www.ushakamarineworld.co.za

Durban Marine Theme Park (RF) SOC Limited

(Registration number 2001/020025/30)

Trading as uShaka Marine World

Audited Annual Financial Statements for the year ended 30 June 2018

General Information

Country of incorporation	South Africa
Legal form of entity	State Owned Company (Ring Fenced)
Nature of business and principal activities	Theme Park
Accounting Officer (CEO)	C N Khumalo
Chief Finance Officer (CFO)	X Hlongwane
Registered office	1 King Shaka Avenue Durban 4001
Postal address	P.O Box 38416 Point 4069
Bankers	Nedbank
Auditors	The Auditor - General of South Africa
Secretary	G Maphumulo P.O Box 38416 Point
Company registration number	2001/020025/30
Controlling entity	Ethekwini Municipality

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
IGRAP	Interpretations of the Standards of General Recognised Accounting Practise
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
SIC	Standing Interpretations Committee
IFRIC	International Financial Reporting Interpretations Committee
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
SARS	South African Revenue Services
MFMA	Municipal Finance Management Act
IFRS	International Financial Reporting Standard
DMTP	Durban Marine Theme Park (RF) SOC Limited
SAAMBR	South African Association of Marine Biological Research
RF	Ring Fenced

Accounting Officer's Responsibility and Approval

The audited 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 audited annual financial statements, set out on pages 4 to 53, in terms of Company's Act 2008 as amended and Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Durban Marine Theme Park (RF) SOC Limited on 31 October 2018 :

Accounting Officer
C N Khumalo

Directors' Report

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

1. Statement of Directors' Responsibilities

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the audited annual financial statements and related information. The auditors are responsible to report on the fair presentation of the annual financial statements. The audited annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the audited annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The audited annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.The council of the parent municipality confirms its commitment to ensuring future financial viability of the Durban Marine Theme Park and more specifically to meet any funding shortfall that may compromise the ability of the entity to continue trading as a going concern.This is in terms of the council resolution dated 28 June 2018

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

2. Nature of business

The company is defined as a Municipal Entity as it is controlled by eThekwini Municipality. As part of an urban regeneration project for the Point Precinct in Durban, the entity has developed a large marine theme park situated on the beachfront in the Point Precinct. The two fundamental objectives for uShaka Marine World, encapsulated in the City's establishment document are for uShaka to serve as:
- a catalyst for urban renewal around the Point Precinct
- a strategic tourism facility for the city of Durban, as well as the KwaZulu Natal province as a whole

The company complies with the Municipal Financial Management Act, 2003; Company's Act, 2008 as amended and all other applicable legislation.

This marine theme park which trades as uShaka Marine World is the sole operation of the company and commenced operations on 30 April 2004. uShaka Marine World comprises five main components, being:

an Oceanarium, known as Sea World;
a Waterpark, known as Wet 'n Wild;
a Retail Shopping Mall known as Village Walk;
a Kids playground, known as uShaka Kids World.
Food and Beverage outlets across the theme park

During the period under review there were no major changes in the activities of the business.
Net deficit of the entity was R 25 963 632 (2017: deficit R 38 770 404)

Directors' Report

3. Material agreements

The company has also entered into a long term agreement with the South African Association for Marine Biological Research, in terms of which the South African Association for Marine Biological Research is responsible for the operations of Sea World. Until 30 June 2007 the company reimbursed the South African Association for Marine Biological Research for all costs incurred by it in the performance of those obligations, including the costs of staff employed for that purpose. Effective 1 July 2007 to June 2015 the funding arrangements between the company and the South African Association for Marine Biological Research changed where by the parent municipality funded SAAMBR directly, and notwithstanding contractual obligations, the company did not fund the South African Association for Marine Biological Research expenses. Effective 1 July 2015 the funding arrangement between SAAMBR and eThekwini changed. The funding is now received from eThekwini to Durban Marine Theme Park who in turn pay SAAMBR.

On 01 July 2013, Durban Marine Theme Park through an agreement with eThekwini Municipality, took over the payroll function of the Moses Mabhida Stadium for a three year period ending June 2016, this was extended to 31 December 2016. A further extension for the period 1 January 2017 to 30 June 2017 was granted. Durban Marine Theme Park employed 135 staff members who worked for the previous management company of the stadium. There are no results for Moses Mabhida Stadium included in the DMTP audited annual financial statements.The contract for Moses Mabhida Stadium ended as at 30 June 2017.

4. Going concern

The audited 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.

We draw attention to the fact that at the end of the reporting period, Durban Marine Theme Park had an accumulated Deficit of R (579 777 499)

The council of the parent municipality confirms its commitment to ensuring future financial viability of the Durban Marine Theme Park and more specifically to meet any funding shortfall that may compromise the ability of the entity to continue trading as a going concern. This is in terms of the council resolution dated 28 June 2018

5. Financial results of the company

The audited annual financial statements on pages 4-53 set out fully the financial position and results of operations and cash flows of the company for the period ended 30 June 2018. Page 54-55 does not form part of the audited annual financial statements but is included as additional information.
No dividends have been declared during the period.

6. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial period under review that would impact on the fair presentation of the audited annual financial statements presented.

7. Share capital

The authorised share capital of the company is 10,000 shares of R1,00 each.
As at 30 June 2018 the company had issued 10,000 shares to eThekwini Municipality for a total value of R962 994 927.

Directors' Report

8. Directors

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

Name	Appointed	End of Term
P Mzizi (Appointed as the Chairman on 03 December 2015)	04 July 2013	31 July 2019
I Vally	4 July 2013	31 July 2019
R Turner (SAAMBR representative)	5 May 2011	As per heads of agreement
I E Konyn	17 July 2013	31 July 2019
G Buthelezi	1 July 2013	31 July 2019
G Gumbi-Masilela	1 October 2015	30 September 2018
S P Lebenya	1 October 2015	30 September 2018
Z Gumede	1 February 2016	31 January 2019
S Naidoo	1 February 2016	31 January 2019

A resolution was taken at the Annual General Meeting held on 04 December 2017 to appoint the Chief Executive Officer and Chief Financial Officer as Executive directors. This resolution was still being processed in terms of updating the Memorandum of Incorporation as at date of preparation of these audited annual financial statements.

9. Accounting officer

C N Khumalo

10. Secretary

The secretary of the entity Durban Marine Theme Park SOC Limited is G Maphumulo, whose details are:

Business address

1 King Shaka Avenue
Durban
4001

Postal address

PO Box 38416
Point
4069

11. Economic entity

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

Z Gumede (Mayor)

F Peer (Deputy Mayor)

S Nzuza (City Manager)

P Sithole (Deputy City Manager : Economic Development Cluster)

Directors' Report

12. Director's interest in contracts

R Turner is the Non Executive Chairman of SAAMBR (RF) Non Profit Company. DMTP procured services for R71 011 291 from SAAMBR as at 30 June 2018

13. Corporate governance

Attendance of meetings

DMTP has six committees (the board and five subcommittees). The directors are required to meet at least 4 times per annum.

