DURBAN ICC

INTERNATIONAL CONVENTION CENTRE
INKOSI ALBERT LUTHULI ICC COMPLEX
SOUTH AFRICA

ICC DURBAN (PTY) LTD
(REGISTRATION NUMBER 1992/005887/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

General Information

LEGAL FORM OF ENTITY	Municipal Entity
THE FOLLOWING IS INCLUDED IN THE SCOPE OF OPERATION	Convention and Exhibition Centre
ACCOUNTING OFFICER	L.E. Rakharebe
CHIEF FINANCE OFFICER (CFO)	M.A. Rambally
DIRECTORS	M.S. Msomi (Acting Chairperson) M.C. Jackson N. Makelo Z. Zulu S. Naidoo N. Langa V.G. Mashinini B. Ndamase S.L. Ntuli L.E. Rakharebe M.A. Rambally
REGISTERED OFFICE	45 Bram Fischer Road Durban 4001
POSTAL ADDRESS	P.O. Box 155 Durban 4000
BANKERS	Nedbank Limited 90 Bram Fischer Road Durban 4001
AUDITORS	The Auditor-General of South Africa
COMPANY REGISTRATION NUMBER	1992/005887/07

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

IGRAP	Interpretations of the Standards of Generally Recognised Accounting Practice
GRAP	Generally Recognised Accounting Practice
SIC	Standards Interpretation Committee
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
SARS	South African Revenue Services
MFMA	Municipal Finance Management Act
PPE	Property, plant and equipment
VAT	Value Added Taxation
ICC	International Convention Centre

Accounting Officer's Responsibilities and Approval

The annual 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.

I am responsible for the preparation of these annual financial statements, set out on pages 5 to 10, in terms of section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act (Act 71 of 2008 as amended) and which I have signed on behalf of the ICC Durban (Pty) Ltd on 31 August 2018:

L.E. Rakharebe
Accounting Officer

Durban

31 August 2018

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 as amended), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the results of its operations and cashflows for the period. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented in section 2 of the annual report.

The annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the directors on 31 August 2018 and were signed on its behalf by:

M.S. Msomi
Acting Chairperson

Durban

31 August 2018

Directors' Report

The directors submit their report for the year ended 30 June 2018.

1. Incorporation

The entity was incorporated on 09 October 1992 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged in conference centre management and operates in South Africa. The company is defined as a municipal entity and is 100% owned and controlled by eThekwini Municipality. In terms of an agreement, the company has agreed to manage the International Convention Centre and Durban Exhibition Centre and related amenities and ancillary buildings for eThekwini Municipality.

During the year there were no major changes in the activities of the business.

The entity achieved a net surplus for the year. The financial position of the entity is positive as its assets exceed its liabilities.

Net deficit of the entity was R 27 886 629 (2017: surplus R43 033 361) after a taxation surplus of R281 122 (2017: taxation expense of R6 334 962).

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 31 for disclosure of a resolution of eThekwini Municipality Council dated 28 June 2018.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year that would impact on the annual financial statements presented.

5. Directors' interest in contracts

The directors of the entity did not have any declared interest in contracts entered into by the entity, with the exception of A. Sewnarain.

A. Sewnarain, the sole proprietor of International Bank Vaults (Pty) Ltd, contracted with the company to host an annual charity event. The amount invoiced to International Bank Vaults (Pty) Ltd for the 2018 fiscal of R192 415 (2017: R63 322) was an arm's length transaction, as per normal pricing guidelines.

6. Share capital

There were no changes in the authorised share capital of the entity during the year under review.
On 28 June 2017 a resolution was passed by eThekwini Municipality Council to convert the shareholders' loan to equity. To effect the conversion the remaining 999 authorised shares were issued to eThekwini Municipality in the current period. Refer note 13.

7. Controlling entity

The entity is 100% owned and controlled by eThekwini Municipality.

8. Directors

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

Name	*Nationality*	*Appointment date*	*Term*	*Expiry or Resignation Dates*
D.T. Madlala (Chairperson)	South African	25 January 2005	13 years	31 August 2017
S.S. Ngcobo	South African	25 January 2005	13 years	31 August 2017
A. Sewnarain	South African	25 January 2005	13 years	31 August 2017
M.S. Msomi (Acting Chairperson)	South African	01 August 2013	6 years	31 July 2019
M.C. Jackson	South African	01 October 2015	3 years	30 September 2018
N. Makelo	South African	01 October 2015	3 years	30 September 2018
Z. Zulu	South African	01 October 2015	3 years	30 September 2018
S. Naidoo	South African	14 September 2017	3 years	13 August 2020
N. Langa	South African	18 September 2017	3 years	17 August 2020
V.G. Mashinini	South African	11 October 2017	3 years	10 September 2020
B. Ndamase	South African	15 September 2017	3 years	14 August 2020
S.L. Ntuli	South African	15 September 2017	3 years	14 August 2020
L.E. Rakharebe*	South African	04 February 2018		Executive Director - employment contract
M.A. Rambally*	South African	04 February 2018		Executive Director - employment contract

* These directors have been appointed as executive directors of the board with effect from 04 February 2018.
L.E. Rakharebe was appointed as the Chief Executive Officer with effect from 01 April 2015.
M.A. Rambally was appointed as the Finance Director with effect from 10 February 2014.

9. Secretary

The secretary of the entity is B. Chettiar of:

Business address
Business address 45 Bram Fischer Road
Durban
4001

Postal address
Postal address P.O. Box 155
Durban
4000

10. 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 IV Report 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 quarterly basis.

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

Directors' Report

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, the majority of whom are independent directors;
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

The Chairperson/Acting Chairperson are non-executive and independent directors (as defined by the Code).

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

Board meetings

The directors have met on 4 separate occasions during the financial year. The directors are scheduled to meet at least 4 times per annum.

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

Meeting Attendance	Board Meetings	Finance and Business Enhancement Committee	HR Committee	Directors Affairs Committee	Social and Ethics Committee	Audit Committee	Total
Total meetings held	4	5	5	4	4	8	30
D.T. Madlala	1	N/a	N/a	N/a	N/a	N/a	1
S.S. Ngcobo	1	1	N/a	N/a	N/a	1	3
A. Sewnarain	-	-	-	N/a	N/a	N/a	-
N. Langa	2	3	2	3	N/a	N/a	10
M.S. Msomi (Acting chairperson)	4	4	N/a	3	N/a	N/a	11
M.C. Jackson	3	4	N/a	3	N/a	N/a	10
V.G. Mashinini	3	1	N/a	1	N/a	N/a	5
N. Makelo	4	N/a	5	3	4	N/a	16
Z. Zulu	2	4	4	3	4	2	19
S. Naidoo	3	N/a	4	4	3	N/a	14
B. Ndamase	2	3	4	4	3	N/a	16
S.L. Ntuli	3	2	N/a	4	-	N/a	9
L.E. Rakharebe *	1	2	3	2	2	7	17
M.A. Rambally *	1	2	3	2	N/a	8	16

N/a - indicates that attendance is not applicable as the director is not a member of the committee.
* - indicates that attendance includes the period prior to appointment as director.

