Expenditure analysis:

**Employee Related Costs**

The favourable variance of R18.7 million under employee related cost relates mostly to saving on basic salaries and pension contributions due to service terminations. There was also overestimation of leave encashment (R5.9m) expenses. These savings were offset by over-expenditure under Overtime (R11.7m), which is mainly unavoidable as officials in the other functional areas of the company like the Zoo are expected to work overtime. The saving under employee related costs set off over-expenditure in other categories like general expenses to cover budget shortfalls.

**Debt Impairment**

The company had budgeted R9.4m for bad debt expenses for providing for doubtful debts and writing off non-recoverable amounts. Assessment required posting expenses amounting to R19.0m due to long outstanding amounts owed mostly by the parent municipality. This variance was not included in the expenditure plan and it contributed to the deficit realised.

**Repairs and Maintenance**

Favourable variance under repairs and maintenance was planned to offset over-expenditure expected under general expenses. The reason was that the company experienced budget shortfall under other general expenditure due to insufficient budget allocation and it was prudent to defer some of the repairs and maintenance expenses in order to avoid a substantial budget deficit overall.

**Contracted Services**

The Company had an uptake of new vehicles on a lease. This led to spending on other lease charges like licensing fees. The overall fleet budget is aligned and balanced to cover various expenditure items. Transfer was made from the internal charges portion of the fleet costs to balance the fleet accounts out.

**Other Expenditure**

There is an expected adverse variance under Other Expenditure that relates to the insufficient budget allocation mentioned above, especially with regard to security expenses with the current variance standing at R23.6 million. The budget for this expense was reduced in response to budget cuts by the parent municipality.

Submission was made to the parent municipality to adjust the budget allocation in the mid-term budget adjustment. Response was not in the affirmative. Expenditures across all categories were balanced out to avoid overall deficit.

**Internal Charges**

The variance relates mainly to lower invoice amounts on the following items as the budget provision turned out to be higher than invoices that were eventually received:

- General insurance – R1.4 million and
- CoJ Fleet charges – R4.2 million

The budget was aligned with expenditure in other categories to result in a break-even at the end of the financial year.
Section 3:
Cash Flow Statement

Cash and cash equivalents – The total amount of cash and cash equivalent was R0.17 million. The low balance is acceptable as the company is only required to have petty cash floats as cash and cash equivalents. The bank accounts are swept on a daily basis to reflect a nil balance in terms of arrangement with the parent municipality.

Section 4:
Capital Projects and Expenditure

The capital infrastructure projects include development priorities for the broader CoJ, guided by the regional and ward-based demarcation and strategic priorities, i.e. Growth Development Strategy (GDS), Integrated Development Plan (IDP), the Business Plan and Municipal Financial Management Act. The scope of work addresses the gaps in public open space development, provisioning and the basic level needs of communities, including burial space.

For the 2016-17 FY, the capital budget allocation afforded to the organisation through various city funding sources amounted to R82.97m as outlined in the table below. In addition to the above-mentioned allocation, the budget has since been increased by R21.6 million, this amount having been rolled over from the 2015/16 FY for Olifantsvlei cemetery development. The roll over funding comes from the Urban Settlement Development Grant (USDG), which has a direct funding from National Treasury, adjusting the total allocation to R104.57m.

As at 30 June 2017, the Company spent 65% of its capital expenditure budget. The following table shows details of the expenditure. The figures are, however, provisional due some outstanding year-end adjustment and processing of outstanding transactions.

Summarised Review by Project Type

Table 15: Summary of expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual Spent</th>
<th>Annual Budget</th>
<th>% Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks and Gardens</td>
<td>21 069</td>
<td>42 970</td>
<td>49%</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>18 847</td>
<td>32 100</td>
<td>59%</td>
</tr>
<tr>
<td>Zoo Parking</td>
<td>19 555</td>
<td>20 000</td>
<td>98%</td>
</tr>
<tr>
<td>Other Zoo Infrastructure</td>
<td>3 953</td>
<td>4 000</td>
<td>99%</td>
</tr>
<tr>
<td>Road Islands Beautification</td>
<td>964</td>
<td>1000</td>
<td>96%</td>
</tr>
<tr>
<td>Zoo Animal Purchase</td>
<td>1 287</td>
<td>2 000</td>
<td>64%</td>
</tr>
<tr>
<td>Operational Capital Expenditure</td>
<td>2 681</td>
<td>2 500</td>
<td>107%</td>
</tr>
<tr>
<td>Total</td>
<td>R68 536</td>
<td>R104 570</td>
<td>65%</td>
</tr>
</tbody>
</table>
## Total by Project