Name	Board	Remuneration Committee	Finance, Risk and IT Committee	Social & Ethics Committee	Directors' Affairs	Marketing and Tourism
Total number of meetings held	5	6	4	3	2	3
P Mzizi (Chairman)	5	N/A	4	N/A	2	N/A
R Turner	5	N/A	N/A	N/A	N/A	N/A
I E Konyn	5	6	N/A	3	2	N/A
I Vally	5	N/A	4	N/A	2	N/A
G Buthelezi	5	6	N/A	3	2	N/A
G Gumbi-Masilela	3	N/A	3	N/A	N/A	N/A
P Lebenya	5	6	N/A	N/A	2	3
Z Gumede	5	N/A	4	N/A	N/A	3
S Naidoo	4	N/A	N/A	3	1	3

N/A - indicates that attendance is not applicable as the director is not a member of the committee

Audit committee

Name	Appointed	End of Term
N Mhlongo (Chairman)	30 May 2018	29 May 2021
L Mthembu	30 May 2015	30 June 2018
T Radebe	30 May 2015	30 June 2018
P Shabalala	09 March 2016	09 March 2019
M Radebe	09 March 2016	09 March 2019
B Zulu	30 May 2018	29 May 2021
D Bosch	30 May 2018	29 May 2021
PN Baloyi	01 June 2018	30 June 2021
N Shabalala	01 June 2018	30 June 2021

A single audit committee is in place for the Municipality and its entities.

14. Controlling entity

Durban Marine Theme Park's controlling entity is eThekwini Municipality which owns 10 000 issued shares (100%)

15. Directors' approval

P Mzizi (Chairman)

Date

Statement of Financial Position as at 30 June 2018

	Note	2018 R	2017 R
Assets			
Current Assets			
Inventories	2	5 068 730	5 329 588
Receivables from exchange transactions	3	6 600 081	10 799 330
Vat receivable	4	-	9 771 606
Cash and cash equivalents	5	47 310 821	29 176 802
		58 979 632	**55 077 326**
Non-Current Assets			
Investment property	6	58 607 905	60 250 319
Property, plant and equipment	7	319 269 732	337 419 814
Intangible assets	8	929 047	1 160 931
Deferred rental	10	1 376 601	1 415 185
		380 183 285	**400 246 249**
Total Assets		**439 162 917**	**455 323 575**
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	49 267 238	40 778 101
VAT payable	12	492 834	-
Provisions	13	3 102 014	2 906 993
Tenant rental deposits	14	3 083 403	2 457 419
		55 945 489	**46 142 513**
Total Liabilities		**55 945 489**	**46 142 513**
Net Assets		**383 217 428**	**409 181 062**
Share capital	15	962 994 927	962 994 927
Accumulated Deficit		(579 777 499)	(553 813 865)
Total Net Assets		**383 217 428**	**409 181 062**

Statement of Financial Performance

	Note	2018 R	2017 R
Revenue	22	202 061 673	193 950 655
Cost of sales	29	(28 018 324)	(38 322 030)
Gross surplus		**174 043 349**	**155 628 625**
Other revenue	23	78 321 617	75 191 748
Operating expenses	25	(282 464 034)	(273 229 898)
Operating deficit		**(30 099 068)**	**(42 409 525)**
Interest income	24	4 135 436	3 639 121
Deficit before taxation		**(25 963 632)**	**(38 770 404)**
Taxation	18	-	-
(Deficit) Surplus		**(25 963 632)**	**(38 770 404)**

Included in operating expenses is depreciation and amortisation R31 118 835 : (2017: R36 340 085).

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Statement of Changes in Net Assets

	Share capital	Share premium	Total share capital	Accumulated Deficit	Total net assets
	R	R	R	R	R
Balance at 01 July 2016	**10 000**	**962 984 927**	**962 994 927**	**(515 043 461)**	**447 951 466**
Changes in net assets					
Deficit for the year	-	-	-	(38 770 404)	(38 770 404)
Total changes	-	-	-	(38 770 404)	(38 770 404)
Restated* Balance at 01 July 2017	**10 000**	**962 984 927**	**962 994 927**	**(553 813 867)**	**409 181 060**
Changes in net assets					
Deficit for the year	-	-	-	(25 963 632)	(25 963 632)
Total changes	-	-	-	(25 963 632)	(25 963 632)
Balance at 30 June 2018	**10 000**	**962 984 927**	**962 994 927**	**(579 777 499)**	**383 217 428**
Note	15	15	15		

Cash Flow Statement

	Note	2018 R	2017 R
Cash flows from operating activities			
Receipts			
Cash receipts from customers		215 717 212	202 761 260
Local government grant		69 945 730	66 614 980
		285 662 942	269 376 240
Payments			
Cash paid to suppliers and employees		(261 235 986)	(280 308 982)
		(261 235 986)	(280 308 982)
Net cash flows from operating activities	20	**24 426 956**	**(10 932 742)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(10 686 442)	(8 204 997)
Proceeds from sale of property, plant and equipment	7	123 754	13 180
Purchase of investment property	6	(309 451)	-
Purchase of intangible assets	8	(182 218)	(256 361)
Interest Income		4 135 436	3 639 121
Net cash flows from investing activities		**(6 918 921)**	**(4 809 057)**
Cash flows from financing activities			
Increase in tenant deposits		625 984	23 023
Net increase/(decrease) in cash and cash equivalents		**18 134 019**	**(15 718 776)**
Cash and cash equivalents at the beginning of the year		29 176 802	44 895 578
Cash and cash equivalents at the end of the year	5	**47 310 821**	**29 176 802**

Statement of Comparison of Budget and Actual Information

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Merchandising revenue	8 646 821	(612 000)	**8 034 821**	6 371 142	**(1 663 679)**	-21%-A
Ticketing revenue	112 033 807	(5 336 923)	**106 696 884**	100 300 912	**(6 395 972)**	-6%
Village walk revenue	29 620 070	1 870 391	**31 490 461**	33 362 836	**1 872 375**	6%
Rope Adventure revenue	3 516 677	-	**3 516 677**	2 424 287	**(1 092 390)**	-31%-B
Food and Beverage revenue	43 568 720	850 000	**44 418 720**	34 310 657	**(10 108 063)**	-23%-C
Sponsorship revenue	4 410 042	-	**4 410 042**	10 995 996	**6 585 954**	149%-D
Parking revenue	6 486 502	(900 000)	**5 586 502**	6 381 343	**794 841**	14%-E
Functions and events revenue	6 201 339	105 218	**6 306 557**	7 914 500	**1 607 943**	25%-F
Discount received	205 000	-	**205 000**	54 763	**(150 237)**	-73%-G
Insurance recovery	-	-	**-**	2 845 256	**2 845 256**	undefined-H
Photographic revenue	2 100 000	(2 100 000)	**-**	-	**-**	
Sundry revenue	465 943	1 442 895	**1 908 838**	3 488 350	**1 579 512**	83%-I
Equipment hire	2 334 611	-	**2 334 611**	1 947 418	**(387 193)**	-17%-J
Interest income	2 022 677	-	**2 022 677**	4 135 436	**2 112 759**	104%-K
Total revenue from exchange transactions	**221 612 209**	**(4 680 419)**	**216 931 790**	**214 532 896**	**(2 398 894)**	
revenue from non-exchange transactions						
Local government grant	69 945 729	(3)	**69 945 726**	69 945 730	**4**	Rounding
Total revenue	**291 557 938**	**(4 680 422)**	**286 877 516**	**284 478 626**	**(2 398 890)**	
Expenditure						
Employee related costs	(89 959 677)	-	**(89 959 677)**	(87 450 605)	**2 509 072**	3%
Depreciation and amortisation	(38 483 333)	(19)	**(38 483 352)**	(31 118 835)	**7 364 517**	-19%-L
Bad debts written off	-	(515 601)	**(515 601)**	(366 524)	**149 077**	-29%-M
Debt impairment	(178 652)	136 885	**(41 767)**	(157 163)	**(115 396)**	276% -N
Contracted Services	(1 289 556)	-	**(1 289 556)**	(1 230 556)	**59 000**	-5%
Local governent grant services rendered	(70 308 249)	(1 098 548)	**(71 406 797)**	(71 011 291)	**395 506**	1%
Cost of sales	(29 966 462)	(177 984)	**(30 144 446)**	(28 018 324)	**2 126 122**	8%
General Expenses	(89 286 666)	(1 596 572)	**(90 883 238)**	(91 129 060)	**(245 822)**	0.3%
Total expenditure	**(319 472 595)**	**(3 251 839)**	**(322 724 434)**	**(310 482 358)**	**12 242 076**	
Operating deficit	**(27 914 657)**	**(7 932 261)**	**(35 846 918)**	**(26 003 732)**	**9 843 186**	
Gain (Loss) on disposal of assets	(500 000)	-	**(500 000)**	40 100	**540 100**	108%-O
Deficit before taxation	**(28 414 657)**	**(7 932 261)**	**(36 346 918)**	**(25 963 632)**	**10 383 286**	
	(28 414 657)	**(7 932 261)**	**(36 346 918)**	**(25 963 632)**	**10 383 286**	