A single Audit Committee is in place for eThekwini Municipality and its entities. One of the entity's board members, Z. Zulu attends meetings on invitation.

Directors' Report

Audit committee attendance

The attendance of audit committee members is detailed in the table below. Only audit committee meetings which included the entity have been disclosed. One audit committee member is invited to and attends Board meetings of the entity.

Meeting Attendance	Audit Committee
Total meetings held	8
L. Mthembu	6
T. Radebe	5
D. Bosch	8
N. Mhlongo	7
M. Radebe	3
B. Zulu	3
P.J. Shabalala	6

11. Auditors

The Auditor-General of South Africa is the auditor of the entity.

12. Economic entity

The following office bearers have an oversight role of eThekwini Municipality entities.

Z. Gumede (Mayor)

F. Peer (Deputy Mayor)

S. Nzuza (City Manager)

ICC Durban (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Notes	2018	2017
Assets			
Current Assets			
Inventories	2	3 046 485	2 261 886
Receivables from exchange transactions	3	13 292 348	21 305 997
Current tax receivable	4	1 766 060	-
VAT receivable	5	-	218 467
Short term investments	6	180 430 774	182 097 313
Cash and cash equivalents	7	40 686 049	30 771 678
		239 221 716	**236 655 341**
Non-Current Assets			
Property, plant and equipment	8	555 537 665	578 599 985
Intangible assets	9	786 129	1 601 715
		556 323 794	**580 201 700**
Total Assets		**795 545 510**	**816 857 041**
Liabilities			
Current Liabilities			
Current tax payable	4	-	509 813
Payables from exchange transactions	10	26 261 172	18 732 662
VAT payable	5	1 504 619	-
Consumer deposits	11	22 456 923	23 689 572
		50 222 714	**42 932 047**
Non-Current Liabilities			
Deferred tax	12	2 162 006	2 877 580
Total Liabilities		**52 384 720**	**45 809 627**
Net Assets		**743 160 790**	**771 047 414**
Share capital / contributed capital	13	226 589 661	226 589 661
Accumulated surplus		516 571 129	544 457 753
Total Net Assets		**743 160 790**	**771 047 414**

Statement of Financial Performance

Figures in Rand	Notes	2018	2017
Revenue	14	168 354 579	172 761 781
Cost of sales		(35 384 484)	(34 211 448)
Gross surplus		**132 970 095**	**138 550 333**
Other income	15	1 551 573	1 468 112
Operating expenses	16	(179 122 874)	(162 971 441)
Operating deficit		**(44 601 206)**	**(22 952 996)**
Investment revenue	18	16 437 361	18 457 879
Finance costs	19	(3 906)	(298)
Deficit before taxation		**(28 167 751)**	**(4 495 415)**
Taxation	20	281 122	(6 334 962)
Deficit for the year		**(27 886 629)**	**(10 830 377)**

Statement of Changes in Net Assets

Figures in Rand	Share capital (Note 13)	Accumulated surplus	Total net assets
Balance at 01 July 2016	**1**	**555 288 130**	**555 288 131**
Share issue	226 589 660	-	226 589 660
Surplus for the year	-	(10 830 377)	(10 830 377)
Balance at 01 July 2017	**226 589 661**	**544 457 758**	**771 047 419**
Surplus for the year	-	(27 886 629)	(27 886 629)
Balance at 30 June 2018	**226 589 661**	**516 571 129**	**743 160 790**

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Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Notes	2018	2017
Cash flows from operating activities			
Receipts			
Sale of goods, services and customer deposits		176 726 162	157 075 079
Payments			
Employee costs		(82 390 125)	(74 397 528)
Suppliers		(85 904 978)	(94 701 911)
Income tax paid on surpluses	21	(2 710 325)	(3 442 186)
		(171 005 428)	(172 541 625)
Net cash inflow/(outflow) from operating activities	22	**5 720 734**	**(15 466 546)**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(13 761 894)	(22 662 399)
Purchase of intangible assets	9	(144 463)	(1 244 035)
Short term deposits		1 666 539	28 031 174
Investment revenue	18	16 437 361	18 457 879
Net cash inflow/(outflow) from investing activities		**4 197 543**	**22 582 619**
Cash flows from financing activities			
Finance costs	19	(3 906)	(298)
Net increase/ (decrease) in cash and cash equivalents		**9 914 371**	**7 115 775**
Cash and cash equivalents at the beginning of the year		30 771 678	23 655 903
Cash and cash equivalents at the end of the year	7	**40 686 049**	**30 771 678**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Income						
Sale of goods	54 014 954	9 247 481	63 262 435	49 099 107	(14 163 328)	1
Rendering of services	36 093 742	(4 995 268)	31 098 474	27 769 836	(3 328 638)	1
Rental of facilities and equipment	103 432 445	(10 309 139)	93 123 306	83 332 455	(9 790 851)	1
Rental income	1 444 140	71 645	1 515 785	1 460 028	(55 757)	
Discount received	128 400	54 272	182 672	91 545	(91 127)	2
Reversal of impairments on buildings	22 000 000	3 000 000	25 000 000	-	(25 000 000)	3
Government grants and subsidies	-	-	-	8 153 181	8 153 181	4
Interest received - investment	16 421 052	(893 671)	15 527 381	16 437 361	909 980	5
Total income	**233 534 733**	**(3 824 680)**	**229 710 053**	**186 343 513**	**(43 366 540)**	
Expenditure						
Employee related costs	(82 100 030)	196 085	(81 903 945)	(84 762 046)	(2 858 101)	6
Depreciation and amortisation	(24 895 643)	5 747 520	(19 148 123)	(37 784 262)	(18 636 139)	7
Bad debts written off and debt impairment	-	(49 948)	(49 948)	39 008	88 956	8
Foreign exchange loss	-	-	-	(36 544)	(36 544)	9
Repairs and maintenance	(5 379 147)	(219 798)	(5 598 945)	(6 229 622)	(630 677)	10
Cost of sales	(43 058 960)	788 351	(42 270 609)	(35 384 484)	6 886 125	11
General Expenses	(50 394 646)	3 074 209	(47 320 437)	(50 349 408)	(3 028 971)	12
Finance costs	-	-	-	(3 906)	(3 906)	13
Total expenditure	**(205 828 426)**	**9 536 419**	**(196 292 007)**	**(214 511 264)**	**(18 219 257)**	
Deficit before taxation	**27 706 307**	**5 711 739**	**33 418 046**	**(28 167 751)**	**(61 585 797)**	
Taxation	-	(3 883 933)	(3 883 933)	281 122	4 165 055	14
Surplus for the year	**27 706 307**	**1 827 806**	**29 534 113**	**(27 886 629)**	**(57 420 742)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Comments on items with material variances and with variances greater than 10% between actual and final budget:

1. Sale of goods, Rendering of services and Rental of facilities and equipment - There is an unfavourable variance between budget and actual. This is due to a decrease in events which resulted in decreased food and beverage sales, decreased rendering of services and decreased facility hire. The decrease in events is due to poor economic conditions both nationally and internationally which resulted in austerity measures being implemented in both the private and public sector.

2. Discount received - There is an unfavourable variance between budget and actual. Discounts received are from suppliers for early settlement of accounts. Due to cost of sales being below budget, the discounts claimed from suppliers were hence lower than budgeted.

3. Reversal of impairments on buildings - Removed for consolidation purpose.

4. Government grants and subsidies There is a favourable variance between budget and actual. This is due to grants received from eThekwini Municipality for building rates and energy saving light fittings. The rates grant received was for subsidisation of a portion of the building rates since the building is owned by eThekwini Municipality. The electrical light fittings grant was received from eThekwini Municipality for the installation of LED (Light emitting diode) light fittings in the entity's parking area as part of an initiative from the Department of Energy to conserve electricity.

5. Interest received - investment - There is a favourable variance between budget and actual. This is due to the entity having surplus funds available for investment which were invested at relatively stable interest rates throughout the period under review.

6. Employee related costs- There is an unfavourable variance between budget and actual. This is largely due to higher than budgeted management fees paid for flexi labour due to a change of supplier. The previous supplier had more favourable management fee rates but subsequently had taxation issues with SARS and hence the contract had to be terminated and a new supplier appointed in line with supply chain legislation.

7. Depreciation and amortisation - There is an unfavourable variance between budget and actual. This is due to consolidation purpsoses.

8. Bad debts written off and debt impairment - There is a favourable variance between budget and actual. This is due to a debt previously considered as irrecoverable being subsequently recovered from the debtor.

9. Foreign exchange loss - There is an unfavourable variance between budget and actual. This is due to the weakening of the exchange rate which resulted in higher costs on foreign payments.

10. Repairs and maintenance -There is an unfavourable variance between budget and actual. This is due to projects that were planned and initiated in the prior year being implemented and completed in the current period. The entity has high standards of quality to adhere to in terms of infrastructure management and this expenditure was considered critical in adhering to these standards.

11. Cost of sales - There is a favourable variance between budget and actual. This is due to lower direct costs resulting from a decrease in events and revenue as there is a direct correlation between the cost of sales and the volume of events hosted at the facility.

12. General expenses- There is an unfavourable variance between budget and actual. This is due to the rates charge on buildings increasing substantially due to an increase in the municipal valuation of the building.

13. Finance Costs - There is an unfavourable variance between budget and actual. This amount is interest paid to a supplier due to late settlement of their account. This payment was delayed due to the roll out of a new system to ensure compliance with the Municipal Standard Chart of Accounts.

14. Taxation - There is a favourable variance between budget and actual. This is due to net income and taxable income being below budget.

Accounting Policies

1. Presentation of Annual Financial Statements

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

These annual 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Costs

GRAP 6 Consolidated and Separate Financial Statements

GRAP 7 Investments in Associates

GRAP 8 Investment in Joint Ventures

GRAP 9 Revenue from Exchange Transactions

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property, Plant and Equipment

GRAP 18 Segment Reporting (An effective date has not yet been determined for municipal entities)

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 Impairment of Non-cash-generating Assets

GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-generating Assets

Accounting Policies

GRAP 31 Intangible Assets

GRAP 100 Discontinued Operations

GRAP 104 Financial Instruments

GRAP 105 Transfer of Functions between Entities under Common Control

GRAP 106 Transfer of Functions between Entities Not Under Common Control

GRAP 107 Mergers

Directives issued and effective:

Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP

Directive 2: Transitional Provisions for Public entities, Trading Entities, Municipal Entities, Public Further Education and Training Colleges and Constitutional Institutions

Directive 3: Transitional Provisions for High Capacity Municipalities

Directive 5: Determining the GRAP reporting framework

Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP

Directive 9: The Application of the Standards of GRAP by trading entities

Directive 11: Measurement Bases following Initial Adoption of Standards of GRAP

Interpretations of the Standards of GRAP:

IGRAP 1: Applying the Probability Test on Initial Recognition of Exchange Revenue

IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3: Determining whether an Arrangement contains a Lease

IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 7 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 : Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 : Distributions of Non-cash Assets to Owners

IGRAP 10: Assets Received from Customers

IGRAP 11: Consolidation - Special Purpose Entities

IGRAP 12: Jointly Controlled Entities - Non-Monetary Contributions

IGRAP 13: Operating Leases – Incentives

IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15: Revenue – Barter Transactions Involving Advertising Services

IGRAP 16: Intangible Assets - Website Costs

Accounting Policies

Approved guidelines of Standards of GRAP:

Guide 1: Guideline on Accounting for Public Private Partnerships

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 4 (AC 141) Insurance Contracts

IAS 12 (AC 102) Income Taxes

SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

SIC - 29 (AC 429) Service Concession Arrangements - Disclosures

IFRIC 12 (AC 445) Service Concession Arrangements

IFRIC 20 Stripping Costs in the Production Phase of a Surface Min

IFRIC 21 Levies

Standards of GRAP and Interpretation that an entity may use to disclose information in its financial statements:

GRAP 20 Related Party Disclosures

Standards of GRAP and Interpretations of Standards of GRAP approved, but not yet effective:

GRAP 20: Related Party Disclosures - issued June 2011:
Compliance with this standard would have had an effect on the presentation only. Related party transactions have been disclosed in accordance with IPSAS 20

GRAP 32 and IGRAP 17: Service Concession Arrangements: Grantor - issued August 2013:
Compliance with this standard will not have an impact on the current financial information as no transactions relating to service concession arrangements exist in the current year.

