg

Johannesburg City Parks NPC

(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand thousand	Notes	2016	2015 Restated*
Assets			
Current Assets			
Inventories	3	7 003	5 349
Loans to shareholders	4	482 990	389 438
Receivables from exchange transactions	5	131 461	152 161
Cash and cash equivalents	7	212	333
		621 666	**547 281**
Non-Current Assets			
Zoo animals	8	25 624	23 741
Property, plant and equipment	9	89 042	79 739
Intangible assets	10	1 780	3 283
Loans to shareholders	4	49 519	55 357
		165 965	**162 120**
Non-Current Assets		165 965	162 120
Current Assets		621 666	547 281
Total Assets		**787 631**	**709 401**
Liabilities			
Current Liabilities			
Finance lease obligation	11	15 910	8 797
Payables from exchange transactions	12	434 325	424 976
VAT payable	13	10 523	7 478
Provisions	14	22 506	19 744
		483 264	**460 995**
Non-Current Liabilities			
Finance lease obligation	11	36 056	25 378
Employee benefit obligation	6	94 965	100 625
		131 021	**126 003**
Non-Current Liabilities		131 021	126 003
Current Liabilities		483 264	460 995
Total Liabilities		**614 285**	**586 998**
Assets		787 631	709 401
Liabilities		(614 285)	(586 998)
Net Assets		**173 346**	**122 403**
Shareholder's loan on incorporation	15	29 958	29 958
Accumulated surplus		143 388	92 445
Total Net Assets		**173 346**	**122 403**

Statement of Financial Performance

Figures in Rand thousand	Notes	2016	2015 Restated*
Revenue			
Sale of horticultural products		47	727
Rental facilities and equipment	16	2 980	3 179
Cemetery fees	16	21 174	19 725
External services	16	56 746	46 677
Other revenue - exchange	18	33 665	27 282
Interest received - investment	22	34 915	22 499
Government grants & subsidies	17	711 957	644 389
Other revenue - Non-exchange	16	3 837	8 744
Total revenue		**865 321**	**773 222**
Expenditure			
Employee related costs	20	(455 014)	(441 997)
Depreciation and amortisation	23	(22 853)	(20 537)
Finance costs	24	(11 222)	(10 603)
Debt Impairment	21	(5 518)	(14 513)
Repairs and maintenance		(24 694)	(14 725)
General expenses	19	(300 517)	(272 414)
Total expenditure		**(819 818)**	**(774 789)**
		-	-
Total revenue		865 321	773 222
Total expenditure		(819 818)	(774 789)
Operating surplus (deficit)		**45 503**	**(1 567)**
(Loss) gain on disposal of assets and liabilities		(574)	654
Actuarial gains/(losses) from employee benefit obligations		3 835	(8 089)
Gains as a result of donated animals, new births and sale		2 695	5 901
Fair value adjustments		(511)	1 570
Total other comprehensive income		**5 445**	**36**
Operating surplus/deficit		5 445	36
Surplus (deficit) before taxation		50 948	(1 531)
Taxation		-	-
Surplus (deficit) for the year		**50 948**	**(1 531)**

Statement of Changes in Net Assets

Figures in Rand thousand		Shareholder's loan	Accumulated surplus	Total equity
Opening balance as previously reported		29 958	95 047	125 005
Adjustments				
Prior year adjustments	31	-	(1 071)	(1 071)
Balance at 01 July 2014 - Restated		**29 958**	**93 976**	**123 934**
Changes in net assets				
Deficit for the year		-	(1 531)	(1 531)
Total changes		-	(1 531)	(1 531)
Balance at 30 June 2015		**29 958**	**92 445**	**122 403**
Changes in net assets				
Surplus for the year		-	50 943	50 943
Total changes		-	50 943	50 943
Balance at 30 June 2016		**29 958**	**143 388**	**173 346**

Statement of Cash Flows

Figures in Rand thousand	Notes	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Rendering of services		118 449	106 333
Municipal subsidy		711 957	644 389
Interest income		34 915	22 499
		865 321	773 221
Payments			
Employee costs		(455 014)	(441 997)
Suppliers		(302 668)	(191 378)
Finance costs		(8 207)	(8 000)
		(765 889)	(641 375)
Total receipts		865 321	773 221
Total payments		(765 889)	(641 375)
Net cash flows from operating activities	26	**99 432**	**131 846**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2 291)	(23 551)
Proceeds from sale of property, plant and equipment	9	-	1 215
Purchase of other intangible assets	10	(276)	(2 119)
Purchase of zoo animals	8	(2 370)	(6 057)
Proceeds from sale of zoo animals		1 328	644
Shareholder's loan (advanced)/repaid		(82 060)	(85 060)
Net cash flows from investing activities		**(85 669)**	**(114 928)**
Cash flows from financing activities			
Movements in retirement benefit liabilities		(5 669)	(8 526)
Finance lease capital receipts (payments)		(8 215)	(9 319)
Net cash flows from financing activities		**(13 884)**	**(17 845)**
Net decrease in cash and cash equivalents		**(121)**	**(927)**
Cash and cash equivalents at the beginning of the year		333	1 260
Cash and cash equivalents at the end of the year	7	**212**	**333**

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	543	741	**1 284**	47	**(1 237)**	
Rental facilities and equipment	3 566	673	**4 239**	2 980	**(1 259)**	1
Cemetery fees	20 565	2 057	**22 622**	21 174	**(1 448)**	2
External services	47 988	(69)	**47 919**	56 746	**8 827**	3
Other revenue	27 717	4 757	**32 474**	33 665	**1 191**	4
Interest received - investment	22 947	8 159	**31 106**	34 915	**3 809**	5
Total revenue from exchange transactions	**123 326**	**16 318**	**139 644**	**149 527**	**9 883**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	728 403	(16 446)	**711 957**	711 957	**-**	
Other revenue	1 598	529	**2 127**	3 837	**1 710**	6
Total revenue from non-exchange transactions	**730 001**	**(15 917)**	**714 084**	**715 794**	**1 710**	
'Total revenue from exchange transactions'	123 326	16 318	**139 644**	149 527	**9 883**	
'Total revenue from non-exchange transactions'	730 001	(15 917)	**714 084**	715 794	**1 710**	
Total revenue	**853 327**	**401**	**853 728**	**865 321**	**11 593**	
Expenditure						
Personnel	(469 951)	786	**(469 165)**	(455 014)	**14 151**	7
Depreciation and amortisation	(33 991)	7 141	**(26 850)**	(22 853)	**3 997**	8
Finance costs	(9 370)	-	**(9 370)**	(11 222)	**(1 852)**	10
Bad debts	(8 866)	-	**(8 866)**	(5 518)	**3 348**	9
Repairs and maintenance	(25 921)	(5 000)	**(30 921)**	(24 694)	**6 227**	11
General Expenses	(302 146)	(3 211)	**(305 357)**	(300 522)	**4 835**	11
Total expenditure	**(850 245)**	**(284)**	**(850 529)**	**(819 823)**	**30 706**	
	853 327	401	**853 728**	865 321	**11 593**	
	(850 245)	(284)	**(850 529)**	(819 823)	**30 706**	
Operating surplus	**3 082**	**117**	**3 199**	**45 498**	**42 299**	
(Loss)/gain on disposal of assets and liabilities	(1 154)	38	**(1 116)**	(574)	**542**	
Acturial gains/ (losses)	(1 928)	(2 090)	**(4 018)**	3 835	**7 853**	12
Gains as a result of donated animals and new births	-	1 933	**1 933**	2 695	**762**	
Loss on non-current assets held for sale or disposal groups	-	-	**-**	(511)	**(511)**	
	(3 082)	**(119)**	**(3 201)**	**5 445**	**8 646**	
	3 082	-	**3 082**	45 498	**42 416**	
	(3 082)	-	**(3 082)**	5 445	**8 527**	
Surplus before taxation	**-**	**-**	**-**	**50 943**	**50 943**	
Deficit before taxation	-	-	**-**	50 943	**50 943**	35

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**50 943**	**50 943**	
Reconciliation						

(Variances of above R1 million were commented on)

The accounting policies on pages 15 to 34 and the notes on pages 35 to 69 form an integral part of the financial statements.