Statement of Comparison of Budget and Actual Information

<u>Comments on variances between Actual and Final Budget greater than 10%</u>:

A : Merchandise revenue is lower than budget as there has been a drastic downturn in the retail industry this year.
The park entrance has been opened up to a lower living standard measure by lowering the ticket prices, and this category of consumer does not have more money to spend on merchandise.

B : Rope Adventure; there has been down turn as the offering is on the third year of its operations and does not attract as many guests as the first two years.

C: Food and beverage revenue decrease in the functions department for the current year as we lost one anchor function and did not receive other anticipated functions with corresponding spend on food and beverag.

D : A major sponsorship received during the year.

E : The Parking revenue received was higher than the budget as the budget was set on the initial agreed terms that Parking B was closing however a portion of parking B is still operating.

F : Increase in events in the off peak seaons.

G : Discounts received were less than expected.

H: Insurance recovery for the storm damage.

I: Sundry revenue rebate received for purchases.

J: Equipment hire revenue was below budget due to decrease in hire of equipment, Umbrellas, Bambinos Kids cart in line with footfall decrease.

K : Interest received more than expected due to better investment decision and financial management.

L : Depreciation below budget as capex has been spent in the last half of the year and a large number of assets reached their useful life and are in the process of disposal.

M: Bad debts written off were below budget as one bad debt for the year was reversed.

N: Debt impairment was above budget due to the impact of the current tough economic conditions on the Village Walk tenants.

O: Of the asset disposed a gain was recognised and not a loss as in prior years.

Accounting Policies

1. Presentation of Audited Annual Financial Statements

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

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 Effect of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Cost

GRAP 6 Consolidated and Separate Financial Statements

GRAP 7 Investment in Associates

GRAP 8 Interests in Joint Ventures

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

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

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 Impairment of Non-cash-generating Assets

GRAP 23 Revenue from Non-exchange Transactions

GRAP 24 Presentation of Budget Information in the Financial Statement

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-Generating Assets

GRAP 31 Intangible Assets

GRAP 100 Discontinued Operations

Accounting Policies

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

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

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 entites, Municipal Entities and Constitutional Institutions

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 12 The Selection of an Appropriate Reporting Framework by Public Entites.

Interpretations of the Standards of GRAP

Approved and effective

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 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

IGRAP 6 Loyalty Programmes

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 by Ventures

IGRAP 13 Operating Leases - Incentives

Accounting Policies

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 Assests - websites costs

Approved but not yet effective

IGRAP 17 Services concession arrangements where a grantor controls a significant residual interest in an assets

IGRAP18 Recognition and derecognition of land

IGRAP19 Liabilities to pay levies

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .21 to .27 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

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

GRAP 20 Related Party Disclosures.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period, unless otherwise stated

Standards, amendments to standards directives and interpretations issued but not yet effective

Directives issued but not effective

Conceptual framework for general purpose financial reporting - applicable once published.

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.

Accounting Policies

GRAP 32: 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 exists in the current year.

GRAP 34 : Separate Financial Statements

GRAP 35 : Consolidated Financial Statements

GRAP 36 : Investments in Associates

GRAP 37: Joint Arrangements - issued March 2017

Compliance with this standard would have had an effect on the presentation only, financial reporting by entities that have an interest in arrangements that are controlled jointly.

GRAP 38 : Disclosure of Interest in other entities - issued March 2017

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to interest in other entities exists 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 will not have an impact on the current financial information, as no transactions relating to principles and agents exist in the current year.

GRAP 110 : Living and non living resources - **issued March 2017**

Compliance with this standard would have had an effect on presentation and disclosure. GRAP110 requires recognition, measurement, presentation and disclosure requirements for living resources and disclosure requirements for non living resources.

The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year.

Guidelines

Guideline on accounting for public - private partnerships
Guideline on accounting for arrangements undertaken i.t.o the National Housing programme

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited 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 audited annual financial statements. Significant judgements include:

Trade receivables / Allowance for impairment of trade receivables and or loans/receivables

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

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

The amount of the impairment loss is measused as a 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. sundch impairment losses shall not be reversed.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Non-cash generating and cash generating units 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. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Accounting Policies

1.2 Investment property (continued)

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Investment property in the uShaka Village Walk Shopping Mall and comprises: - Building and Structures, Furniture, fittings and equipment. Investment property is valued at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

All assets within investment property are depreciated on a straight line basis over their estimated useful lives and the rates range between:

Item	Average useful life
Buildings and Structures	10 - 40 years
Furniture and Fittings and Equipment	5 - 40 years

1.3 Presentation currency

These audited annual financial statements are presented in South African Rand and rounded to the nearest Rand excluding note 15 share capital / contributed capital.

1.4 Going concern

These audited financial statements have been prepared on a going concern basis.

1.5 Property, plant and equipment

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

Initial recognition
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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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.

Accounting Policies

1.5 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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 comprises: - land and buildings; furniture, fittings and equipment; plant and machinery and vehicles and are included at historical cost. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Subsequent recognition
Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Repairs and maintenance are expensed as and when incurred.

Motor vehicles are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

All assets, other than land and motor vehicles, are depreciated on a straight line basis over their estimated useful lives and the rates range between:

Item	**Average useful life**
Buildings and Structures	3-45 years
Plant and machinery	3-20 years
Furniture and Fittings and Equipment	2-20 years
Motor vehicles	4-15 years
Biological assets	50-85 years

Useful life is reviewed annually and the prospective depreciation is adjusted accordingly.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income or expenditure.

Property, plant and equipment that meet the recognition criteria are stated in the statement of financial position at

amortised cost, being the initial cost price less any amortisation and impairment. The entity assesses at each reporting date whether there is any indication that an asset may be impaired.