GRAP 108: Statutory Receivables - issued September 2013:
Compliance with this standard would have had an effect on presentation and disclosure only. GRAP 108 requires separate disclosure of statutory receivables together with additional disclosure on measurement basis and impairment criteria

GRAP 109: Accounting by Principals and Agents issued July 2015:
Compliance with this standard would have had an effect on presentation and disclosure. The information disclosed in accordance with this Standard shall be provided for each material principal-agent arrangement and in aggregate for other principal-agent arrangements.

A summary of the significant accounting policies are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual 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.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. Impairment is provided after assessing the recoverability of each debt individually.

Impairment testing

The recoverable amounts of 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.

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. An expert is used to calculate the value of impairments on buildings.

Provisions

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

Effective interest rate

The effective interest rate is computed based on the risk free rate, the forecast growth rate plus any premium based on the entity risk and industry risk.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtor's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 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.

1.4 Property, plant and equipment (continued)

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.

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

The land and buildings of ICC Durban (Pty) Ltd is legally owned by its parent municipality, i.e. eThekwini Municipality. The usufruct of the building has been granted by the parent municipality, i.e. eThekwini Municipality to ICC Durban (Pty) Ltd, such that it can achieve its main objective of creating an economic impact for the city, province and country. There is a lease agreement between the parent municipality, i.e. eThekwini Municipality and the entity whereby the land and buildings are leased to the entity.

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
Plant and equipment	Straight line	4 years
Furniture and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 years
Operating equipment	Straight line	2 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.

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.

Accounting Policies

1.5 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 the intangible asset's 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.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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	Amortisation method	Average useful life
Computer software	Straight line	3 years

Accounting Policies

1.5 Intangible assets (continued)

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

Accounting Policies

1.6 Financial instruments (continued)

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Accounting Policies

1.6 Financial instruments (continued)

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value are quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Accounting Policies

1.6 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax 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

1.7 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable surplus will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.8 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity’s net investment in the finance lease.

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.

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

Accounting Policies

1.8 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue 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.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under other income in the statement of financial performance.

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.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

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

1.10 Impairment of cash-generating assets

The entity classifies all assets held with the primary objective of generating a commercial return as cash generating assets. The entity assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the entity determines the recoverable amount of the asset. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro rata with the carrying amount of those assets.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are those assets held by the entity without an intention of generating a commercial return and held primarily for service delivery purposes. The entity classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The entity will apply its judgment and disclose the criteria used in making such judgment in cases where it’s not clear whether the primary objective is to generate a commercial return.

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

An impairment loss is when the asset’s carrying amount exceeds its recoverable service amount and is recognised in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use, are tested for impairment annually, irrespective of whether any indication of impairment exists.

1.12 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Accounting Policies

1.13 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 entity 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 an 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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

Accounting Policies

1.13 Provisions and contingencies (continued)

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.

1.14 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.

1.15 Revenue from exchange transactions

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

An exchange transaction is one in which the 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.

Measurement

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

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Rental income, Interest, royalties and dividends

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity’s right to receive payment has been established.

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

Rental income is recognised as revenue when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

1.16 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.

1.16 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.

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.

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

Recognition

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

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.

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

1.17 Cost of sales

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period.

1.18 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.

1.19 Comparative figures

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

1.20 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.

Accounting Policies

1.20 Unauthorised expenditure (continued)

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.

1.21 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.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA, in relation to a municipality or municipal entity, means:
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which had not been condoned in terms of section 170;
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of this Act;
(c) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998, (Act 20 of 1998);
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law;
(e) but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

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

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

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

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

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.

Accounting Policies

1.23 Budget information

Entity is 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 economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2017 to 30/06/2018.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 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.

1.25 Change in Accounting Policies, Estimates and Errors

A change in accounting policy shall be made if it:
- is required by a standard, or
- results in a more relevant and reliable presentation in the annual financial statements.

A change in accounting policy is applied retrospectively, except where this is impracticable.

A change in accounting estimate is an adjustment of the carrying amount of an asset or liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities.

The effect of a change in an accounting estimate shall be recognised immediately by including it in the determination of profit or loss in:
- the period of the change, if the change affects the period only, or
- the period of the change and future periods, if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's annual financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:
- was available when annual financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those annual financial statements.

Material prior period errors are corrected retrospectively, except where restatement is impracticable.

1.26 Offsetting

Assets, liabilities, revenue and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

2. Inventories

Consumable stores	1 344 039	327 553
Food and beverage	1 702 446	1 972 038
	3 046 485	2 299 591
Provision for slow-moving stock	-	(37 705)
	3 046 485	**2 261 886**

Inventory pledged as security

There were no inventories pledged as security.

3. Receivables from exchange transactions

Trade and other receivables

Gross trade debtors	7 723 105	15 368 562
Provision for doubtful debts	-	(45 515)
Net trade debtors	7 723 105	15 323 047
Staff bonus prepaid	14 927	18 600
Credit card deposits	-	7 933
Operating lease asset	9 801	16 696
Trade exchange assets	503 341	1 064 703
Accrued and other income	1 607 395	2 103 476
Security deposits	1 647 236	1 596 567
Prepaid expenses	1 786 543	1 174 975
	13 292 348	**21 305 997**

Net trade receivables as reflected above is made up as follows:		
Government sector	6 831 049	14 103 792
Corporate	402 207	590 386
Service providers/suppliers	239 961	104 615
Associations	166 883	519 530
Individuals	83 005	4 724
	7 723 105	**15 323 047**

Trade and other receivables past due but not impaired

Trade and other receivables which are past due but are assessed to be recoverable are not considered to be impaired. At 30 June 2018, R 1 505 799 (2017: R 1 543 707) were past due but not impaired.

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

1 month past due	432 382	247 289
2 months past due	(2 199)	22 177
3 months past due	159 205	638 391
4 months and over past due	916 411	635 850
	1 505 799	**1 543 707**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

3. Receivables from exchange transactions (continued)

Trade and other receivables impaired

Reconciliation of provision for doubtful debts		
Opening balance	(45 515)	-
Decrease/(increase) in provision for bad debts	45 515	(45 515)
	-	**(45 515)**

An assessment of trade and other receivables as at 30 June 2018 was performed per individual debtor.

As at 30 June 2018, trade and other receivables of R 0 (2017: R 45 515) were impaired and provided for.

The ageing of these debts is as follows:

1 to 3 months	-	40 378
4 to 6 months	-	5 137
Over 6 months	-	-
	-	**45 515**

4. Current tax receivable/(payable)

Current tax receivable from/(payable) to SARS	1 766 060	(509 813)

Reconciliation of current tax receivable/(payable)		
Income Tax for the year (refer Note 19)	-	(3 216 064)
Provisional tax payments during the year	1 766 060	2 706 251
	1 766 060	**(509 813)**

5. VAT (payable)/receivable

Input VAT	1 206 569	6 567 498
Output VAT	(2 711 188)	(6 349 031)
	(1 504 619)	**218 467**

Vat is paid on an invoice basis.