1. Rental facilities and equipment - poor demand for rental of facilities impacted by negative performance in the current economic cycle. This relates to rentals for events.

2. Cemetery Fees The revenue generated for this stream depends on the volume of grave bookings by the members of the public and the grouping of the deceased (age etc) which was less than budgeted for.

3. External services – Despite the difficulties experienced in the main half of the financial year, the revenue rose significantly due to high demand for grass cutting mainly by the City of Johannesburg and the respective related entities. This was significantly more than expectations.

4. Other revenue – Recorded under revenue in the main is the admission to the ZOO, recovery of provision for doubtful debt and rentals of the restaurant at the ZOO etc. The main contributor to the positive results is the effort by the entity's finance department in recovering of the money owed due to the entity.

5. Interest received – This mainly relates to interest earned on the sweeping and loan accounts held with the City of Johannesburg. The positive variance is a result of higher balances and a favourable rate than was expected.

6. Other revenue – Positive results is mainly a result of donations including those of animals that were not budgeted for.

7. Personnel costs - The favourable variance under employee related cost relates mainly to employees encouraged to take their long outstanding leave and also forfeiting of the leave by employees who did not take their leave in line with the entity's leave policy. There is also some savings on the overtime worked during the current year compared to what was expected. Actuarial losses on employee obligations was also budget for on this line item however based on the results for the financial year a gain was realised. There is high level of uncertainty in budgeting for this amount by management until the actual outcome is known at the end of the financial year.

8. Depreciation - provided was also above budget because of the difficulties experienced in budgeting for this amount.

9. Bad debts - Majority of the debtors were able to pay on time compared to expectations and this is further highlighted on the explanation above relating to bad debt recoveries.

10. Finance costs – relates to both interest on valuation of employees obligations and finance lease. Increased balance and negative rate change contributed to the negative variance.

11. Repairs and maintenance and general expenditure – Despite a transfer of approximately majority of the repairs and maintenance budget during the year to cover the costs of securities in line with the City of Johannesburg to increasing the security of the citizens in parks, there is a saving son this expenditure relating to items such as training, seminars, IT, seeds and customer relations costs to name some few.

12. Actuarial Gains/ (losses) – A loss was budgeted for under payroll costs. Please refer to narrations on payroll above.

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

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 judgements 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:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable sevice amounts of cash-generating, non-cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the useful life and market value assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including technological obsolescence, together with economic factors such as interest and inflation rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

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.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6 - Employee benefit obligations.

Effective interest rate

The entity used the prime interest rate to discount future cash flows adjusted for risks specific to the related item.

Allowance for doubtful debts

An impairment loss is recognised in the statement of financial performance when there is objective evidence that debtor is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Zoo animals

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

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

Zoo animals are accounted for in terms of GRAP 17 as items of property, plant and equipment. 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 fair value at the time of donation or transfer, and are depreciated accordingly.

Zoo animals (continued)

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 fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The Johannesburg City Parks and 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 fair value at the time of birth and will also be depreciated accordingly.

It should be noted that zoo animals are valued as a specie and not individuals.

The useful lives of zoo animals listed below reflect useful lives of the different classes of animals at the Johannesburg City Parks and ZOO. Within the different classes of animals are a number of different species whose useful lives differ. Therefore the useful lives of zoo animals listed below reflect the useful lives of the different species contained within a specific class of animlas.

The useful lives of zoo animals has been assessed as follows:

Item	Useful life
Amphibia	4 - 16 years
Arachnida	2 - 20 years
Aves	4 - 6 years
Mammalia	6 - 64 years
Pisces	1 - 35 years
Reptilia	7 - 80 years
Insecta	4 years

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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 entity; 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.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment , where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Accounting Policies

1.5 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment .

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Leasehold property	Straight line	
• Leasehold improvements		5 years
Plant and machinery	Straight line	
• Grass-cutting equipment		2 years
• Minor plant		5 years
• Mobile plant		2 years
• Playground equipment		5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	
• Furniture and fittings		5 years
• Other equipment		5 years
IT equipment	Straight line	3 years

The residual value, and 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. The entity does disclose fully depreciated assets if such information is considered necessary.

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.

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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.

Internally generated goodwill is not recognised as an intangible asset.

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	3 years

1.7 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

1.7 Financial instruments (continued)

Financial assets classified as at fair value through surplus or deficit which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through surplus or deficit category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity 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 instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

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

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

Impairment losses are recognised in surplus or deficit.

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

1.7 Financial instruments (continued)

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because the fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) related parties

These include loans to and from controlling entities, fellow controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Allowance for doubtful debts

An impairment loss is recognised in the statement of financial performance when there is objective evidence that debtor is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

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

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

1.7 Financial instruments (continued)

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the entity has transferred its rights to receive cash flows from the asset and either
  has transferred substantially all the risks and rewards of the asset, or
  has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets are derecognised using trade settlement date accounting.

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the entity's continuing involvement is the amount of the transferred asset that the entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.8 VAT

VAT receivable and payable

To the the extent that VAT input receivable exceeds VAT output payable, the amount is recognised as a receivable (asset) in the statement of financial position. If the of VAT output payable exceeds VAT input receivable the amount is recognised as a payable (liability).

VAT liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.9 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 are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 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.

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.

Included in the cost of inventory is the cost of purchased trees. These are measured at cost. Johannesburg City Parks NPC also has trees that are promulgated from seedlings. As at 30 June 2015, the cost of promulgated trees has not been included in the cost of inventory. This is due to the impracticability involved in attaching a value to these promulgated trees.

Accounting Policies

1.11 Gratuities

The entity provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the entity when the gratuity is paid.

1.12 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.13 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the financial statements. Refer to note 35.

1.14 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

1.15 Related parties

A related party is a person or entity that is related to the entity.
(a) A person or a close member of that person's family is related to the entity if that person:
(i) has control or joint control over the entity;
(ii) has significant influence over the entity; or
(iii) is a member of the key management personnel of the entity or of a parent of the entity.

(b) An entity is related to the entity if any of the following conditions applies:
(i) the entity and the company are members of the same group.
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of a third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party.
(v) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the entity. If the entity is itself such a plan, the sponsoring employers are also related to the entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

Accounting Policies

1.15 Related parties (continued)

Transactions with related parties are entered into and disclosed at arm's length.

Related party relationships where control exists are disclosed irrespective of whether there has been transactions between the related parties.

In respect of transactions between related parties other than transactions that would occur within normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at at arm's length in the same circumstances, the entity discloses (a) the nature of the related party relationship, (b) the type of transaction that have occurred and (c) the elements of the transactions necessary to clarify the significance of these transactions to its operations and sufficient to enable the financial statements to provide relevant and reliable information for decision making and accountability purposes.

1.16 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the 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:

Identification

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.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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.

Basis for estimates of future cash flows

In measuring value in use the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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.

Cash-generating units

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 use 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.

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

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.

Reversal of impairment loss

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.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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.

After a reversal of an impairment loss is recognised, 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.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Accounting Policies

1.17 Shareholder's loan on incorporation

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

Shareholder's loan on incorporation is treated as residual interest.