Accounting Policies

1.5 Property, plant and equipment (continued)

Land is not depreciated as it is deemed to have an indefinite life.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

Derecognition:

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

1.6 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

Initial recognition
An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Subsequent recognition
Intangible assets that meet the recognition criteria are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method as follows:

Item	**Average useful life**
Computer software,	2-12 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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 is the difference between the net disposal proceeds, if any and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Accounting Policies

1.7 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor areclassified as operating leases. Payments made under operating leases are charged to the income statement on astraight-line basis over the year of the lease. When an operating lease is terminated before the lease year hasexpired, any payment required to be made to the lessor by ways of penalty is recognised as an expense in the year in which termination takes place.

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.

Lease income received

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

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

1.8 Financial instruments

Initial recognition and measurement

Recognition

Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provision of the instrument.
Financial instruments carried on the statement of financial position include a loan, prepayments and advances, non-exchange transfers receivable, trade and other receivables from exchange transactions, cash and cash equivalents, non-exchange transfers payable, trade and other payables from exchange transactions and VAT payable. Where relevant, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Initial Measurement
When a financial asset or financial liability is recognised initially, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of financial asset / liability. Subsequent to initial recognition, these instruments are measured as set out below.

Subsequent Measurement
Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.Net gains or losses on the financial instruments at fair value through surplus or deficit dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the entity's right to receive payment is established.

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

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses

Accounting Policies

1.8 Financial instruments (continued)

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the entity's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Financial assets

The company’s financial assets are cash and bank balances as well as trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalent comprise cash on hand, deposits held with banks, and bank overdrafts.

Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

Financial liabilities

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables relate to VAT payable and accruals.
Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are subsequenty measured at amortised cost, but due to their short duration as settlement is expected within 30 days, it is not necessary to undertake a formal effective interest rate calculation, it is therefore measured at original invoice amount.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition
A financial asset or a portion thereof is derecognised when the company realises that the contractual rights to the benefits specified in the contract expire; the company surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in net surplus or deficit for the period.

Accounting Policies

1.8 Financial instruments (continued)

Fair value considerations
The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that could be realised in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

Loans to (from) economic entities

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

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

1.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.
Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.10 Provisions and contingencies

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.11 Inventories - Decrease/(increase)

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

Accounting Policies

1.11 Inventories - Decrease/(increase) (continued)

Subsequent recognition
Subsequently inventories are measured at the lower of cost and net realisable value.
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 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.
Inventories are valued at the lower of cost or net realizable value.
Obsolete materials are written off. Cost is determined at invoice cost on a weighted average basis.

1.12 Retirement benefits

Staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the statement of financial performance in the year to which they relate.

1.13 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipal entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset (receivable) until it is recovered or written off as irrecoverable.

1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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

1.16 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

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

Identification

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

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

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

Value in use

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

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

1.16 Impairment of cash-generating assets (continued)

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

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

Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.17 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

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

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Identification

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

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Share capital

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

1.19 Prior period error

The entity discloses the nature of the prior period error for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected. The amount of the correction at the beginning of the earliest prior period presented. If retrospective restatement is impracticable, an explanation and description of how the error has been corrected.
Financial statements of subsequent periods need not repeat these disclosures.

Accounting Policies

1.20 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.
Short-term employee benefits include items such as:
- wages, salaries and provident fund contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care and cellphones allowances) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments

Defined contribution plans

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.21 Revenue from exchange transactions

Revenue recognition

Revenue comprises rental income, entrance and parking fees, sales of merchandise, food and beverage, sponsorship income, event income and interest net of Value Added Tax and discounts.
Rental income is recognised on the straight-line basis over the lease term and accordingly deferred income is raised.
Entrance and parking fees and sales of merchandise, food and beverage are recognised immediately upon receipt.
Interest, sponsorship and eventing income is recognised as it accrues (taking into account in respect of interest income, the effective yield on the asset) unless collectability is in doubt.

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

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

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

1.21 Revenue from exchange transactions (continued)

Measurement

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

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 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.

1.22 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Grants and Transfers
Income received from conditional grants and subsidies is recognised to the extent that the DMTP has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the DMTP’s interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

Measurement

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

Accounting Policies

1.23 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.

1.24 Comparative figures

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

1.25 Change in Accounting policies,estimate and errors

Change in estimate
As a result of the uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of:
(a) tax revenue due to government;
(b) bad debts arising from uncollected taxes;
(c) inventory obsolescence;
(d) the fair value of financial assets and financial liabilities;
(e) the useful lives of, or expected pattern of consumption of economic benefits or service potential embodied in, depreciable assets or the percentage completion of road construction; and
(f) warranty obligations.

Errors
Potential current period errors discovered in that period are corrected before the annual financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period

1.26 Offsetting

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

1.27 Accumulated deficit

The company has generated net losses over the life of the business, it has negative retained earnings, which it reports as an accumulated deficit in the equity section .

1.28 VAT

VAT is payable on the accrual basis. VAT inputs receivables and VAT outputs payables are shown in the balance sheet. All VAT returns have been submitted by the due date throughout the year.

1.29 Events after reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)..

1.30 Capital commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

1.31 Budget information

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

Accounting Policies

1.31 Budget information (continued)

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

The audited 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 audited annual financial statements.

1.32 Legislation

The company complies with the Municipal Financial Management Act, 2003 and all other applicable legislation.

1.33 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.

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

2. Inventories

Merchandise	2 851 261	3 145 225
Food and Beverage	1 499 846	1 300 491
Consumable stores	717 623	948 676
	5 068 730	5 394 392
Provision for slow moving merchandising inventory	-	(64 804)
	5 068 730	**5 329 588**

Inventory pledged as security

Inventory was not pledged as security.

3. Receivables from exchange transactions

Trade and other receivables	4 708 233	8 579 411
Debt impairment provision	(349 769)	(192 606)
Sundry debtors	34 199	36 617
Prepayments	2 207 418	2 375 908
	6 600 081	**10 799 330**

Reconciliation for :

Trade Debtors		
Current (0 - 30 days)	4 492 706	8 454 662
31 - 60 days	50 895	26 479
61 - 90 days	26 318	24 334
Greater than 90 days	138 314	73 936
	4 708 233	**8 579 411**

Debt impairment provision		
Opening balance	(192 606)	-
Decrease/Increase) in provision	(157 163)	(192 606)
	(349 769)	**(192 606)**

Sundry debtors		
Current (0 - 30 days)	34 199	36 617

Prepayments: will be released into the income statement over the following periods		
Current (0 - 30 days)	270 311	720 639
31 - 60 days	250 777	236 467
61 - 90 days	264 648	236 467
Greater than 90 days (includes COID provision)	1 421 682	1 182 335
	2 207 418	**2 375 908**

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

4. VAT receivable

VAT	-	9 771 606

Vat is paid on an invoice basis.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	46 248 945	28 698 460
Cash on hand include operational floats	1 061 876	478 342
	47 310 821	**29 176 802**

Inlcuded in cash and cash equivalents for the current year are short term investments as listed below :

Nedbank Fixed deposit	R21 934 557
Nedbank Group Invenstments	R52 700
Investec Fixed deposit	R19 977 252