6. Short term investments

Short term investments consist of:

Short term deposits	180 430 774	182 097 313

The effective interest rate on short-term deposits was 8.1% (2017: 9.3%). Deposits are generally invested for a period of one year. At 30 June 2018, these deposits have an average maturity of 174 days (2017: 179 days).

Short-term deposits will be used for future capital expenditure and other development initiatives that will promote the economic impact objectives of the entity.

6. Short term investments (continued)

Description / account number	Bank statement balances		Cashbook balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
ABSA Bank Ltd- 1 year fixed deposit- 81779614	37 436 241	-	37 436 241	-
ABSA Bank Ltd- 1 year fixed deposit- 95102739	12 437 957	-	12 437 957	-
Grindrod Bank Ltd- 1 year fixed deposit- 182477	6 220 815	-	6 220 815	-
Grindrod Bank Ltd- 1 year fixed deposit- 184494	12 439 925	-	12 439 925	-
Grindrod Bank Ltd- 1 year fixed deposit- 184547	4 150 834	-	4 150 834	-
Nedbank Ltd- 1 year fixed deposit- 03/7881023341/000022	16 222 556	-	16 222 556	-
Nedbank Ltd- 1 year fixed deposit- 03/7881023341/000023	12 438 229	-	12 438 229	-
Nedbank Ltd- 1 year fixed deposit- 03/7881023341/000024	25 500 396	-	25 500 396	-
Investec Bank Ltd- 1 year fixed deposit- 1100-169966-460	30 425 210	-	30 425 210	-
Investec Bank Ltd- 1 year fixed deposit- 1100-169966-458	23 158 611	21 431 483	23 158 611	21 431 483
Standard Bank - 1 year fixed deposit- 108109-479223	-	34 630 269	-	34 630 269
Investec Bank Ltd- 1 year fixed deposit- 1100-169966-460	-	28 081 309	-	28 081 309
Grindrod Bank Ltd - 1 year fixed deposit- 180381	-	15 493 767	-	15 493 767
Grindrod Bank Ltd- 1 year fixed deposit- 179638	-	5 726 419	-	5 726 419
ABSA Bank Ltd- 1 year fixed deposit- 79899651	-	18 321 904	-	18 321 904
Nedbank Ltd- 1 year fixed deposit- 03/7881023341/000020	-	16 082 937	-	16 082 937
Nedbank Ltd- 1 year fixed deposit- 03/7881023341/000018	-	15 007 041	-	15 007 041
Nedbank Ltd- 1 year fixed deposit- 03/7881023341/000021	-	23 494 187	-	23 494 187
Investec Bank Ltd- 1 year fixed deposit- 1100-169966-459	-	3 827 997	-	3 827 997
	180 430 774	**182 097 313**	**180 430 774**	**182 097 313**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018	2017
Current accounts at bank	40 573 711	30 632 305
Call accounts at bank	70 814	67 433
Total bank balances	40 644 525	30 699 738
Cash on hand	41 524	71 940
	40 686 049	**30 771 678**

The guarantees that are held by the bank in respect of deposits for eThekwini Municipality services amount to R 50 000 (2017: R 548 611).

The cash on hand balance as shown above, comprise the following:

Description	Cash on hand balances		Cash book balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Cash float and petty cash	41 524	71 940	41 524	71 940
	41 524	71 940	41 524	71 940

7. Cash and cash equivalents (continued)

The current account bank balances as shown above, comprise the following bank accounts:

Description / Account number	Bank statement balances 30 June 2018	Bank statement balances 30 June 2017	Cash book balances 30 June 2018	Cash book balances 30 June 2017
Nedbank Ltd- current account- 1107821541(deposits)	37 652 171	28 826 788	37 652 171	28 903 698
Nedbank Ltd - current account - 1107821568 (payroll)	171	929	171	929
Nedbank Ltd - current account - 1107821576 (payments)	2 921 369	1 758 223	2 921 369	1 727 678
	40 573 711	**30 585 940**	**40 573 711**	**30 632 305**

The call account balances as shown above, comprise the following bank accounts:

Description / Account number	Bank statement balances 30 June 2018	Bank statement balances 30 June 2017	Cash book balances 30 June 2018	Cash book balances 30 June 2017
Grindrod Bank Ltd- call deposit- 11000062669	315	295	315	295
ABSA Bank Ltd- call deposit- 9148806852	70 499	67 138	70 499	67 138
	70 814	**67 433**	**70 814**	**67 433**

8. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	867 057 001	(339 433 136)	527 623 865	852 807 808	(307 074 481)	545 733 327
Plant and equipment	18 562 344	(10 783 271)	7 779 073	57 428 864	(37 801 903)	19 626 961
Furniture and fittings	56 656 307	(43 840 302)	12 816 005	21 799 238	(14 426 702)	7 372 536
Operating equipment	-	-	-	8 413 505	(6 411 911)	2 001 594
Computer equipment	21 487 801	(14 169 079)	7 318 722	9 552 147	(5 686 580)	3 865 567
Total	**963 763 453**	**(408 225 788)**	**555 537 665**	**950 001 562**	**(371 401 577)**	**578 599 985**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Reclassification	Depreciation	Total
Buildings	545 733 327	4 186 635	3 837 725	(26 133 822)	527 623 865
Plant and equipment	19 626 961	6 001 545	(17 106 899)	(742 534)	7 779 073
Furniture and fittings	7 372 536	471 459	13 187 052	(8 215 042)	12 816 005
Operating equipment	2 001 594	-	(2 001 594)	-	-
Computer equipment	3 865 567	3 102 255	2 083 716	(1 732 816)	7 318 722
	578 599 985	**13 761 894**	**-**	**(36 824 214)**	**555 537 665**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	563 779 722	10 215 242	-	(28 261 637)	545 733 327
Plant and equipment	14 938 193	8 676 795	(118)	(3 987 909)	19 626 961
Furniture and fttings	5 759 218	1 764 172	(153)	(150 701)	7 372 536
Motor vehicles	1	-	-	(1)	-
Operating equipment	2 399 308	357 901	(123)	(755 492)	2 001 594
Computer equipment	3 158 704	1 648 289	(182)	(941 244)	3 865 567
	590 035 146	**22 662 399**	**(576)**	**(34 096 984)**	**578 599 985**

Details

The building has been recognized in accordance with the usufruct rights, as per note 1.4, at its carrying value.