1.18 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 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.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company’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 unit credit method.

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

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

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.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is 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 surplus or deficit, 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 reduced 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.

Other post retirement obligations

Accounting Policies

1.18 Employee benefits (continued)

The entity 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 entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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 reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the entity 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

Accounting Policies

1.19 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

A contingent liability is a present obligation that arises from past events but is not recognised because it is not probable that an outflow of economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with certainty.

Contingent assets and contingent liabilities are not recognised, but 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.

1.20 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.21 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.

1.21 Revenue from exchange transactions (continued)

An exchange transaction is one in which the 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.

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.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the company, and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.22 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.

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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.

1.22 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity’s operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.23 Cost of sales

When inventories are sold, exchanged or distributed the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. If there is related revenue, the expense is recognised when the goods are distributed, or related service is rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all deficits 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.24 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Accounting Policies

1.25 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.26 Comparative figures

Where necessary, comparative figures have been reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements in the current year.

1.27 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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.

1.28 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.

1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management’s best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.31 Prior period errors

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified, in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

2. Standard and interpretations not yet effective

At the date of authorisation of these Annual Financial Statements, the following Standards and Interpretations were in issue but not yet effective:

Name	Effective Date
GRAP 18 - Segment Reporting	No effective date determined yet
GRAP 20 - Related Parties	No effective date determined yet
GRAP 32 - Service Concession arrangements: Grantor	No effective date determined yet
GRAP 108 - Statutory receivables	No effective date determined yet

All standards and interpretations will be adopted at their effective date (except those Standards and Interpretations that are not applicable to Johannesburg City Parks).

The impact of the application of the above standards and interpretations have not been fully assessed for the following financial year.

3. Inventories

	2016	2015
Vet supplies	120	209
Consumable stores	1 160	1 107
Spare parts	1 828	1 893
Food and Beverage	17	24
Tree inventory	3 878	2 116
	7 003	**5 349**

4. Loans to shareholder

	2016	2015
City of Johannesburg Metropolitan Municipality - Notional loans - see below	49 519	55 357
The above loans are unsecured and have no fixed terms of repayment. They bear interest at rates determined annually by actuarial valuations, based on market yields of government bonds. The average interest rate applied during the year is 8.74% (2015 - 6%) per annum.		
Capex Loans	650	2 378
The above loans represent the net effect of the amounts that were spent on capital expenditure projects that were approved by the City of Johannesburg and undertaken on their behalf and the CAPEX claims refunds that are still due to the entity in this respect		
Sweeping account	482 340	387 060
The above loan is unsecured and has no fixed terms of repayment. The loan bears interest at rates determined from time to time by the City of Johannesburg Treasury , based on average call rates of banks.		
	532 509	**444 795**

There was no default during the period of principal, interest, sinking fund or redemption terms of loans receivable.

There was no renegotiation of the terms of the loans during the period under review.

The loans to shareholder are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

	2016	2015
Non-current assets	49 519	55 357
Current assets	482 990	389 438
	532 509	**444 795**

Fair value of loans to shareholder

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

4. Loans to shareholder (continued)

Loans to shareholder	532 510	444 795

Notional loans

Loans at beginning of the year	55 357	59 700
Receipts	(9 395)	(7 824)
Interest	3 557	3 481
	49 519	**55 357**

No portion of the loans was pledged as security for any liabilities.

Sweeping account and Capex loan

Loans at beginning of the year	389 438	297 009
Additional loan to shareholder	62 206	73 417
Interest received	31 347	19 012
	482 991	**389 438**

5. Receivables from exchange transactions and non-exchange

Allowance for bad debts	(12 653)	(16 963)
Dishonoured cheques	11	12
Fair value adjustment of debtors	(783)	(48)
Fuel deposits	212	212
Prepayments	-	6
Related party debtors	139 812	164 816
Trade debtors	3 207	2 471
ZOO Vat receivable	1 655	1 655
	131 461	**152 161**

Trade and other receivables pledged as security

No trade and other receivables were pledged as security at the end of the year.

Credit quality of trade and other receivables

Trade receivables comprise two main categories: government (including group companies) and corporate. Management evaluates credit risk relating to the customers on an ongoing basis. The assessment takes into account the financial position, past experiences and other factors.

Revenue within the cemetery fee environment is recognised on a cash basis, as the economic benefit of the service passes when the funds have been received. Returned cheques within this environment result in the blacklisting of the undertaker concerned. Revenue within the external services environment is exclusively with government, including group companies.

Trade and other receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are non-interest bearing and are generally repayable between 1 and 3 months.

None of the financial assets that are fully performing have been renegotiated in the last year.

No security is held for any of the trade and other receivables.

Trade and other receivables past due but not impaired

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

5. Receivables from exchange transactions and non-exchange (continued)

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R 11 641 000(2015: R 4 128 000) were past due but not impaired.

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

1 month past due	5 384	1 273
2 months past due	6 257	2 855
	11 641	**4 128**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	16 963	30 488
Provision for impairment	5 518	14 508
Bad debts recovered	(9 569)	(1 010)
Debt reversed during the year	(259)	(27 023)
	12 653	**16 963**

The prior year provision was reversed and re-assessed in the new financial year.

6. Employee benefit obligations

6.1 Defined benefit plan

Post-retirement liability		
Post-retirement medical aid plan	(13 710)	(14 040)
Post-retirement housing subsidy plan	(30)	(1 136)
Retirement gratuity plan	(81 225)	(85 449)
	(94 965)	**(100 625)**

6.1.1 Post retirement medical aid plan

In-service members receive a post-employment subsidy of 60% of the contribution payable if they were above the age of 55 on 1 July 2003, or 50% if they were between the ages of 50 and 55 on this date, should they be a member of a medical scheme at retirement. Employees who were younger than age 50 on 1 July 2003 are not eligible for PEMA subsidy.

Current continuation members and their eligible dependats receive a subsidy of either 50% or 60% based on the rules above. Upon a member's death-in-retirement the surviving dependants will continue to receive the same subsidy. Upon a member's death-in-service the surviving dependats will not continue to receive a subsidy.

The amount is assumed to increase in the future at 75% of salary inflation.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for staff of the entity who are entitled to benefits that relate to their service with the City of Johannesburg Metropolitan Municipality before the entity was established. This amount was determined as at 1 July 2003 and has been crystallised in the form of notional loan accounts which earn interest and against which the Company may claim benefit payments made. This loan account does not constitute a plan asset and in terms of Grap 25 cannot be offset against the liability. It has however been included in the statement of financial position of the entity as an asset.

Figures in Rand thousand	2016	2015

6. Employee benefit obligations (continued)

Movements for the year

	2016	2015
Opening balance	14 040	12 833
Benefits paid	(724)	(703)
Net expense recognised in the statement of financial performance	394	1 910
	13 710	**14 040**

Net expense recognised in the statement of financial performance

	2016	2015
Current service cost	57	97
Interest cost	1 161	1 119
Actuarial (gains) losses	(824)	694
	394	**1 910**

Notional loan account

	2016	2015
Opening balance	23 128	21 820
Interest received	1 527	1 308
Balance at end of year	**24 655**	**23 128**

Key assumptions used

Assumptions used on last valuation on 30 June 2016 done as provided by CJMM.