### Table 16: Expenditure by project

<table>
<thead>
<tr>
<th>Description</th>
<th>Region</th>
<th>Ward</th>
<th>Project Scope</th>
<th>Actual Spent</th>
<th>Annual Budget</th>
<th>% Actual Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louis Botha – Corridors of Freedom (CoJ)</td>
<td>E</td>
<td>74</td>
<td>Park upgrade</td>
<td>626</td>
<td>3 000</td>
<td>21%</td>
</tr>
<tr>
<td>IT Equipment (COJ)</td>
<td>Various</td>
<td>Various</td>
<td>IT Equipment</td>
<td>1 519</td>
<td>1 500</td>
<td>101%</td>
</tr>
<tr>
<td>Buildings (COJ)</td>
<td>Various</td>
<td>Various</td>
<td>Buildings</td>
<td>1 162</td>
<td>1 000</td>
<td>116%</td>
</tr>
<tr>
<td>Moletsane Park</td>
<td>D</td>
<td>21</td>
<td>Park upgrade</td>
<td>900</td>
<td>1 000</td>
<td>90%</td>
</tr>
<tr>
<td>Inner City Parks (COJ)</td>
<td>F</td>
<td>66 &amp; 67</td>
<td>Park upgrade</td>
<td>3 344</td>
<td>6 000</td>
<td>56%</td>
</tr>
<tr>
<td>JHB Botanical Gardens (COJ)</td>
<td>B</td>
<td>82</td>
<td>Infrastructure upgrade</td>
<td>1 694</td>
<td>2 000</td>
<td>85%</td>
</tr>
<tr>
<td>Patterson Park</td>
<td>F</td>
<td>73</td>
<td>Park upgrade</td>
<td>2 193</td>
<td>4 000</td>
<td>55%</td>
</tr>
<tr>
<td>Stretford Park</td>
<td>C</td>
<td>1</td>
<td>Park development</td>
<td>3 731</td>
<td>4 000</td>
<td>93%</td>
</tr>
<tr>
<td>Olfantsvlei Cemetery (USDG)</td>
<td>F</td>
<td>N/A</td>
<td>Cemetery development</td>
<td>18 347</td>
<td>31 600</td>
<td>58%</td>
</tr>
<tr>
<td>Road Islands Beautification (COJ)</td>
<td>D</td>
<td>Various</td>
<td>Infrastructure upgrade</td>
<td>964</td>
<td>1 000</td>
<td>96%</td>
</tr>
<tr>
<td>Lenasia Cemetery</td>
<td>D &amp; G</td>
<td>11</td>
<td>Infrastructure upgrade</td>
<td>500</td>
<td>500</td>
<td>100%</td>
</tr>
<tr>
<td>Pioneer Park</td>
<td>F</td>
<td>124</td>
<td>Park upgrade</td>
<td>1 782</td>
<td>10 000</td>
<td>18%</td>
</tr>
<tr>
<td>Westdene Park</td>
<td>B</td>
<td>69</td>
<td>Park upgrade</td>
<td>6 338</td>
<td>11 970</td>
<td>53%</td>
</tr>
<tr>
<td>Oppenheimer Towers – Jabavu</td>
<td>D</td>
<td>35</td>
<td>Park development</td>
<td>461</td>
<td>1 000</td>
<td>46%</td>
</tr>
<tr>
<td>Zoo - Animal Purchases</td>
<td>B</td>
<td>117</td>
<td>Procurement of animal stock</td>
<td>1 287</td>
<td>2 000</td>
<td>64%</td>
</tr>
<tr>
<td>Zoo - Parking Area Development</td>
<td>B</td>
<td>117</td>
<td>Infrastructure upgrade</td>
<td>19 555</td>
<td>20 000</td>
<td>98%</td>
</tr>
<tr>
<td>Zoo - Buildings (Infrastructure)</td>
<td>B</td>
<td>117</td>
<td>Infrastructure upgrade</td>
<td>3 953</td>
<td>4 000</td>
<td>99%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>R68 356</td>
<td>R104 570</td>
<td>65%</td>
</tr>
</tbody>
</table>
CAPITAL INFRASTRUCTURE DEVELOPMENT

JCPZ showed its continued commitment to providing a green and sustainable environment and qualitative open spaces to communities. The scope of work addresses the gaps in public open space development, provisioning and the basic level needs of communities, including burial space, and the continuous aging infrastructural upgrading of the Zoo.