There was no property, plant and equipment pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity. No assets were disposed of in the current year (2017: Assets with a net book value of R 576 were disposed of for R 0).

Change in useful life estimate

A change in estimate arose from the annual review of useful lives, in accordance wih the accounting policy - refer note 1.4. Further details are included in note 26.

Impairment consideration

In line with our accounting policy for Property Plant and Equipment for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment. During the review management has confirmed the following:

Buildings

(a) The main purpose of establishing the centre was to generate spin-off returns for the region.

(b) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller, and as such the value in use of the centre has been used to determine whether the building's carrying value may not be recoverable.

(c) Since inception, all initial targets for the region (spin-offs) and the operation of the convention centre have consistently been exceeded and its main focus is to maintain this level of performance for the foreseeable future.

(d) Despite this, the value in use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value which it generates for other entities or business sectors.

9. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 605 226	(3 819 097)	786 129	4 460 763	(2 859 048)	1 601 715

Figures in Rand	2018	2017

9. Intangible assets (continued)

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	1 601 715	144 463	(960 049)	786 129

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1 126 161	1 244 035	(151 916)	(616 565)	1 601 715

Pledged as security

There were no intangible assets pledged as security.

10. Payables from exchange transactions

	2018	2017
Trade payables	4 285 452	8 414 851
Income received in advance	-	178 473
Sponsorship income received in advance	420 000	180 000
Leave pay provision	2 682 172	1 778 864
Bonus provision	2 616 099	1 876 821
Provision for workmen's compensation	-	63 007
Other accrued expenses	16 257 449	6 240 646
	26 261 172	**18 732 662**

Other accrued expenses

Other accrued expenses consist of the following:

	2018	2017
Accrual for contracted services	5 824 956	3 369 219
Sundry accruals	5 452 094	2 871 427
Accrual for acquisition of standby generators	4 980 399	-
	16 257 449	**6 240 646**

Reconciliation of provisions - 2018	Leave pay provision	Bonus provision	Provision for workmen's compensation	Total
Carrying amount at the beginning of the period	1 778 864	1 876 821	63 007	3 718 692
Increase/(decrease) in provision	903 308	739 278	(63 007)	1 579 579
	2 682 172	**2 616 099**	**-**	**5 298 271**

Reconciliation of provisions - 2017	Leave pay provision	Bonus provision	Provision for workmen's compensation	Total
Carrying amount at the beginning of the period	2 123 844	1 619 809	158 390	3 902 043
Increase/(decrease) in provision	(344 980)	257 012	(95 383)	(183 351)
	1 778 864	**1 876 821**	**63 007**	**3 718 692**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

11. Consumer deposits

Deposits held for events	22 424 708	23 657 357
Rental deposits	32 215	32 215
	22 456 923	**23 689 572**

12. Deferred tax

Deferred tax lliability

Closing balance	2 162 006	2 877 580

Reconciliation of deferred tax liability

At beginning of year	2 877 580	(254 450)
Tax loss available for set off against future taxable income	(748 266)	-
Deductible temporary difference movement on balance sheet items	467 144	3 118 898
Prior year over-provision	(434 452)	13 132
	2 162 006	**2 877 580**

13. Share capital

Authorised		
1000 Ordinary no par value shares	1 000	1 000
Issued		
1 Ordinary no par value share of R1	1	1
999 Ordinary no par value shares of R226 816.4767 each	226 589 660	226 589 660
	226 589 661	**226 589 661**

14. Revenue

Sale of goods	49 099 107	57 121 418
Rendering of services	27 769 836	5 476 578
Venue hire	83 332 455	110 163 785
Government grants & subsidies	8 153 181	-
	168 354 579	**172 761 781**

The amount included in revenue arising from exchange transactions are as follows:

Sale of goods	49 099 107	57 121 418
Rendering of services	27 769 836	5 476 578
Rental of facilities and equipment	83 332 455	110 163 785
	160 201 398	**172 761 781**

The amount included in revenue arising from non-exchange transactions are as follows:

Rates	6 527 179	-
Electrical fittings	1 626 002	-
	8 153 181	**-**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

14. Revenue (continued)

Revenue from non-exchange transactions consists of grants received from eThekwini Municipality.
The above mentioned grants do not have any conditions attached and were accordingly transfered to revenue.

15. Other income

Rental income	1 460 028	1 423 272
Discount received	91 545	-
Gain on foreign exchange transactions	-	44 840
	1 551 573	**1 468 112**

16. Operating expenses

Employee related costs (ref note 23)	84 762 046	74 214 177
Depreciation and amortisation	37 784 262	34 713 548
Equipment hire	-	2 557
Bad debts written off	6 507	-
Bad debt impairment	(45 515)	46 900
General and other expenses	56 579 030	53 994 259
Foreign exchange loss	36 544	-
	179 122 874	**162 971 441**

17. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges		
Equipment hire	-	2 557
Loss on sale of property, plant and equipment	-	(576)
Loss on sale of intangible assets	-	(151 916)
Amortisation on intangible assets	960 049	616 565
Depreciation on property, plant and equipment	36 824 213	12 453 415
Employee costs	84 762 046	74 214 177

18. Investment revenue

Interest revenue		
Interest on investments and current accounts	16 437 361	18 457 879

19. Finance costs

Interest paid to suppliers	3 906	298

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

20. Taxation

Major components of the tax (income) expense

	2018	2017
Current		
Local income tax - current period	-	3 216 064
Local income tax - recognised in current tax for prior periods	434 452	-
	434 452	**3 216 064**
Deferred		
Originating and reversing temporary differences	(281 122)	3 118 898
Arising from prior period adjustments	(434 452)	-
	(715 574)	**3 118 898**
	(281 122)	**6 334 962**

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

	2018	2017
Accounting deficit	(28 167 751)	(4 495 415)
Tax at the applicable tax rate of 28% (2017: 28%)	(7 886 970)	(1 258 716)
Tax effect of adjustments on taxable income		
Non-deductible donations expense	-	6 599
Non-deductible legal fees expense	18 817	-
Buildings depreciation	7 587 031	7 587 079
	(281 122)	**6 334 962**

21. Income tax paid on surpluses

	2018	2017
Balance at beginning of the year	(509 813)	(749 067)
Current tax for the year recognised in surplus or deficit (refer Note 20)	-	(3 216 064)
Prior year (under)/ over provision	(434 452)	13 132
Balance at end of the year	(1 766 060)	509 813
	(2 710 325)	**(3 442 186)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