The entity had the following bank accounts and cash on hand

Account number / description	Bank statement balances		Cash book balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Nedbank Fixed Deposit Account	21 934 557	900 000	21 934 557	900 000
Nedbank Group Investment Account	52 700	48 853	52 700	48 853
Investec - Fixed deposit Account	19 977 252	19 120 816	19 977 252	19 120 816
Investec - deposit Account	-	7 795 032	-	7 795 032
Nedbank Online Account	22 894	6 108	22 894	6 108
Nedbank Rope Account	46 778	6 089	46 778	6 089
Nedbank Schools Account	23 292	23 689	23 292	23 689
Nedbank Retail Account	34 946	29 941	34 946	29 941
Nedbank Salary Account	937	3 119	937	3 119
Nedbank Main Account	4 155 589	764 813	4 155 589	764 813
Subtotal	46 248 945	28 698 460	46 248 945	28 698 460
Cash on hand include operational floats	-	-	1 061 876	478 342
Total	**46 248 945**	**28 698 460**	**47 310 821**	**29 176 802**

Notes to the Audited Annual Financial Statements

	2018	2017
	R	R

6. Investment property

	2018			2017		
	Cost	**Accumulated depreciation and impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and impairment**	**Carrying value**
Investment property	89 283 908	(30 676 003)	58 607 905	88 974 287	(28 723 968)	60 250 319

Reconciliation of investment property - 2018

	Opening balance	**Additions**	**Depreciation**	**Total**
Investment property	60 250 319	309 451	(1 951 865)	58 607 905

Reconciliation of investment property - 2017

	Opening balance	**Depreciation**	**Total**
Investment property	62 658 443	(2 408 124)	60 250 319

Pledged as security

None of assets were 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.

Directors valuation

Investment Property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69,000,000. The directors fair value thereof is R145,000,000 based on a valuation method of net rental return, capitalised at a fair market rate of return of 12.5%.

Notes to the Audited Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2018			2017		
	Cost	**Accumulated depreciation and impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and impairment**	**Carrying value**
Buildings and Structures	492 807 221	(230 842 120)	261 965 101	486 498 947	(214 092 561)	272 406 386
Land	20 710 522	-	20 710 522	20 710 522	-	20 710 522
Plant and machinery	114 667 916	(91 545 771)	23 122 145	112 650 639	(84 543 579)	28 107 060
Furniture and fixtures	41 771 316	(29 107 458)	12 663 858	38 624 726	(24 603 534)	14 021 192
Motor vehicles	1 961 963	(1 185 939)	776 024	2 594 250	(1 105 028)	1 489 222
Capital work in progress	-	-	-	652 848	-	652 848
Biological assets	35 600	(3 518)	32 082	35 600	(3 016)	32 584
Total	**671 954 538**	**(352 684 806)**	**319 269 732**	**661 767 532**	**(324 347 718)**	**337 419 814**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Additions**	**Movements of Work in progress**	**Disposals - cost**	**Transfers cost**	**Depreciation**	**Total**
Buildings and Structures	272 406 386	6 308 446	-	-	-	(16 749 731)	261 965 101
Land	20 710 522	-	-	-	-	-	20 710 522
Plant and machinery	28 107 060	1 597 671	-	-	135 496	(6 718 082)	23 122 145
Furniture and fixtures	14 021 192	3 261 587	-	-	-	(4 618 921)	12 663 858
Motor vehicles	1 489 222	171 586	-	(83 654)	(135 496)	(665 634)	776 024
Capital work in progress	652 848	-	(652 848)	-	-	-	-
Biological assets	32 584	-	-	-	-	(502)	32 082
	337 419 814	**11 339 290**	**(652 848)**	**(83 654)**	**-**	**(28 752 870)**	**319 269 732**

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Additions through Work in progress	Disposals	Depreciation	Total
Buildings and Structures	289 707 298	1 391 345	-	-	(18 692 257)	272 406 386
Land	20 710 522	-	-	-	-	20 710 522
Plant and machinery	35 154 508	1 398 560	-	-	(8 446 008)	28 107 060
Furniture and fixtures	15 432 459	4 686 157	-	(8 110)	(6 089 314)	14 021 192
Motor vehicles	1 589 628	189 500	-	-	(289 906)	1 489 222
Capital work in progress	113 413	-	539 435	-	-	652 848
Biological assets	33 087	-	-	-	(503)	32 584
	362 740 915	**7 665 562**	**539 435**	**(8 110)**	**(33 517 988)**	**337 419 814**

Pledged as security

None of assets were 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

Reclassifications due to mSCOA implementation

DMTP has implemented MSCOA (Municipal Standard Chart of Accounts) effective 01 July 2017. The introduction of MSCOA has resulted in a requirement to reclassify certain items of items of Property, Plant and Equipment to different categories or to be included in different line items. The reclassification is aimed at making the Financial Statements more useful and understandable to the users.

The balances of the current financial year were reclassified in order to demonstrate the change in classification. Certain assets that were previously classified as Motor Vehicles had to be reclassified to Plant and Machinery.

8. Intangible assets

	2018			2017		
	Cost	**Accumulated depreciation and impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and impairment**	**Carrying value**
Computer software	1 994 327	(1 170 043)	824 284	1 916 872	(755 941)	1 160 931
Capital work in progress - Software	104 763	-	104 763	-	-	-
Total	**2 099 090**	**(1 170 043)**	**929 047**	**1 916 872**	**(755 941)**	**1 160 931**

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

8. Intangible assets (continued)

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	1 160 931	77 455	(414 102)	824 284
Capital work in progress - Software	-	104 763	-	104 763
	1 160 931	**182 218**	**(414 102)**	**929 047**

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	1 318 536	256 361	(413 966)	1 160 931

9. Depreciation and amortisation

	2018 R	2017 R
Property, plant and equipment	28 752 866	33 517 994
Investment property	1 951 866	2 408 125
Intangible assets	414 103	413 966
	31 118 835	**36 340 085**

10. Deferred rental

	2018 R	2017 R
Deferred rental	1 376 601	1 415 185

	2018 R	2017 R
Opening balance	1 415 185	5 381 917
Movements	(38 584)	(3 966 732)
	1 376 601	**1 415 185**

Deferred rental: Retail outlets Village Walk (rented out to tenants).

11. Payables from exchange transactions

	2018 R	2017 R
Trade payables	30 878 248	24 507 528
Other payables	18 388 990	16 270 573
	49 267 238	**40 778 101**

12. VAT payable

	2018 R	2017 R
Vat payable	492 834	-

Vat is paid on an invoice basis.

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

13. Provisions

Non-current liabilities	-	-
Current liabilities	3 102 014	2 906 993
	3 102 014	**2 906 993**

The leave pay provision is based on total cost to the company for employees with leave days accrued. The leave provision will be reversed when leave is taken or when an employee is paid upon termination of employment and hence the timing and amount is uncertain.

	Leave provision	
	2018	2017
Opening balance	2 906 993	2 999 483
Movement during the year	195 021	(92 490)
	3 102 014	**2 906 993**

14. Tenant rental deposits

Tenant rental deposits	3 083 403	2 457 419

Deposits for the tenants of Village walk retail outlets

15. Share capital

Issued		
10 000 Ordinary Shares of R 1 each (10 000)	10 000	10 000
Share premium	962 984 927	962 984 927
	962 994 927	**962 994 927**

The authorised share capital of the company is 10,000 shares of R1,00 each.