	2016	2015
Discount rates used	8,74 %	8,94 %
Expected rate of return on assets	8,74 %	8,94 %
Expected increase in salaries	7,40 %	8,05 %

6.1.2 Post retirement housing subsidy plan

The entity provides housing subsidies in respect of certain qualifying staff. In the event that the housing loan that the subsidy relates to is not fully paid at retirement date the subsidy will continue in the member's retirement. The subsidy amount is based on the subsidy being received at the date of the valuation. It is assumed to remain constant and to continue for a period of 10 years after retirement.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for staff of the entity who are entitled to benefits that relate to their service with the City of Johannesburg Metropolitan Municipality before the entity was established. This amount was determined as at 1 July 2003 and has been crystallised in the form of notional loan accounts which earn interest and against which the company may claim benefit payments made. This loan account does not constitute a plan asset and in terms of Grap 25 cannot be offset against the liability. It has however been included in the statement of financial position of the entity as an asset.

Movements for the year

	2016	2015
Opening balance	1 136	301
Net expense recognised in the statement of financial performance	(1 106)	835
	30	**1 136**

Net expense recognised in the statement of financial performance

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

6. Employee benefit obligations (continued)

Current service cost	41	28
Interest cost	96	11
Actuarial (gains) losses	(1 243)	796
	(1 106)	**835**

Key assumptions used

Assumptions used on last valuation on 30 June 2016 done as provided by CJMM.

Discount rates used	8,74 %	8,94 %
Expected rate of return on assets	8,74 %	8,94 %
Expected increase in salaries	7,40 %	8,05 %

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

6. Employee benefit obligations (continued)

6.1.3 Post retirement gratuity plan

The Company provides gratuities on retirement or prior death (i.e. for those members that have died prior to retirement date) in respect of employees who have service with the City of Johannesburg Metropolitan Municipality or the Company 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 is paid on an eligible employee's retirement but will also be paid should they withdraw or die before retirement, provided that the member has either 10 (ten) years of service and is at least. 55 years of age, or 25 years of service and is atleast 45 years of age.

The benefit is calculated as 1 (one) month's salary for each year of gratuity service. Gratuity service is defined as service accrued before these employees were required to join the eJoburg Retirement Fund at its commencement on 1 January 2002. 1 (one) year of bonus gratuity service is awarded for every 5 (five) completed years of gratuity service, up to a maximum of 10 (ten) bonus years.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for staff of the entity who are entitled to benefits that relate to their service with the City of Johannesburg Metropolitan Municipality before the entity was established. This amount was determined as at 1 July 2003 and has been crystallised in the form of notional loan accounts which earn interest and against which the Company may claim benefit payments made. This loan account does not constitute a plan asset and in terms of Grap 25 cannot be offset against the liability. It has however been included in the statement of financial position of the entity as an asset.

Movements for the year

	2016	2015
Opening balance	85 448	79 820
Benefits paid	(9 395)	(7 824)
Net expense recognised in the statement of financial performance	5 170	13 452
	81 223	**85 448**

Net expense recognised in the statement of financial performance

	2016	2015
Interest cost	6 938	6 853
Actuarial (gains) losses	(1 768)	6 599
	5 170	**13 452**

Notional loan account

	2016	2015
Opening balance	32 228	37 879
Interest received	2 030	2 172
Benefits payments	(9 394)	(7 823)
Balance at end of year	**24 864**	**32 228**

Key assumptions used

Assumptions used on last valuation on 30 June 2016 done as provided by CJMM.

	2016	2015
Discount rates used	8,74 %	8,94 %
Expected rate of return on assets	8,74 %	8,94 %
Expected increase in salaries	7,40 %	8,05 %

6.2 Defined contribution plan

CJMM and its ME’s provide post-employment benefits to all their permanent employees through defined contribution funds. The following employee contributions have been made to the defined contribution plans.

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

6. Employee benefit obligations (continued)

The total economic entity contribution to such schemes	42 148	38 528
The amount recognised as an expense for defined contribution plans is	42 148	38 528

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

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

6. Employee benefit obligations (continued)

Defined contribution funds

- City Power Retirement Fund
- E-Joburg Retirement Fund
- Meshawu National Local Authorities Retirement Fund
- Municipal Councilors Pension Fund
- Municipal Employees Gratuity Fund
- Municipal Gratuity Fund
- National Fund for Municipal Workers
- South African Municipal Workers' Union Provident Fund

In the case of these defined contribution funds, the contributions paid have been expensed as required in terms of GRAP 25.

Defined benefits funds

- City of Johannesburg Pension Fund
- Diepmeadow Pension Fund
- Johannesburg Municipal Pension Fund
- South African Local Authorities Pension Fund
- Soweto City Council Pension Fund

Hybrid funds

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund

Management, as a result of insufficient information of the multi-employer plans being available, could not determine the appropriate share of the obligation, plan assets and associated costs of any of the defined benefits funds. Accordingly, all funds have been accounted for using a defined-contribution basis at the municipal entity level.

However, full-defined benefit accounting has been applied at the group level in the accounts of the Group for the City of Johannesburg Pension Fund, Johannesburg Municipal Pension Fund, South African Local Authorities Pension Fund and Soweto City Council Pension Fund. The City of Johannesburg Metropolitan Municipality has undertaken to carry all pension obligations up to 30 June 2014.

Contributions to the Deapmeadow Pension Fund were ceased for the group with effect from 31 July 2003. Benefits have been paid and will accumulate for members on a defined contribution basis.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	212	333

The entity had the following Standard Bank of South Africa Limited bank accounts 2016 - R0 (2015: R0)

Figures in Rand thousand

Notes to the Financial Statements

8. Zoo animals

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Zoo animals	28 778	(3 154)	25 624	26 108	(2 367)	23 741

Reconciliation of zoo animals - 2016

	Opening balance	Additions	Adjustments arising from accounting for births and deaths	Disposals	Depreciation	Total
Zoo animals	23 741	2 370	3 007	(2 311)	(1 183)	25 624

Reconciliation of zoo animals - 2015

	Opening balance	Additions	Adjustments arising from accounting for births and deaths	Disposals	Depreciation	Total
Zoo animals	15 247	6 057	3 816	(645)	(734)	23 741

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

9. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	28 189	(6 425)	21 764	28 188	(5 560)	22 628
Finance lease assets - office equipment	1 739	(784)	955	4 220	(2 883)	1 337
IT equipment	17 874	(15 041)	2 833	17 371	(13 669)	3 702
Leasehold improvements	15 726	(9 035)	6 691	15 726	(6 498)	9 228
Minor plant	33 311	(28 148)	5 163	36 081	(27 587)	8 494
Motor vehicles	2 588	(2 275)	313	2 566	(1 984)	582
Office equipment	15 348	(12 005)	3 343	14 791	(10 936)	3 855
Finance lease asset - fleet	68 354	(20 374)	47 980	44 956	(15 043)	29 913
Total	**183 129**	**(94 087)**	**89 042**	**163 899**	**(84 160)**	**79 739**

Figures in Rand thousand

Notes to the Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	22 628	-	-	(864)	21 764
Finance leased Assets - office equipment	1 337	189	-	(571)	955
IT equipment	3 702	1 420	(59)	(2 230)	2 833
Leasehold improvements	9 228	-	-	(2 537)	6 691
Minor plant	8 494	68	(24)	(3 375)	5 163
Motor vehicles	582	-	-	(269)	313
Finance leased Assets - fleet	29 913	26 811	-	(8 744)	47 980
Office equipment	3 855	803	(14)	(1 301)	3 343
	79 739	**29 291**	**(97)**	**(19 891)**	**89 042**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	22 834	638	-	(844)	22 628
Finance lease assets - office equipment	69	1 570	-	(302)	1 337
IT equipment	4 298	1 443	(28)	(2 011)	3 702
Leasehold improvements	8 850	2 710	-	(2 332)	9 228
Minor plant	7 989	4 262	(7)	(3 750)	8 494
Motor vehicles	844	-	(22)	(240)	582
Office equipment	4 140	1 360	(4)	(1 641)	3 855
Finance lease asset - fleet	27 282	10 824	(1 545)	(6 648)	29 913
	76 306	**22 807**	**(1 606)**	**(17 768)**	**79 739**

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

9. Property, plant and equipment (continued)

Pledged as security

None of the company's assets are pledged as security except for finance lease assets with a carrying value of R55 626 000 (2015 R40 478 000)

The following leased assets are included in Property, Plant and Equipment listed above

Assets subject to lease (Net carrying amount)

	2016	2015
Leasehold improvements	6 691	9 228
Finance lease assets - office furniture and equipment	955	1 337
Finance lease asset - fleet	47 980	29 913
	55 626	**40 478**

Details of properties

Land and buildings comprise of property situated at 40 De Korte Street, in the township of Braamfontein, Johannesburg, Registration Division I.R, The Province of Gauteng; measuring in the extent of 995 square metres, and held by deed of transfer No. T 043009/07. The property was purchased at a consideration of R12 882 000 and was transferred into the name of Johannesburg City Parks on 2007/08/06.