22. Net cash inflow/(outflow) from operating activities

Surplus before taxation	(28 167 751)	(4 495 415)
Adjustments for:		
Depreciation and amortisation	37 784 262	34 713 548
Loss on disposal of property, plant and equipment	-	576
Loss on disposal of intangible assets	-	151 916
Loss/(gain) on foreign exchange transactions	36 544	(44 840)
Investment revenue	(16 437 361)	(18 457 879)
Finance costs	3 906	298
Bad debts written off	6 507	1 385
Taxation paid	(2 710 325)	(3 442 186)
Movement in slow-moving stock provision	(37 705)	(7 820)
Movement in provision for doubtful debts	(45 515)	45 515
Stock write off	29 529	38 038
Changes in working capital:		
Inventories	(776 423)	(524 010)
Receivables from exchange transactions	8 052 657	72 752
Payables from exchange transactions	7 491 972	(6 395 785)
VAT	1 723 086	60 085
Consumer deposits	(1 232 649)	(17 182 724)
	5 720 734	**(15 466 546)**

23. Employee related costs

Basic and other allowances	51 958 467	44 912 171
Temporary labour	20 055 803	18 143 439
Performance bonus	1 959 686	1 923 907
Unemployment Insurance Fund	261 533	260 323
Skills Development Levy	511 521	625 990
Leave pay provision charge	903 309	(344 980)
Pension fund contributions	3 262 386	3 290 704
Overtime payments	497 983	362 081
13th Cheques	3 643 650	3 444 473
Medical aid contributions	1 707 708	1 596 069
	84 762 046	**74 214 177**

23. Employee related costs (continued)

Remuneration of executive management

Executive managers	Basic and other allowances	Performance bonus	Pension fund	Medical aid	Total package 2018	Total package 2017
Chief Executive Officer (L. Rakharebe)	2 657 647	258 000	-	21 200	2 936 847	2 385 631
Finance and Commercial Director (M.A. Rambally)	1 733 880	175 000	147 370	-	2 056 250	1 668 919
Sales and Marketing Director (M. Dorasamy - resigned 31 July 2017)	156 354	64 308	8 331	-	228 993	1 363 937
Executive Chef (J. Moatshe)	1 025 950	29 439	80 063	21 200	1 156 652	1 125 445
Operations Director (N. Elia- Beissel- resigned 30 September 2016)	-	-	-	-	-	491 262
Facilities Director (J. Hurter - terminated 28 August 2017)	223 355	-	18 983	3 533	245 871	1 415 710
Human Resources Director (M. Mokaba - appointed 01 January 2017)	1 399 829	-	108 971	21 200	1 530 000	706 154
Operations Director (M. Ngubane - appointed 09 May 2017)	1 083 782	-	86 916	21 200	1 191 898	168 154
Marketing, Sales and Events Director (S. Langley- appointed 01 December 2017)	711 617	50 852	51 993	12 278	826 740	-
	8 992 414	**577 599**	**502 627**	**100 611**	**10 173 251**	**9 325 212**

Remuneration paid to executive management is included in employee related costs.

Remuneration of non executive directors

Fees for services as directors	2018	2017
DT Madlala	30 800	72 100
SS Ngcobo	20 100	71 500
A Sewnarain	-	15 100
ZP Msimang	-	39 300
MS Msomi	156 800	54 700
MC Jackson	86 500	61 000
NVE Ngidi	-	38 900
N Makelo	126 100	71 500
Z Zulu	118 800	100 000
N Langa	83 200	-
S Naidoo	98 300	-
B Ndamase	108 400	-
SL Ntuli	76 100	-
VG Mashinini	-	-
	905 100	**524 100**

Fees paid to directors are included in employee related costs.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

24. General expenses

Advertising	2 623 564	1 999 437
Auditors remuneration (Refer Note 25)	871 921	802 139
Bank charges	368 090	346 720
Cleaning	6 078 799	6 539 908
Commission paid to sales agents	980 390	193 134
Consulting and professional fees	1 238 475	1 366 673
Corporate social expenditure	123 203	-
Donations	-	63 568
Electricity	10 256 117	11 287 094
Entertainment	152 065	91 016
Flowers	25 990	118 849
Information technology expenses	966 189	594 684
Insurance	4 908	45 623
Licences	947 288	1 123 552
Magazine subscriptions	36 347	28 510
Membership subscriptions	325 574	392 895
Motor vehicle expenses	54 336	37 947
Municipal rates	9 136 550	6 064 080
Other expenses	6 229 622	6 777 966
Printing and stationery	807 581	765 730
Recruitment expenses	207 230	223 324
Refuse, garden and pest control	1 715 172	1 847 956
Security	6 863 051	6 458 846
Staff awards and incentives	68 142	162 411
Staff welfare	1 077 185	1 251 613
Telecommunication costs	936 973	675 308
Training	836 207	78 569
Transport costs	-	40
Travel - local	778 706	705 825
Travel - overseas	674 006	1 071 921
Uniforms	199 324	1 159 120
Water	1 996 025	1 567 309
	56 579 030	**53 841 767**

25. Auditors' remuneration

Fees - Auditor General	871 921	802 139

26. Change in estimate

Property, plant and equipment is reviewed on an annual basis to evaluate whether the useful life of assets needs to be adjusted.

The effect of this useful life revision has resulted in a credit to depreciation and amortisation expense of R9 255 006 in the current year (2017: R 6 834 794).

The impact on future years is that depreciation and amortisation expense will be R9 255 006 (R2017: R6 834 794) higher than it would have been without the useful life revision.

There will be no impact on the statement of cash flows as depreciation and amortisation are non-cash items.