CAPEX PROJECT IMPLEMENTATION STATUS

The table below outlines the status of each project funded through the COJ and USDG funding sources for the Financial Year totalling R104.5m.

Table 17: 2016/17 Project status

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>REGION &amp; WARD</th>
<th>BUDGET “000”</th>
<th>PROJECT PHASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Parks House upgrade</td>
<td>F,60</td>
<td>1 000</td>
<td>Completed</td>
</tr>
<tr>
<td>Lenasia cemetery</td>
<td>D,11</td>
<td>500</td>
<td>Practical Completion</td>
</tr>
<tr>
<td>Louis Botha - Corridors of Freedom (COJ)</td>
<td>E,74</td>
<td>3 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Inner-city parks upgrade</td>
<td>F,63-62</td>
<td>6 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>JBG upgrade</td>
<td>B,82</td>
<td>2 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Stretford park</td>
<td>G,1</td>
<td>4 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Olifantsvlei cemetery</td>
<td>G,119</td>
<td>31 600</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Moletsane park</td>
<td>D,21</td>
<td>1 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Patterson park</td>
<td>E,73</td>
<td>4 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Road Islands</td>
<td>E,81</td>
<td>1 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Oppenheimer Towers – Jabavu</td>
<td>D, 35</td>
<td>1 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Pioneers park</td>
<td>F,124</td>
<td>5 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Westdene dam</td>
<td>B,69</td>
<td>11 970</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Zoo Animal purchases</td>
<td>B,117</td>
<td>2 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Zoo parking area</td>
<td>B,117</td>
<td>20 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Zoo infrastructure upgrade</td>
<td>B,117</td>
<td>4 000</td>
<td>Implementation phase</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>R104 570</td>
<td></td>
</tr>
</tbody>
</table>
Section 5:
Ratio Analysis

Liquidity ratio – The current ratio as at 30 June 2017 was 1.25. The previous month’s figure was also 1.37. The ratio is more than the City of Johannesburg’s norm of 1, showing stability in its liquidity position.

Solvency ratio – The total asset to liability ratio at 30 June 2017 was 1.26. The previous month’s figure was also 1.35; showing a decrease with regard to solvency. The City of Johannesburg’s norm is 2. The company could not achieve this norm mainly because major assets utilised in and generated by operations are not capitalised in its books. Vehicles utilised by the company were acquired through operating lease and capital infrastructure assets constructed by the company are capitalised in the books of the parent municipality.

Section 6:
Supply Chain Management and Black Economic Empowerment

The Procurement Policy for the Company was reviewed, approved and implemented in July 2016. Its pillars are the various pieces of legislation, such as the Preferential Procurement Policy Framework Act of 2000, the Preferential Procurement Regulations of 2017, the Broad-Based Black Economic Empowerment Act of 2003 and the accompanying Strategy and Draft Codes of Practice, and the Municipal Finance Management Act (MFMA). The Executive Committee has approved the Supply Chain Policy, which incorporates the provisions of Section 111 of the MFMA, the National Treasury: Municipal Supply Chain Management Regulations of 2005, and the Construction Industry Development Board Act (CIDB).

The Company has set a Broad-Based Black Economic Empowerment (BBBEE) procurement target of 93% for opex and 62% for capex for the financial year.

Table 18: BBBEE procurement spend

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget</th>
<th>YTD Committed Spend</th>
<th>June 2016 Committed Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opex</td>
<td>234 913</td>
<td>262 289</td>
<td>29 506</td>
</tr>
<tr>
<td>Capex</td>
<td>95 000</td>
<td>123 856</td>
<td>18 414</td>
</tr>
<tr>
<td>Total</td>
<td>329 913</td>
<td>386 145</td>
<td>47 920</td>
</tr>
</tbody>
</table>

Transactions excluded from above budgets: NB: Opex figures exclude salaries, lease charges, bank charges, donations, insurance, rental & telecomm charges, water, sanitation, electricity, depreciation, directors’ fees, seminars, fines, licence fees, refuse removal & subscriptions.
### Percentage of BEE Spend with Targets