The leased property, plant and equipment is secured as described in note 11 .

There was no impairment of property, plant and equipment during the financial year under review, (2015 Nil).

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 company.

10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	11 829	(10 049)	1 780	12 302	(9 019)	3 283

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	3 283	276	(1 779)	1 780

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	3 360	2 119	(162)	(2 034)	3 283

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

11. Finance lease obligation

	2016	2015
Minimum lease payments due		
- within one year	16 743	11 733
- in second to fifth year inclusive	47 231	30 282
	63 974	42 015
less: future finance charges	(12 008)	(7 840)
Present value of minimum lease payments	**51 966**	**34 175**
Present value of minimum lease payments due		
- within one year	15 910	8 797
- in second to fifth year inclusive	36 056	25 378
	51 966	**34 175**
Non-current liabilities	36 056	25 378
Current liabilities	15 910	8 797
	51 966	**34 175**

It is entity policy to lease certain assets under finance leases.

The average lease term is 4 years and the average effective borrowing rate is 10% (2015: 10%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

No restrictions other than for transfer or disposal of leased property have been imposed by the lessor.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 10.

12. Payables from exchange transactions and non-exchange

	2016	2015
Accrued bonus	11 414	11 068
Accrued expense - other	-	2
Accrued leave pay	25 003	29 592
Accrued payroll cost	8 032	6 973
Amounts received - bulk services contribution for capital expenditure	218 315	180 733
Amounts claimed in advance from the City for Capex	-	14 279
Amounts received in advance for capital developments and other items	6 368	2 197
Other creditors	1 741	1 332
Fair value adjustment	(775)	(551)
Learnership grant	291	291
Other accrued expenses	24 270	3 282
Related party creditors	9 383	6 249
Deposits received	95	300
Trade payables	130 188	169 229
	434 325	**424 976**

Trade and other payables are carried at amortised cost.

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

The entity has not significantly defaulted on any of the accounts payable.

None of the terms attached to the accounts payable were re-negotiated in the period under review.

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

12. Payables from exchange transactions and non-exchange (continued)

Amounts received - bulk service contribution for capital expenditure of R218 315 000 (2015: R180 733 000), represents contributions made by Developers yet to be spent on capital infrastructure and related projects.

13. VAT payable

	2016	2015
Vat payable	10 523	7 478

VAT payable represents a net output tax amount payable to SARS.

14. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Performance bonuses	16 565	16 565	(15 230)	17 900
Other creditors	3 179	1 464	(37)	4 606
	19 744	**18 029**	**(15 267)**	**22 506**

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Performance bonuses	15 044	16 565	(15 044)	16 565
Other creditors	3 179	-	-	3 179
	18 223	**16 565**	**(15 044)**	**19 744**

The entity intends to pay performance bonuses to its employees based on their performance for services rendered during the current financial year.

15. Shareholder's loan on incorporation

	2016	2015
Issued		
Shareholder's loan	29 958	29 958

The Shareholder's loan was advanced on incorporation and it is treated as part of net assets as opposed to a financial liability. The loan has no fixed terms of repayment and does not bear interest.

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

16. Revenue

Sale of horticultural products	47	727
Rental facilities and equipment	2 980	3 179
Cemetery Fees	21 174	19 725
External services	56 746	46 677
Other revenue - exchange	33 665	27 282
Interest received - investment	34 915	22 499
Government grants & subsidies	711 957	644 389
Other revenue - non-exchange	3 837	8 744
	865 321	**773 222**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of horticultural products	47	727
Rental facilities and equipment	2 980	3 179
Cemetery fees	21 174	19 725
External services	56 746	46 677
Other revenue - exchange	33 665	27 282
Interest received - investment	34 915	22 499
	149 527	**120 089**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	711 957	644 389
Other revenue - non exchange	3 837	8 744
	715 794	**653 133**

17. Grants and subsidies

Municipal subsidy	711 957	644 389

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

18. Other revenue

	2016	2015
The amounts included in other revenue arising from exchanges of good and services are as follows:	-	-
Admission - zoo	20 487	21 155
Bad debts recovered	9 569	1 010
Decorations	7	10
Insurance recoveries	1	56
ZOO Sundry income	-	299
Project Admin Fee	876	2 099
Rental income	2 246	2 148
Tender receipts	478	505
	33 664	**27 282**

	2016	2015
The amount included in other revenue arising from non-exchange transactions is as follows:		
Donations received	2 307	3 456
Cashier variances	30	15
EPWP grant	1 500	5 273
	3 837	**8 744**

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

19. General expenses

	2016	2015
Advertising	2 718	2 627
Auditors remuneration - See Note 26	1 118	1 191
Bank charges	201	189
Cleaning	1 344	1 157
Consulting and professional fees	6 862	7 869
Consumables	889	761
Entertainment	760	549
Animal Costs	7 188	5 856
Gifts	1 063	128
Hire of equipment	206	172
Insurance	9 929	6 959
Conferences and seminars	1 047	1 278
IT cost	4 380	3 338
Fleet costs	42 187	40 377
Marketing	4 783	4 121
Horticulture	5 779	3 679
Books and publications	312	133
Medical expenses	18	4
Pesticides	89	81
Fuel and oil	2 009	2 200
Placement fees	325	247
Postage and courier	2	1
Printing and stationery	2 990	2 765
Promotions	21	-
Research and Development costs	566	381
Research and development	95	525
Security (guarding of municipal property)	37 261	26 345
Software expenses	4 330	1 454
Refreshments	1 351	1 264
Membership and subscription fees	1 271	1 027
Telephone and fax	3 885	4 033
Training	1 645	1 122
Travel - local	954	372
Travel - overseas	1 585	1 031
Waste management	645	760
Electricity	12 052	12 412
Gas	348	335
Water	12 095	18 839
Refuse	2 106	1 626
Uniforms	4 338	4 277
Hire of buses	581	372
EPWP costs	58 372	57 190
Other sundry expenses	8 887	8 865
Minor asssets	-	17
Farm expenses	409	754
Veterinary department	257	731
Cost of sales rendering of services	51 260	43 000
	300 513	**272 414**

Notes to the Financial Statements

Figures in Rand thousand		2016	2015

20. Employee related costs

		2016	2015
Bonuses		35 190	33 033
Car allowance		9 508	9 377
Employee funeral insurance		393	434
Employee related costs : Gratuities		1 039	969
Employee wellness		2 083	1 908
Housing benefits and allowances		4 041	4 123
Leave pay		295	4 325
Other employee costs		82	156
Other payroll levies		41	77
Overtime payments		12 439	14 924
Pension and provident fund contributions	6	42 148	38 543
Salaries and wages		338 511	325 222
Skills Development Levy		3 784	3 638
Unemployment Insurance Fund		2 469	2 431
Workmens Compensation Act Insurance		2 991	2 837
		455 014	**441 997**