Share issued at par value
409 Shares issued at R1

Share Premium is made up as follows:
206 Shares issued at premium of R97,086.38
1,600 Shares issued at premium of R98,082.89
1,731 Shares issued at premium of R97,087.56
5,109 Shares issued at premium of R97,082.58
206 Shares issued at premium of R97,086.38
124 Shares issued at premium of R96,773.19
615 Shares issued at premium of R146,340.44

16. Going concern

We draw attention to the fact that as at 30 June 2018, Durban Marine Theme Park had an accumulated Deficit of R (579 777 499).

The municipal council confirms its commitment to ensuring future financial viability of the Durban Marine Theme Park and more specifically to meet any funding shortfall that may compromise the ability of the entity to continue trading as a going concern.This is in terms of the council resolution dated 28 June 2018

17. Employee related costs

Notes to the Audited Annual Financial Statements

	2018 R	2017 R
17. Employee related costs (continued)		
Salaries, wages, travel allowance and 13th cheque	68 275 079	66 239 444
Commissions	213 635	-
Contributions to UIF, Provident fund and Medical Aid	12 009 648	11 188 512
Workmens Compensation	2 828 533	2 822 487
Leave pay	195 021	(92 489)
Overtime payments	3 928 689	3 763 999
	87 450 605	**83 921 953**

Durban Marine Theme Park		
Number of persons employed at year end: Full time	471	478
Fixed term contracts	42	35
	513	**513**

Directors Fees		
Directors fees paid - P Mzizi (Chairman)	211 105	172 507
Directors fees paid - R Turner	59 549	48 942
Directors fees paid - G Gumbi-Masilela	61 008	81 332
Directors fees paid - S Naidoo	69 562	74 385
Directors fees paid - Z Gumede	119 710	103 483
Directors fees paid - I Vally	105 642	89 561
Directors fees paid - G Buthelezi	186 265	109 114
Directors fees paid - I Konyn	132 981	111 482
Directors fees paid - S Lebenya	123 663	88 381
	1 069 485	**879 187**

Notes to the Audited Annual Financial Statements

17. Employee related costs (continued)

Executive managers - June 2018	Annual Remuneration	Cellphone Allowance	13th Cheque	Contributions to UIF,Medical and Provident Fund	Leave pay	Total
Chief Executive Ofiicer - C.N. Khumalo	1 755 364	14 400	168 349	319 389	-	2 257 502
Chief Financial Officer - J.H. Dlamuka	384 989	3 600	105 046	68 758	37 386	599 779
Chief Financial Officer - X. Hlongwane	749 661	8 400	10 483	141 479	-	910 024
Chief Operating Officer - P.N. Pillay	1 326 184	14 400	136 094	227 718	-	1 704 396
Marketing Executive - N. Mthembu	834 312	14 400	83 061	161 332	-	1 093 105
Retail Executive - G.A. Jacobson	872 346	14 400	85 729	168 849	-	1 141 324
Food and Beverage Executive - M.A. Mokoena	864 908	14 400	85 318	172 172	-	1 136 798
Human Resources Executive - A. Ngubane	866 070	14 400	85 318	171 980	-	1 137 768
	7 653 834	**98 400**	**759 398**	**1 431 678**	**37 386**	**9 980 696**

Executive managers - June 2017	Annual Remuneration	Cellphone Allowance	13th Cheque	Contributions to UIF,Medical and Provident Fund	Leave pay	Total
Chief Executive Ofiicer - C.N. Khumalo	1 626 352	14 400	157 336	299 641	-	2 097 729
Chief Financial Officer - J.H. Dlamuka	1 339 346	14 400	130 898	252 847	-	1 737 491
Chief Operating Officer - P.N. Pillay	1 226 043	14 400	111 586	203 694	-	1 555 723
Marketing Executive - N. Mthembu	800 062	14 400	77 627	150 563	-	1 042 652
Retail Executive - G.A. Jacobson	804 560	14 400	78 936	156 410	-	1 054 306
Food and Beverage Executive - M.A. Mokoena	756 775	14 400	78 558	153 563	-	1 003 296
Human Resources Executive - A. Ngubane	771 165	14 400	45 825	155 146	-	986 536
	7 324 303	**100 800**	**680 766**	**1 371 864**	**-**	**9 477 733**

1. Chief Financial officer J.H. Dlamuka resigned on 30 September 2017 and X Hlongwane was appointed on 01 December 2017

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

18. Taxation

No provision has been made for 2018 tax as an estimated tax loss of R367,260,373 (2017: R 364,686,361) for set off against future taxable income. No deferred tax asset has been raised since there is no expectation of realisation.

19. Operating lease

	2018 R	2017 R
Not later than one year	22 357 527	21 412 415
Later than one year and not later than five years	43 699 277	36 058 187
	66 056 804	**57 470 602**

Lessor

The operating lease relates to rental contracts derived from uShaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 31 July 2023. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored except for tenants that have been in the Village Walk for more than ten years. All contracts that are on a month to month basis have been excluded from the projected income. The rental escalation percentage varies from lease to lease, the average being 6%.

Escalation of renewal of entire lease, 0% to 1%,Escalation within lease period of base rental, 7% to 10%,Escalation within lease period of operating costs, 8%.

20. Cash generated from (used in) operations

	2018 R	2017 R
Deficit	(25 963 632)	(38 770 404)
Adjustments for:		
Depreciation and amortisation	31 118 835	36 340 085
Gain on assets disposal	(40 100)	(5 070)
Sponsorship revenue non cash	(8 166 000)	-
Sponsorship expense non cash	8 166 000	-
Interest income	(4 135 436)	(3 639 121)
Bad debts written off	366 524	-
Debt impairment	157 163	192 606
Movements in provisions	195 021	(92 490)
Slow moving stock provision	(64 804)	32 689
Changes in working capital:		
Inventories - Decrease / (increase)	325 662	(407 654)
Receivables from exchange transactions - Decrease / (increase)	4 199 249	(3 920 431)
Debt impairment	(157 163)	(192 606)
Bad debts written off	(366 524)	-
Deferred income adjustment	38 584	3 966 732
Payables from exchange transactions - (Decrease) / increase	8 489 137	(4 752 682)
VAT - (Decrease) / increase	10 264 440	315 604
	24 426 956	**(10 932 742)**

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

21. Related parties

Related party balances

Amounts included in Trade payables regarding related parties		
eThekwini Municipality : Water and Electricity	2 590 379	1 396 862
eThekwini Municipality : Property rates	15 891 550	12 258 750
eThekwini Municipality : Waste	196 425	-
Durban Point Development Company (Pty) Ltd - Parking land rates arrangement	-	784 689
South African Association for Marine Biological Research	-	67 311
eThekwini Municipality : Moses Mabhida Stadium VAT	10 996 700	10 996 700

Further to the above payables there is R 6 930 287 of parking land rates, an arrangement is in place the period from inception to 2016 between eThekwini Munipality, Durban Point Development Company and DMTP.