**Table 19: Percentage of BEE spend**

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black suppliers</td>
<td>Opex</td>
</tr>
<tr>
<td></td>
<td>185 641</td>
</tr>
<tr>
<td>Women Owned</td>
<td>47 913</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total BEE</td>
<td>233 554</td>
</tr>
<tr>
<td>%Total BEE Achieved</td>
<td>91%</td>
</tr>
<tr>
<td>% Women Owned Achieved</td>
<td>19%</td>
</tr>
<tr>
<td>% Total BEE Target</td>
<td>93%</td>
</tr>
<tr>
<td>% Women Target</td>
<td>30%</td>
</tr>
<tr>
<td>Traditional</td>
<td>23 717</td>
</tr>
<tr>
<td>Total JCPZ (excluding COJ &amp; MOEs)</td>
<td>257 271</td>
</tr>
<tr>
<td>COJ &amp; MOE</td>
<td>5 018</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total JCPZ</td>
<td>262 289</td>
</tr>
</tbody>
</table>

### Total Percentage BEE Spend Excluding COJ and MOEs

<table>
<thead>
<tr>
<th>Item Description</th>
<th>YTD BEE R'000</th>
<th>YTD Traditional R'000</th>
<th>Total R'000</th>
<th>BEE YTD % Target</th>
<th>BEE YTD % Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opex Committed Expenditure</td>
<td>233 554</td>
<td>23 717</td>
<td>257 271</td>
<td>93</td>
<td>91</td>
</tr>
<tr>
<td>Opex Committed Expenditure</td>
<td>116 599</td>
<td>7 257</td>
<td>123 856</td>
<td>62</td>
<td>94</td>
</tr>
<tr>
<td>Total</td>
<td>350 153</td>
<td>30 974</td>
<td>381 127</td>
<td></td>
<td>91</td>
</tr>
<tr>
<td>% OPEX YTD BEE Calculations</td>
<td>D</td>
<td>21</td>
<td>Park upgrade</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>% CAPEX YTD BEE Calculations</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Green Procurement

Green procurement means the affirmative selection and acquisition of products and services that most effectively minimise negative environmental impacts over their life cycle of manufacturing, transportation, use and recycling or disposal.

* Grass Cutting internal and external services
* Street Tree maintenance
* Seeds and plants
* Horticultural development
* Animal Feed

NB: Differences in total figures are due to cancellations of orders.

Table 20: Percentage of green procurement

<table>
<thead>
<tr>
<th>Month</th>
<th>Amounts R’000</th>
<th>% Targets</th>
<th>% Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2016</td>
<td>R2 706/34 192</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>August 2016</td>
<td>R847/23 925</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>September 2016</td>
<td>R5 516/25 441</td>
<td>5%</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>R9 069/83 558</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>October 2016</td>
<td>R4 177/27 959</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>November 2016</td>
<td>R4 467/22 259</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>December 2016</td>
<td>R9 805/21 821</td>
<td>15%</td>
<td>45%</td>
</tr>
<tr>
<td>Total</td>
<td>R18 449/72 039</td>
<td>15%</td>
<td>26%</td>
</tr>
<tr>
<td>January 2017</td>
<td>R1 560/25 155</td>
<td>25%</td>
<td>6%</td>
</tr>
<tr>
<td>February 2017</td>
<td>R10 157/30 022</td>
<td>25%</td>
<td>34%</td>
</tr>
<tr>
<td>March 2017</td>
<td>R3 496/47 169</td>
<td>25%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>R15 213/102 346</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>April 2017</td>
<td>R11 933/25 498</td>
<td>30%</td>
<td>47%</td>
</tr>
<tr>
<td>May 2017</td>
<td>R11 353/54 784</td>
<td>30%</td>
<td>21%</td>
</tr>
<tr>
<td>June 2017</td>
<td>R18 349/47 920</td>
<td>30%</td>
<td>38%</td>
</tr>
<tr>
<td>Total</td>
<td>R41 635/128 202</td>
<td>30%</td>
<td>33%</td>
</tr>
<tr>
<td>Ytd Total</td>
<td>R84 366/386 145</td>
<td>30%</td>
<td>22%</td>
</tr>
</tbody>
</table>
### SCM SECTION 36 DEVIATIONS