Remuneration of executive directors

	2016	2015
Salary	3 285	3 112
Other allowances	665	377
	3 950	**3 489**

Remuneration of non executive directors

	2016	2015
Fees	1 458	1 220

21. Debt impairment

	2016	2015
Bad debts provision	5 518	14 513

22. Interest revenue

	2016	2015
Interest received - other	3 568	3 487
Loans to shareholder	31 347	19 012
	34 915	**22 499**

23. Depreciation and amortisation

	2016	2015
Property, plant and equipment	19 891	17 769
Intangible assets	1 779	2 034
Zoo Animals	1 183	734
	22 853	**20 537**

24. Finance costs

	2016	2015
Employee obligations	8 207	8 000
Finance leases	3 015	2 603
	11 222	**10 603**

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

25. Auditors remuneration

Fees	1 118	1 191

26. Cash generated from operations

Surplus (deficit)	50 943	(1 531)
Adjustments for:		
Depreciation and amortisation	22 853	20 537
(Gain)/loss on sale of assets	574	(655)
Fair value adjustments	511	(1 570)
Actuarial losses/(gains) on employee benefit obligations	(3 835)	8 089
Finance costs - finance leases	3 015	2 603
Bad debts recovered	(9 569)	-
Bad debts provision	5 518	14 057
Movements in retirement benefit assets and liabilities	(5 660)	7 671
Movement in provisions	2 762	1 521
Gains from donation, sale and birth of animals	(2 695)	(5 901)
Changes in working capital:		
Inventories	(1 654)	758
Receivables from exchange transactions	24 275	43 702
Payables from exchange transactions	9 349	40 034
VAT	3 045	2 531
	99 432	**131 846**

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

27. Commitments

Commitments in respect of expenditure:

	2016	2015
Authorised and not yet contracted for		
• Capital expenditure -previously reported	37 454	95 000
• correction - reversal of budget already committed	-	(26 319)
	37 454	**68 681**
Authorised and contracted for		
• Capital Expenditure	45 516	26 319
• Operational expenditure	7 261	4 005
	52 777	**30 324**
Capital expenditure will be financed from		
COJ Funding	27 470	64 500
Urban Settlement Development Grant	-	30 500
Capital Replacement Reserve	55 500	-
	82 970	**95 000**

The above amounts reflect the capital budget for the 2016/17 financial year as reflected in the approved 2015/2016 fiscal year. The authorised and contracted for includes multi year awards (where applicable) and relates to the portion of the 2016/2017 capital budget as at 30 June 2016. There was an error in the prior period of R26 319 000 indicated as "authorised and not yet committed". The amount was corrected.

Operating leases – fleet

	2016	2015
Minimum lease payments due		
- within one year	13 772	12 084
- in second to fifth year inclusive	4 115	14 002
	17 887	**26 086**

Operating lease payments represent rentals payable by the entity to the CJMM for certain vehicles in terms of the lease agreement with the CJMM. No contingent rent is payable.

28. Contingent liabilities and assets

Contingent liabilities

The company is a defendant on various claims amounting to R79 474 000 relating to contractual disputes with the service providers.

Contingent assets

The company is currently pursuing claims amounting to R3 322 000 relating to contractual disputes with the service providers.

Johannesburg City Parks and ZOO is a beneficiary to the land donated from a deceased estate. The process is ongoing and the value nor date of transfer is currently unkown.

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

29. Related parties

Relationships	
Controlling entity	City of Johannesburg Metropolitan Municipality
Other members of the group	City of Johannesburg Property Company SOC Ltd City Power Johannesburg SOC Ltd Johannesburg Development Agency SOC Ltd Johannesburg Metropolitan Bus Services SOC Ltd Johannesburg Roads Agency SOC Ltd Johannesburg Social Housing Company SOC Ltd. Johannesburg Tourism Company NPC Johannesburg Water SOC Ltd Metropolitan Trading Company SOC Ltd Pikitup Johannesburg SOC Ltd Roodepoort City Theatre NPC The Johannesburg Civic Theatre NPC The Johannesburg Fresh Produce Market SOC Ltd The Johannesburg Zoo NPC
Members of key management	Directors' remuneration

Transactions with related parties are conducted at arm's length.

Liabilities have been restated to include employee obligations which was ommited in the note in the previous financial years. Purchases of water, refuse and electricity is also transferred from City of Johannesburg to the respective City of Johannesburg entities.

Related party balances

	2016	2015
Amounts included assets (Loans, trade and other receivables)		
City of Johannesburg Metropolitan Municipality	652 446	604 570
City of Johannesburg Property Company SOC Ltd	-	47
City Power Johannesburg SOC Ltd	14 155	3 996
Johannesburg Roads Agency SOC Ltd	4 757	540
Johannesburg Water SOC Ltd	313	458
Pikitup Johannesburg SOC Ltd	3	-
	671 674	**609 611**

	2016	2015
Amounts included in liabilities (loans,trade and other payable and finance lease)		
City of Johannesburg Metropolitan Municipality	57 146	37 390
City of Johannesburg Property Company (Pty) Ltd	60	912
City Power Johannesburg SOC Ltd	43	272
Johannesburg Roads Agency SOC Ltd	919	81
The Johannesburg Civic Theatre SOC Ltd	2 007	13
The Johannesburg Fresh Produce Market (Pty) Ltd	-	6
	60 175	**38 674**

Notes to the Financial Statements

Figures in Rand thousand	2016	2015

29. Related parties (continued)

Related party transactions

Income from related parties		
City Power Johannesburg SOC Ltd	30 838	19 815
City of Johannesburg Metropolitan Municipality	764 118	691 961
City of Johannesburg Property Company SOC Ltd	1 056	1 014
Johannesburg Roads Agency SOC Ltd	4 499	2 453
Johannesburg Water SOC Ltd	716	442
Pikitup Johannesburg SOC Ltd	3	-
	801 230	**715 685**

Purchases from related parties		
City Power Johannesburg SOC Ltd	5 065	11 929
City of Johannesburg Metropolitan Municipality	16 075	18 186
City of Johannesburg Property Company (Pty) Ltd	-	800
Johannesburg Civic Theatre SOC Ltd	1 852	127
Johannesburg Metropolitan Bus Services SOC Ltd	6	12
Johannesburg Roads Agency (Pty) Ltd	1 150	236
Johannesburg Water SOC Ltd	16 302	18 713
Pikitup Johannesburg SOC Ltd	3 824	1 626
The Johannesburg Fresh Produce Market (Pty) Ltd	15	133
	44 289	**51 762**

Key management information

Class	**Description**	**Number**
Non-executive board members		9
Independent audit committee members		3
Executive and Senior Management	Excluding acting during the year	9

Figures in Rand thousand

29. Related parties (continued)

Remuneration of management

Executive and Senior management Salaries

2016

Name	Annual salary	Bonus	Allowances	Contributions		Total
B Nelana - Managing Director	1 786	191	110	79	-	2 166
PM Sedite - Chief Financial Officer	1 499	207	60	18	-	1 784
BP Njingolo - Chief Operations Officer	1 512	219	136	-	-	1 867
O Van Heerden - Strategic Support	1 492	57	16	-	-	1 565
ZN Makhoba - Corporate Services	1 350	198	72	137	-	1 757
B Mahlaba - Business Development	1 411	199	104	-	-	1 714
MM Dube - JHB ZOO	86	-	-	-	-	86
NA Shongwe - Company Secretary	1 089	147	-	46	-	1 282
FW Mqhavule - Internal Audit	1 161	160	60	-	-	1 381
	11 387	**1 378**	**558**	**279**	**-**	**13 602**