Figures in Rand	2018	2017

27. Related parties

Relationships	
Directors	Refer to directors' report note
Controlling entity	eThekwini Municipality
Entity owned by director	Ikhono Communications CC
Entity owned by director	International Bank Vaults (Pty) Ltd

Related party balances

	2018	2017
Amounts included in Trade receivables regarding related parties		
eThekwini Municipality - trade debtors	3 233 161	6 843 003
eThekwini Municipality- security deposits	1 647 236	1 596 567
eThekwini Municipality- insurance claims	-	267 200
Amounts included in Trade payables regarding related parties		
eThekwini Municipality - trade creditors	97 125	864 040
eThekwini Municipality - sponsorship received in advance	-	180 000
eThekwini Municipality - accruals	1 165 174	2 092 282
eThekwini Municipality - income raised in advance	-	17 400

Related party transactions

	2018	2017
Sales to related parties		
eThekwini Municipality	43 606 810	42 203 816
Ikhono Communications CC	-	184 685
International Bank Vaults (Pty) Ltd	192 415	63 322
A. Sewnarain	-	20 533
Purchases from related parties		
eThekwini Municipality- electricity	10 263 743	11 287 094
eThekwini Municipality- water	1 996 303	1 567 309
eThekwini Municipality- waste removal	991 126	899 644
eThekwini Municipality- rates	9 136 550	6 064 080
eThekwini Municipality- insurance	4 908	38 823
Other expenditure incurred to related parties		
eThekwini Municipality- staff acting allowance	-	26 731
Discount granted on venue hire		
International Bank Vaults (Pty) Ltd	-	43 458
A. Sewnarain	-	5 133
Government grants and subsidies		
eThekwini Municipality- rates	6 527 179	-
eThekwini Municipality- electrical fittings	1 626 002	-

28. Commitments

Authorised capital expenditure

Approved and contracted for

	2018	2017
Property, plant and equipment	7 553 170	11 382 393

Commitments have been disclosed exclusive of vat.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

29. Operating leases - as lessor

Minimum lease payments due		
- within one year	1 084 454	1 431 503
- in the second to fifth year inclusive	461 065	1 315 780
	1 545 519	**2 747 283**

The entity receives operating lease income for the use of the entity's premises. The period of the leases vary between 1 year and 5 year terms and includes month to month leases. The annual escalation rates of the leases vary between 7% and 10% and the month to month lease escalations are based on the consumer price index (CPI).

The minimum lease payments have been disclosed exclusive of vat.

30. Contingencies

An ex-employee has brought a review application in the Labour Court on the decision of the CCMA to dismiss the ex-employee's rescission application. R150 000 of legal costs has been budgeted for this litigation matter.

Review of a laundry tender award – eThekwini Municipality and the entity had brought a review application in the High Court to set aside an award in respect of a laundry tender (ICCD 20/2015). Subsequent to the financial year end, the award was successfully reviewed and set aside therefore no financial provision is made.

31. Going concern

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

A resolution by eThekwini Municipality Council was passed on 28 June 2018 confirming the following:
Extract from council minutes: "taking cognizance of the Albert Luthuli International Convention Centre Durban (Pty) Ltd and Durban Marine Theme park (SOC) Ltd operating on or close to a break-even level, (excluding depreciation and finance charges for Durban Marine Theme Park (SOC) Ltd), the Council confirms its commitment to ensuring the future financial viability of the two aforesaid Entities and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a “going concern”.

32. Events after the reporting date

There were no material non-adjusting events after the reporting period.

33. Fruitless and wasteful expenditure

Interest paid to service provider	3 906	-

During the period, there was interest paid to a service provider due to late settlement of their account. This payment was delayed due to the roll out of a new financial system to ensure compliance with the Municipal Standard Chart of Accounts.

34. Irregular expenditure

The internal controls around the supply chain management process were further improved during the current year.

During the year, there was no irregular expenditure, which required recovery in terms of S125(2)(d) of the MFMA.

There has also not been any criminal charges laid against any ICC official, as a result of fraudulent activities, during the course of the entity’s business operations.

35. 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.

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

In terms of the Municipal Supply Chain Management Regulations, any deviations from the Supply Chain Management Policies have been approved. The total deviations for the current year amounted to R 425 398 (2017: R 1 180 434).

36. Risk management

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.

At 30 June 2018	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Trade payables	26 261 178	26 261 178	26 261 178	-

At 30 June 2017	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Trade payables	18 732 662	18 732 662	18 732 662	-

Credit risk

Credit risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Government customers provide a confirmed order before the event, and have 30 day payment terms after the event. All other customers pay a deposit in full before the event takes place. Events do not take place without a confirmed order or a full deposit as applicable.

Trade receivables are individually evaluated annually at year end for impairment or discounting.

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

Financial instrument	2018	2017
Cash equivalents	40 644 525	30 699 738
Trade debtors	7 723 105	15 323 047
Trade exchange assets	503 341	1 064 703

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

36. Risk management (continued)

Market risk

Interest rate risk

Interest rate risk, which is defined as the risk that the fair value or future cash flow associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The entity is exposed to interest rate risk with regards to its short-term deposits. To hedge this risk, the entity does not invest for longer than 12 months at a time for any deposit, and the interest rate is fixed for the investment term. When reinvesting, interest rate quotes are obtained from all the major banks to ensure the best possible interest rate is obtained.

Investment risk

The entity is exposed to investment risk with regards to its short-term deposits. There is an investment policy in place to hedge this risk. No single bank houses more than 30% of the entity's total short-term investments.

Financial Institution		
Standard Bank of South Africa Limited	-	34 630 268
Nedbank Limited	54 161 181	54 584 166
Grindrod Bank Limited	22 811 574	21 220 186
ABSA Bank Limited	49 874 198	18 321 904
Investec Bank Limited	53 583 821	53 340 789
	180 430 774	**182 097 313**

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations unless there is a material exposure.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity utilises foreign exchange contracts to hedge foreign exchange exposure.

General

The entity has a risk committee in place to deal with company wide risks that the entity is exposed to. Executive management also maintains a risk register with action plans in place to minimize risks.

Detailed Statement of Financial Performance (Unaudited Supplementary Information)

Figures in Rand	Notes	2018	2017
Revenue and Other Income			
Sale of goods		49 099 107	57 121 418
Rendering of services		27 769 836	5 476 578
Rental of facilities and equipment		83 332 455	110 163 785
Rental income		1 460 028	1 423 272
Discount received		91 545	-
Interest received - investment		16 437 361	18 457 879
Government grants & subsidies		8 153 181	-
Total revenue and other income		**186 343 513**	**192 642 932**
Expenditure			
Employee related costs	23	(84 762 046)	(74 214 177)
Depreciation and amortisation		(37 784 262)	(34 713 548)
Finance costs	19	(3 906)	(298)
Equipment hire		-	(2 557)
Bad debts written off and debt impairment		39 008	(46 900)
Cost of sales		(35 384 484)	(34 211 448)
General expenses	24	(56 579 030)	(53 841 767)
Total expenditure		**(214 474 720)**	**(197 030 695)**
Operating deficit	17	**(28 131 207)**	**(4 387 763)**
Loss on disposal of property, plant and equipment and intangible assets		-	(152 492)
(Loss)/gain on foreign exchange transactions		(36 544)	44 840
		(36 544)	**(107 652)**
Deficit before taxation		**(28 167 751)**	**(4 495 415)**
Taxation	20	281 122	(6 334 962)
Deficit for the year		**(27 886 629)**	**(10 830 377)**