#### Table 21: SCM Section 36 deviations

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Name of Company</th>
<th>Department</th>
<th>Description</th>
<th>Purchase Order</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ZAAGKUILSDRIFT BIRD SANCTUARY &amp; LODGE</td>
<td>CID</td>
<td>Animals</td>
<td>PO056155</td>
<td>2016-11-03</td>
<td>R140 400.00</td>
</tr>
<tr>
<td>2</td>
<td>ZAAGKUILSDRIFT BIRD SANCTUARY &amp; LODGE</td>
<td>CID</td>
<td>Animals</td>
<td>PO056663</td>
<td>2016-11-21</td>
<td>R2 800.00</td>
</tr>
<tr>
<td>3</td>
<td>ZAAGKUILSDRIFT BIRD SANCTUARY &amp; LODGE</td>
<td>CID</td>
<td>Animals</td>
<td>PO056800</td>
<td>2016-11-30</td>
<td>R100 000.00</td>
</tr>
<tr>
<td>4</td>
<td>ZAAGKUILSDRIFT BIRD SANCTUARY &amp; LODGE</td>
<td>CID</td>
<td>Animals</td>
<td>PO056801</td>
<td>2016-11-30</td>
<td>R160 000.00</td>
</tr>
<tr>
<td>5</td>
<td>South African Venom Supplies cc</td>
<td>CID</td>
<td>Animals</td>
<td>PO056661</td>
<td>2016-11-21</td>
<td>R120 000.00</td>
</tr>
<tr>
<td>6</td>
<td>South African Venom Supplies cc</td>
<td>CID</td>
<td>Animals</td>
<td>PO056660</td>
<td>2016-11-21</td>
<td>R123 100.00</td>
</tr>
<tr>
<td>7</td>
<td>ZAAGKUILSDRIFT BIRD SANCTUARY &amp; LODGE</td>
<td>CID</td>
<td>Animals</td>
<td>PO057462</td>
<td>2017-01-23</td>
<td>R66 000.00</td>
</tr>
<tr>
<td>8</td>
<td>Bester Birds And Animals cc</td>
<td>CID</td>
<td>Animals</td>
<td>PO057327</td>
<td>2017-01-12</td>
<td>R19 000.00</td>
</tr>
<tr>
<td>9</td>
<td>Almar Boerdery BK</td>
<td>CID</td>
<td>Animals</td>
<td>PO058480</td>
<td>2017-03-28</td>
<td>R100 970.00</td>
</tr>
<tr>
<td>10</td>
<td>TGZ TRADING CC</td>
<td>CID</td>
<td>Reconstruction of Zoo fence</td>
<td>PO056747</td>
<td>2016-11-11</td>
<td>R376 811.99</td>
</tr>
<tr>
<td>11</td>
<td>Sonakele Trading</td>
<td>CID</td>
<td>Lift Repairs</td>
<td>PO056387</td>
<td>2017-01-28</td>
<td>R37 620.00</td>
</tr>
<tr>
<td>12</td>
<td>Vortex Strategic Alignment</td>
<td>Strategic Support</td>
<td>Strategic Support</td>
<td>PO059340</td>
<td>2017-05-30</td>
<td>R92 340.00</td>
</tr>
</tbody>
</table>

### Section 7:

**Pending Litigations and Possible Liabilities**

Johannesburg City Parks and Zoo (JCPZ) has at the end of the financial year a total number of seven (7) major litigation matters. The litigation matters include matters in which JCPZ is sued as well as matters in which JCPZ is suing the other party. There are two (02) matters where JCPZ is suing the other party and five (5) matters where JCPZ is being sued. It is important to note that litigation is an extensive process handled in a court of law and/or through an Arbitration process. In some matters, especially potential litigation matters, JCPZ in consultation with its attorneys considers settlement out of court. This minimises litigation costs and in turn saves the organisation from expending its budget.
Section 8: 
Insurance Claims against/to JCPZ

The following table provides a summary of claims received against JHB City and Zoo. All the claims recorded are insured and are handled by the insurance brokers.