2015

Name	Annual salary	Bonuses	Allowances	Contributions	Total
B Nelana - Managing Director	1 691	144	96	76	2 007
PM Sedite - Chief Financial Officer	1 421	-	60	-	1 481
BP Njingolo - Chief Operations Officer	1 430	126	168	-	1 724
ZN Makhoba - Corporate Services	1 320	150	42	126	1 638
O Van Heerden - Strategi Support	1 417	150	23	-	1 590
B Mahlaba - Business Dvelopment	1 336	138	88	18	1 580
NA Shongwe - Company Secretary	1 017	110	-	39	1 166
FW Mqhavule - Internal Audit	1 081	100	60	-	1 241
	10 713	**918**	**537**	**259**	**12 427**

29. Related parties (continued)

Notes to the Financial Statements

Figures in Rand thousand

30. Directors' fees

Non-executive

2016

	Directors' Fees	Total
Dollie B	97	97
Ms NF Mogorosi	16	16
Leketi FV*	164	164
Mabaso JJ (Chairperson)	231	231
Makgonye MJ*	139	139
Mashanda TN*	178	178
Ms AM Dalamo	15	15
Madumise MB (Previous Chairperson)	30	30
Ms SR Bogatsu	15	15
Rajah AA*	170	170
Mr JS Ngubane	16	16
Sandlana N*	148	148
September A*	111	111
Simelane MJ*	128	128
	1 458	**1 458**

2015

	Directors' Fees	Total
Bogatsu SR	138	138
Dolamo AM	180	180
Dolllie B	28	28
Leketi FV	140	140
Mabaso JJ (Chairperson)	45	45
Madumise MB (Previous Chairperson)	131	131
Makgonye MJ	114	114
Mashanda TN	120	120
Rajah AA	105	105
Sandlana N*	83	83
September A	32	32
Simelane MJ	104	104
	1 220	**1 220**

Executive

2016

	Annual Salaries	Bonuses	Allowances	Contributions	Total
Nelana B (Managing Director)	1 786	191	110	79	2 166
Sedite M (Chief Financial Officer)	1 499	207	60	18	1 784
Total	**3 285**	**398**	**170**	**97**	**3 950**

2015

	Annual Salary	Bonuses	Allowances	Contributions	Total
Nelana B (Managing Director)	1 691	144	96	76	2 007
Sedite M (Cheif Financial Officer)	1 421	-	60	-	1 481
	3 112	**144**	**156**	**76**	**3 488**

Notes to the Financial Statements

Figures in Rand thousand

30. Directors' fees (continued)

Figures in Rand thousand

30. Directors' fees (continued)

Remuneration of independent audit commitee members

2016

	Emoluments	Total
Dunnington GC	68	68
Maboa MJ	63	63
Moolla H	74	74
	205	**205**

2015

	Emoluments	Total
Dunnington GC	25	25
Maboa MJ	30	30
Moolla H	46	46
	101	**101**

31. Prior period errors

The disclosure on note 27 of commitment has been enhanced to include amounts that have been "authorised and contracted for" in both 2015 and the comparative period. Refer to Note **27** of the notes to the annual financial statements for details of the amounts. The related party note has also been restated to consolidate all liabilities and assets owed/due to (from) related parties. See note 29. Where required, prior period were restated on the respective notes.

The correction of the errors for periods prior to 01 July 2014 resulted in adjustments as follows:

Management of Johanesburg City Parks, while preparing financial statements of the company for the period ended 30 June 2015, noted that the Property, plant and equipment and intangible assets were overstated by the amounts below.

Statement of financial performance		
Increase in depreciation	-	928
Increase in loss on disposal	-	143
Increase in loss previously reported	**-**	**1 071**
Statement of financial position		
Increase in accumulated depreciation	-	(907)
Decrease in property, plant and equipment - cost	-	(164)
Net decrease in Assets	**-**	**(1 071)**

Figures in Rand thousand

32. Risk management

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern. This allows the company to maintain an optimal capital structure from which to leverage and increase service delivery to stakeholders.

Consistent with others in the industry, the entity monitors capital on the basis of the debt: equity ratio.

Debt is considered to be current and non-current liabilities, and equity as net assets as noted in the statement of financial position .

The entity's strategy is to maintain a debt: equity ratio of 60 to 40.

There have been no changes to what the entity manages its capital, the stareyegy for capital maintenance or externally imposed capital requirements from previous year.

There are no externally imposed capital requirements.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital. The strategy for capital maintanance or externally imposed capital requirements is the same as in the previous year.

The debt: equity ratio at 2016 and 2015 respectively were as follows: 83.17 and 81.19.

Financial risk management

The company’s overall risk management strategy is done in conjunction with the central treasury department within the City of Johannesburg Metropolitan Municipality. The treasury department identifies, evaluates and hedges financial risk in co-operation with the company.

Liquidity risk

The entity’s risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The following is a summary of the contractual maturity of the company's financial liabilities. The amounts reflected are the contractual undiscounted cash flows.

At 30 June 2016	Less than 1 year	Between 2 and 5 years	Over 5 years	
Finance lease obligation	15 910	36 056	-	-
Trade and other payables - related parties	9 383	-	-	-
Trade and other payables	131 746	-	-	-
Other Payables	289 581	-	-	-

At 30 June 2015	Less than 1 year	Between 2 and 5 years	Over 5 years	
Finance lease obligation - restated	8 797	25 378	-	-
Trade and other payables - related parties	6 249	-	-	-
Trade and other payables	169 529	-	-	-
Other payables	249 198	-	-	-

Figures in Rand thousand

32. Risk management (continued)

Interest rate risk

The entity has significant interest-bearing assets. This has direct bearing on the entity's income and operating cash flows. The asset subject to the above is the sweeping account with the City of Johannesburg Metropolitan Municipality.The following table highlights the likely cashflow risk to the entity in the event of an interest rate fluctuation. The average interest rate for the year is 6.30%

Credit risk

Credit risk consists mainly of cash equivalents and trade receivables. The cash resources are swept on a daily basis via the City of Johannesburg Metropolitan Municipality treasury department. Trade receivables comprise two main categories: government and corporate. Management evaluates credit risk relating to customers on an ongoing basis. The assessment takes into account the financial position, past experience and other factors.

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

Financial instrument		
Loan to shareholder - notional loans	49 519	55 357
Shareholder's loan	482 990	389 438
Trade and other receivables	131 461	152 161

33. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	27	27
Expenditure current year	11	-
	38	**27**

No criminal or disciplinary steps have been taken as a consequence of above expenditure.

The interest was incurred as a result of late payment of an invoice for electricity.

2015

Interest on late payment of creditors - R nil.