Amounts included in Trade receivable regarding related parties		
eThekwini Municipality	2 832 600	4 167 285
South African Association for Marine Biological Research	434 010	32 120

Related party transactions

eThekwini Municipality (controlling shareholder) (100%) shareholding		
Electricity	22 515 181	21 307 310
Water	9 873 980	8 940 475
Waste	946 963	1 087 519
Property rates	3 632 800	3 375 000
Insurance	437 392	772 304

Related party transactions

Revenue received from related party		
eThekwini Municipality	9 057 368	8 344 109
South African Association for Marine Biological Research	372 490	-
International Conventional Centre	5 392	-
Durban Point Development Company (Pty) Ltd (Owned 50% by eThekwini Municipality Durban Infrastructure Development Trust)		
Parking rates arrangement	-	784 689
Parking B	1 483 759	-
Moses Mabhida Stadium (Owned by eThekwini Municipality's)		
Amount received for MMS salaries	-	27 486 291
Amount paid to MMS employees and SARS	-	(27 486 291)
DMTP performed the payroll function for Moses Mabhida Stadium as per agreement with Ethekwini Municipality. Moses Mabhida Stadium employees are not part of DMTP headcount. This agreement ended on 30 June 2017.	-	-
eThekwini Municipality and SAAMBR		
Ethekwini Municipality paid DMTP a grant	70 384 326	66 614 980
DMTP paid SAAMBR for services rendered	71 011 291	68 275 116

Ethekwini Municipality paid DMTP a grant of R69 945 730, which was used to pay for services rendered by SAAMBR. An amount of R438 596 was received for energy saving initiatives from Ethekwini Municipality. A Service Level Agreement exists between SAAMBR and DMTP. DMTP paid SAAMBR for services rendered of R69 975 730 and a further R1 466 060 for the rebedding project and animal care. SAAMBR declared a saving of R400 498
The disclosure for the note has changed from the prior year in line with MSCOA implementation. The related party disclosure has been affected by the reclassification.

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

21. Related parties (continued)

International Conventional Centre

DMTP and International Conventional Centre are both entities of eThekwini Municipality.

22. Revenue

	2018 R	2017 R
Food and beverage revenue	34 310 657	34 131 426
Functions and events revenue	7 914 500	10 296 978
Merchandising revenue	6 371 142	6 885 990
Parking revenue	6 381 343	6 224 459
Rope adventure	2 424 287	2 657 560
Sponsorship revenue	10 995 996	7 105 739
Ticketing revenue	100 300 912	99 846 129
Village Walk rental revenue	33 362 836	26 802 374
	202 061 673	**193 950 655**

Contigent rental for the year was received from Guru Girl - Senqu and Joy Land . This amount is included in the Village Walk Rental revenue.
The basis of the lease arrangement is turnover rental for the month.

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

	2018 R	2017 R
Discount received	54 763	96 971
Equipment hire	1 947 418	123 535
Food and beverage revenue	34 310 657	34 131 426
Functions and events revenue	7 914 500	10 296 978
Insurance recovery	2 845 256	-
Merchandising revenue	6 371 142	6 885 990
Parking revenue	6 381 343	6 224 459
Photographic opportunities	-	8 175 818
Rope adventure	2 424 287	2 657 560
Sponsorship revenue	10 995 996	7 105 739
Sundry revenue	3 528 450	180 444
Ticketing revenue	100 300 912	99 846 129
Village walk rental revenue	33 362 836	26 802 374
	210 437 560	**202 527 423**

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

	2018 R	2017 R
Local government grant received	69 945 730	66 614 980

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

23. Other revenue

Discount received	54 763	96 971
Equipment hire	1 947 418	123 535
Insurance recovery	2 845 256	-
Local government grant received	69 945 730	66 614 980
Photographic opportunities	-	8 175 818
Sundry revenue	3 528 450	180 444
	78 321 617	**75 191 748**

24. Interest income

Interest revenue		
Bank	3 636 011	3 557 526
Interest charged on trade and other receivables	499 425	81 595
	4 135 436	**3 639 121**

25. Operating expenses

Employee costs (note 17)	87 450 605	83 921 953
Depreciation and amortisation (note 9)	31 118 835	36 340 085
Bad debts written off	366 524	-
Debt impairment	157 163	192 606
Contracted Services (note 27)	1 230 556	3 997 530
Local government grant services rendered	71 011 291	68 275 116
General expenses (note 26)	91 129 060	80 502 608
	282 464 034	**273 229 898**

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

26. General expenses

	2018 R	2017 R
Auditors remuneration	1 087 634	913 844
Bank charges	1 682 837	1 432 358
Cleaning	2 318 277	1 743 944
Commission paid and third party vendors	1 695 865	47 686
Consulting fees	511 127	370 718
Consumables	918 983	2 055 571
Directors fees	1 069 486	879 186
Durban Point Waterfront levy	1 307 824	1 229 755
Electricity	21 515 181	21 307 310
Equipment Replacement Costs	160 918	594 909
Function and equipment hire	114 877	66 272
Health and safety expenses	262 341	201 139
Insurance	492 388	831 347
Lease rental on operating lease	262 758	83 834
Legal fees and licenses	170 552	1 373 745
Marketing and entertainment	21 511 745	14 218 191
Other expenses	149 169	1 316 824
Parking	1 778 778	138 066
Printing and stationery	525 660	820 391
Rates - Land	3 632 800	3 375 000
Rates parking	-	784 689
Repairs and maintenance	9 113 496	8 083 961
Security	4 796 134	4 434 512
Software expenses	2 614 212	41 479
Staff welfare	2 197 707	2 991 032
Telephone, fax and communication	379 001	649 719
Training costs	705 899	1 069 368
Travel and accommodation	332 892	507 283
Water and waste	9 820 519	8 940 475
	91 129 060	**80 502 608**

Expense accounts have been reclassified in the current year in line with the extended new chart of accounts. This has enabled detailed disclosure, hence the prior year figures in relation to comparability of amounts presented were not restated.

27. Contracted services

	2018 R	2017 R
Specialist Services	1 230 556	3 508 353
Other Contractors	-	489 177
	1 230 556	**3 997 530**

- Specialised services relates to landscaping contract and pest control
- Other contractors relates to lease of photocopy machines

28. Auditors' remuneration

	2018 R	2017 R
Fees for services rendered	1 087 634	913 844

29. Cost of sales

	2018 R	2017 R
Sale of goods		
Cost of goods sold	28 018 324	38 322 030

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

30. Commitments

	2018 R	2017 R
Capital commitments	936 570	4 671 325

The above amounts are vat exclusive

Operating commitments are not a mandatory disclosure item for the municipal entity, hence they are not separately disclosed for this financial year. During the prior financial year, operating commitments of R7 250 825 were disclosed and audited.

31. Financial Instruments

Financial risk management

The entity has exposure to the following risks from its use of Financial Instruments:

Liquidity risk
Interest rate risk
Credit risk

Liquidity risk

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

The following are details of the contractual maturities of financial liabilities

At June 2018	Carrying Amount	Contractual Cash Flows	12 months or less	More than 12 months
Trade payables	49 267 238	49 267 238	49 267 238	-

At June 2017	Carrying Amount	Contractual Cash Flows	12 Months or less	More than 12 months
Trade payables	40 778 101	40 778 101	40 778 101	-

At June 30,2018	Less than 1 year	Between 1 year and 3 years	Between 3 year and 5 years	Over 5 years
Short-term Investments	41 911 809	-	-	-
Call Deposits	52 700	-	-	-
	41 964 509	**-**	**-**	**-**

At June 30,2017	Less than 1 year	Between 1 year and 3 years	Between 3 year and 5 years	Over 5 years
Short-term Investments	26 964 701	-	-	-
Call Deposits	900 000	-	-	-
	27 864 701	**-**	**-**	**-**

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

31. Financial Instruments (continued)

Valuation of Financial Instruments	**Fixed Investments**	**Fixed Investments**
Nedbank	21 934 557	948 853
Nedgroup	52 700	-
Investec	19 977 252	26 915 848
Total	41 964 509	27 864 701

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations.