34. Irregular expenditure

Restated opening balance	2 939	2 939
Procurement without three quotations	57	-
	2 996	**2 939**

Analysis of expenditure awaiting condonation per age classification

Current year	57	-
Prior years restated	2 939	2 939
	2 996	**2 939**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
No evidence that 3 quotations were requested from suppliers	Pending investigations	57

Notes to the Financial Statements

34. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per age classification

Procurement without three quotations	Board of directors condoned	281
Award made on incorrect points	Board of directors condoned	1 607
		1 888

Details of irregular expenditure investigated (not condoned)

Advertisement for shorter period	1 051

Figures in Rand thousand

35. Reconciliation between budget and statement of financial performance

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

Net surplus (deficit) per the statement of financial performance	50 943	(1 531)
Adjusted for:		
External services revenue was higher than budget due to positive response from clients expecially related party entities	(8 827)	(703)
Donations received	-	(3 381)
Other Income was higher mainly due to Penalty charged for late delivery of fleet vehicles by provider of R1.2m,Project Admin Fee which was above budget by R1.3m due to the high value of capital expenditure budget assigned by the City of Joburg and donations received of R1.2m. There was also profit on animals and fixed assets of R7.1m .This was offset by outstading actuarial gains of R3.1m.	-	(7 182)
The company experinced higher than expected level of hiring of facilities. Income exceeded budget by R0.3m	-	(295)
The high balance on the bank sweeping account resulted in interest earned exceeding budget	-	(331)
Operating Grants income was R1.3m below budget due to deferral of related EPWP projects	-	1 378
Saving under other expenditure on mainly advertising (R3.0m), Climate Change Project (R2.5m), IT Suport (1.1m), Electricity (R5.0m)EPWP projects (R1.8m) and horticultural development (R4.2m). These were offset by over-spent on Water (R6.5), Seeds and Plants (R1.3m), security (R1.7m), interest on leases R2.0m, Legal Fees (R1.1) and marketin expenses (R1.1m). The balace is made of smaller savings in various accounts.	-	(6 808)
Employee related costs were above budget mainly due to over-spent on basic salaries (R38.2m) and overtime for service delivery (R6.3m). This was offset by outstanding actuarial losses of R5.0m	-	41 476
Provision for bad debts on External Services were nolonger due to need to provide for long outstanding receivables	-	4 604
Depreciation was higher due to growth in Asset base	-	1 369
Below budget spent on Repairs & Maintenance to offset employee related cost over-spending	-	(17 925)
High cost of sales due to high work orders as per external services revenue above	-	555
Saving contracted services due to lower rates from new service provider and capitalisation of lease costs	-	(10 299)
Other	-	(927)
Payroll savings - leave, overtime	(14 151)	-
Below budget spending on general expenditure - seminars, training etc	(5 287)	-
Actuarial gains in the current year compared to losses expected and employees taking leave	(7 833)	-
Below budget spent in general expenditure including repairs and maintanance	(6 229)	-
Savings on depreciation	(3 997)	-
Over recovery on interest - sweeping and notial loans	(3 802)	-
Others	(817)	-
Net surplus per approved budget	**-**	**-**

36. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Figures in Rand thousand

Notes to the Financial Statements

36. Additional disclosure in terms of Municipal Finance Management Act (continued)

Current year fee	1 118	1 191
Amount paid - current year	(1 118)	(1 191)
	-	-

PAYE and UIF

Opening	4 908	-
Current year expenditure	71 695	77 502
Amount paid - current year	(70 932)	(72 594)
	5 671	**4 908**

Pension and medical aid deductions

Current year - prior year restated	54 986	50 797

VAT

VAT payable	10 523	7 478

All VAT returns have been submitted by the due dates throughout the year.

37. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

37. Deviation from supply chain management regulations (continued)

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.

In terms of section 36 of JCP Supply Chain Policy, the Accounting Officer in certain instances is allowed to dispense with the official procurement processes. The following instances were authorised by the Accounting Officer during the 2016 financial year :

1. Purchase order number PO050097 for the exhibition stand in Durban was made for an amount of R48 600 (Vat excl.) for the show attended by delegates of the Company.
2. Purchase order number PO049037 for Procurement of Animal-white Pelican was made at Joburg ZOO for an amount of R72 000 (Vat exl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
3. Purchase order number PO052341 for Procurement of Animals-Flamingo was made at Joburg ZOO for an amount of R25 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
4. Purchase order number PO050908 for Procurement of Animal-Water Buffalo was made for the amount of R200 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
5. Purchase order number PO052340 for Procurement of Animals-Reptiles was made for the amount of R24 200.04 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
6. Purchase order number PO053076 for Procurement of Animal-Coati was made for the amount of R12 500 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
7. Purchase order number PO053078 for Procurement of Animals-African Buffalo was made for the amount of R350 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
8. Purchase order number PO053177 for Procurement of Animals-Rhino was made for the amount of R700 000(Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
9. Purchase order number PO053595 for Procurement of Animals-Buffalo weaver, Guenea fowl and Barbet was made for the amount of R21 650 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
10. Purchase order number PO053592 for Procurement of Animal-Nigripes was made for the amount of R50 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
11. PO053918 animal purchase for R25 000
12. PO053927 animal purchase for R280 000
12. PO053919 animal purchase for R64 105
13. PO053917,PO054629 and PO054628 animals purchase for R107 500.
14.Tender JCPZ/EOD01/2015 , BIOGAS project for R2 850 772

2015 financial year:

1. Purchase order number REQ17749 for procurement of Website changes was made for the amount of R16 500.00 as the Service Provider was being utilised by Johannesburg ZOO when the merger took place and therefore they had to continue to render the service as this was part of the SLA between Johannesburg ZOO and the supplier.

JCPZ/EOD01/2015

2. Purchase order number REQ17625 for procurement of Tweet technology at Joburg ZOO was made for the amount of R13 158.00 as they are the sole provider of the service.

3. Purchase order number REQ18477 for procurement of frogs was made for the amount of R111 189.00 as this is procurement of animals in terms of Section 36 (1) of the SCM regulations.

4. Purchase order number REQ18397 for procurement of tigers was made for the amount of R90 000.00 as this is procurement of animals in terms of Section 36 (1) of the SCM regulations.

37. Deviation from supply chain management regulations (continued)

5. Purchase order number REQ18293 for procurement of tigers was made for the amount of R72 950.00 as this is procurement of animals in terms of Section 36 (1) of the SCM regulations.

6. Purchase order number REQ18561 for procurement of Cheetah was made for the amount of R140 000.00 as the preferred supplier for the required service.

7. Purchase order number REQ18940 for procurement of the organisational structure review was made for the amount of R107 800.00 as this was an emergency.

8. Purchase order number REQ18771 for procurement of Additional Catering was made for the amount of R 24 396.00 as original PO was for a total amount of R29 548.80 Excl. Vat but on the day the event the number of attendees exceeded and an additional amount of R24 396.00 was to paid

9. Purchase order number REQ22396 for procurement of Wild African Dogs was made for the amount of R42 000.00 as the preferred supplier for the required service.

10. Purchase order number REQ22002 for procurement of Male Cheeter was made for the amount of R114 000.00 as the preferred supplier for the required service.

11. Purchase order number REQ22773 for procurement of Female Cheetah was made for the amount of R150 000.00 as the preferred supplier for the required service.

12. Purchase order number REQ22829 for procurement of 702 Walk the Talk was made for the amount of R20 750.00 as they are sole provider for the required service.

13. Purchase order number REQ23060 for procurement of Birds was made for the amount of R32 000.00 as the preferred supplier for the required service.

14. Purchase order number REQ23227 for procurement of White Pelicads was made for the amount of R72 000.00 as the preferred supplier for the required service

15. Purchase order number REQ23061 for procurement of Sable was made for the amount of R120 000.00 as the preferred supplier for the required service.

16. Purchase order number REQ23577 for procurement of Impala was made for the amount of R7 500.00 as the preferred supplier for the required service

I

38. Comparative figures

Certain comparative figures have been reclassified.

EPWP costs and related services which were previously reported under employee costs have been reclasifie to general expenditure in line with the nature of the costs.

The effects of the reclassification are as follows:

Statement of financial position - extract

Notes to the Financial Statements

Figures in Rand thousand

38. Comparative figures (continued)

Statement of financial performance - extract

	Comparative figures previously reported	Reclassification	After reclassification
Employee related costs	499 187	(57 190)	441 997
General expenses	215 225	57 190	272 415
Total	**714 412**	**-**	**714 412**

39. Events after the reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year.