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Credit and interest rate risk

(i) 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.
(ii) 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.

Potential concentrations of credit risk and interest rate risk consist mainly of long term debtors, consumer's debtors, other debtor's cash and cash equivalents.

The company limits its exposures by only dealing with well established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the company's rental policy.

Consumer debtors comprise of a large number of tenants, dispersed across different sectors of retail. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "hand over for collection", whichever procedure is applicable in terms of the company's Doubtful debt policy.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

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

Financial instrument		
Trade and other receivables	4 358 464	8 386 805
Other debtors (including prepayments)	2 241 617	2 412 525
Cash and Cash Equivalents	47 310 821	29 176 802

32. Change in estimate

Property, plant and equipment

The useful life of certain property,plant and equipment, Investment property and Intangible assets was estimated to have fully depreciated in 2018. In the current period management have revised their estimate for these assets to a further 12 to 24 months. The effect of this revision has decreased the depreciation charges for the current period by R 1 597 751.

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

33. Reclassification

Birthdays parties revenue was reclassified under ticketing revenue.
Local government grant was reclassified as other revenue.
Tickets costs was reclassified under costs of sales.
Land was separately classified from Land and Building Structures

The above reclassification was done to make the information more usefully.

The reclassification resulted in the following :

	2018 R	2017 R
Statement of financial performance		
Revenue	-	-
Birthdays parties revenue	-	(3 327 416)
Ticketing revenue	2 669 149	3 327 416
Local government grant	-	(66 614 980)
Other revenue	-	-
Local government grant	69 945 730	66 614 980
Costs of sales		
Tickets costs	840 295	786 505
General expenses	-	-
Tickets costs	-	(786 505)
Statement of financial position	-	-
Non current assets	-	-
Property Plant and Equipment	-	-
Building and Building Structures	-	(20 710 522)
Land	-	20 710 522

34. Deviation from supply chain management regulations

Contracts awarded in terms of Section 36 (Deviation from, and ratification of minor breaches of, procurement processes) of the Supply Chain Management Policy amounted to R15 275 392.

Categories per SCM regulations	SCM regulations reference	Number of cases	Value	%of Rand Value
Emergency	Section 36 (1)(a)(i)	3	127 191	1 %
Single Service Provider	Section 36 (1)(a)(ii)	1	155 717	1 %
Impractical or impossible to follow normal processes	Section 36 (1)(a)(v)	82	14 992 485	98 %
		86	15 275 393	100
		86	**15 275 393**	**100 %**

35. Contingent laibility

There is a legal matter currently against the entity. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely. The summons received is for R984 803 (2017 : R984 803)

Notes to the Audited Annual Financial Statements

	2018 R	2017 R

36. Irregular, Fruitless and wasteful expenditure

Irregular expenditure	-	-
	-	-
Opening balance	-	-
	1 274 841	60 149 629
The award was made "subject to meeting local content requirements as gazetted by DTI and to be verified by SABS". The supplier did not provide the requested information and/or documents in line with this request.	-	1 166 495
Written off	-	(60 041 283)
Non compliance with Sec 17c	12 239 834	-
Closing balance	**13 514 675**	**1 274 841**

Fruitless and wasteful expenditure		
Opening balance	-	-
The alarm monitoring service was not terminated by formal communication after appointing a new service provider. A fee for not notifying the supplier on time was levied as stated in the initial contract.	32 406	-
Closing balance	**32 406**	**-**

The irregular,fruitless and wasteful expenditure remaining from the period ended 30 June 2017 together with expenditure identified in the current period are in the process of approval for condonation.

Detailed Statement of Financial Performance

	Note	2018 R	2017 R
Revenue			
Revenue from exchange transactions			
Merchandising revenue		6 371 142	6 885 990
Ticketing revenue		100 300 912	99 846 129
Village Walk rental revenue		33 362 836	26 802 374
Rope adventure revenue		2 424 287	2 657 560
Food and beverage revenue		34 310 657	34 131 426
Sponsorship revenue		10 995 996	7 105 739
Parking revenue		6 381 343	6 224 459
Functions and events revenue		7 914 500	10 296 978
Discount received		54 763	96 971
Insurance recovery		2 845 256	-
Photographic opportunities		-	8 175 818
Sundry revenue		3 488 350	175 374
Equipment hire		1 947 418	123 535
Interest income	24	4 135 436	3 639 121
Gain on disposal of assets		40 100	5 070
Total revenue from exchange transactions		**214 572 996**	**206 166 544**
Revenue from non-exchange transactions			
Local government grant		69 945 730	66 614 980
Total revenue	22	**284 518 726**	**272 781 524**
Expenditure			
Employee related costs	17	(87 450 605)	(83 921 953)
Depreciation and amortisation	9	(31 118 835)	(36 340 085)
Bad debts written off		(366 524)	-
Debt Impairment		(157 163)	(192 606)
Contracted services	27	(1 230 556)	(3 997 530)
Local government grant services rendered		(71 011 291)	(68 275 116)
Cost of Sales		(28 018 324)	(38 322 030)
General Expenses	26	(91 129 060)	(80 502 608)
Total expenditure		**(310 482 358)**	**(311 551 928)**
Deficit for the year		**(25 963 632)**	**(38 770 404)**

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R
2018									
Financial Performance									
Investment revenue	2 022 677	-	2 022 677	2 022 677	4 135 436		2 112 759	204 %	204 %
Other own revenue	289 535 261	(4 680 422)	284 854 839	284 854 839	280 383 290		(4 471 549)	98 %	97 %
Total revenue	**291 557 938**	**(4 680 422)**	**286 877 516**	**286 877 516**	**284 518 726**		**(2 358 790)**	**99 %**	**98 %**
Employee costs	(89 959 677)	-	(89 959 677)	(89 959 677)	(87 450 605)	-	2 509 072	97 %	97 %
Debt impairment	-	(515 601)	(515 601)	(515 601)	(366 524)	-	149 077	71 %	DIV/0 %
Depreciation and asset impairment	(38 483 333)	(19)	(38 483 352)	(38 483 352)	(31 118 835)	-	7 364 517	81 %	81 %
Transfers and grants	(70 308 249)	(1 098 548)	(71 406 797)	(71 406 797)	(71 011 291)	-	395 506	- %	- %
Other expenditure	(121 221 336)	(1 637 671)	(122 859 007)	(122 859 007)	(120 535 103)	-	2 323 904	98 %	99 %
Total expenditure	**(319 972 595)**	**(3 251 839)**	**(323 224 434)**	**(323 224 434)**	**(310 482 358)**	**-**	**12 742 076**	**96 %**	**97 %**
Surplus/(Deficit)	**(28 414 657)**	**(7 932 261)**	**(36 346 918)**	**(36 346 918)**	**(25 963 632)**		**10 383 286**	**71 %**	**91 %**
Surplus/(Deficit) for the year	**(28 414 657)**	**(7 932 261)**	**(36 346 918)**	**(36 346 918)**	**(25 963 632)**		**10 383 286**	**71 %**	**91 %**
Capital expenditure and funds sources									
Sources of capital funds									
Internally generated funds	14 868 840	-	14 868 840	14 868 840	11 178 111		(3 690 729)	75 %	75 %

The supplementary information presented does not form part of the audited annual financial statements and is unaudited