Table 22: 2016/17 loss experience

<table>
<thead>
<tr>
<th>Insurance Cat</th>
<th>No of Claims</th>
<th>Own Damages Estimates</th>
<th>Own Damage Excess Paid</th>
<th>Third party Excess paid</th>
<th>Gross Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets All Risks</td>
<td>48</td>
<td>R1,358,060.85</td>
<td>R0.00</td>
<td>R0.00</td>
<td>R1,358,060.85</td>
</tr>
<tr>
<td>Public Liability E</td>
<td>152</td>
<td>R1,056,773.00</td>
<td>R0.00</td>
<td>R352,096.00</td>
<td>R1,408,869.00</td>
</tr>
<tr>
<td>Employment Practices Liability</td>
<td>2</td>
<td>R0.00</td>
<td>R7635.00</td>
<td>R0.00</td>
<td>R7635.00</td>
</tr>
<tr>
<td>Group Accident Claims</td>
<td>5</td>
<td>R926,556.00</td>
<td>R359,100.00</td>
<td>R0.00</td>
<td>R1,285,656.00</td>
</tr>
<tr>
<td>GROSSTOTALS</td>
<td>207</td>
<td>R3,341,389.85</td>
<td>R366,735.00</td>
<td>R352,096.00</td>
<td>R4,060,220.85</td>
</tr>
</tbody>
</table>

Figure 13: 2016/17 claims experience
Wilgeheuwel
The following pie graphs reflect on trends in terms of Frequency and Severity of the claims received. The first graph depicts gross losses per category and the second, reflects numbers of occurrences or claims received.

**Figure 14: Frequency and severity of claims**

- **Assets All Risks**: 74%
- **Public Liability**: 23%
- **Employment Practices Liability**: 1%
- **Group Accident Claims**: 2%

- **Assets All Risks**: 35%
- **Public Liability**: 33%
- **Employment Practices Liability**: 32%
- **Group Accident Claims**: 0%
**PERILS/HAZARDS ANALYSIS**

The following tables and accompanying graphs show trends in terms of insured perils and hazards identified as causes of the losses referred to above.

**Table 23: Insured perils and hazards**

<table>
<thead>
<tr>
<th>Risk Categories</th>
<th>No of Incidents</th>
<th>Own Damages Estimates</th>
<th>Third Party Damage Estimates</th>
<th>Aggregate Own Estimates</th>
<th>Own Excess Paid</th>
<th>Aggregate own Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCIDENTAL DAMAGE</td>
<td>3</td>
<td>R 64,000.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>MALICIOUS DAMAGE</td>
<td>4</td>
<td>R 10,000.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 23,377.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>THEFT</td>
<td>27</td>
<td>R 1,099,857.85</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 23,377.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>LIABILITY</td>
<td>154</td>
<td>R 1,056,773.00</td>
<td>Animals</td>
<td>R 0.00</td>
<td>R 359,731.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>FIDELITY GUARANTEE</td>
<td>1</td>
<td>R 68,000.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>IMPACT</td>
<td>4</td>
<td>R 10,000.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 46,535.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>STORM/FLOOD</td>
<td>5</td>
<td>R 15,026.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 24,072.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>LIGHTNING</td>
<td>5</td>
<td>R 124,554.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 22,743.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>GROUP PERSONAL ACCIDENTS</td>
<td>4</td>
<td>R 0.00</td>
<td>R 0.00</td>
<td>R 926,556.00</td>
<td>R 0.00</td>
<td>R 0.00</td>
</tr>
<tr>
<td>GROSSTOTALS</td>
<td>207</td>
<td>R 2,298,630.85</td>
<td>R 1,056,773.00</td>
<td>R 926,556.00</td>
<td>R 408,288.00</td>
<td>R 359,100.00</td>
</tr>
</tbody>
</table>
The highest number of incidents recorded were liabilities against the company followed by theft of assets. The majority of theft incidents were attributable to vandalism and stealing in public open spaces and loss of office contents as well as electronic equipment. Liability claims against JCPZ comprise mainly alleged allegations of negligence from grass cutting and tree pruning activities. Grass cutting, naturally, is labour intensive and involves the use of machines. Terrains where employees do grass cutting are often covered with small stones and other particles that get accidentally picked up by the machines and in some instances result in damages to third party properties.

Several initiatives undertaken to mitigate the risk exposure involved Standard Operating Procedures that guide employees on safety measures and procedures that should be undertaken to prevent such incidents from happening. Incidents recorded are also indicated and, as part of the company’s Occupational Health and Safety programmes, employees are continually trained on correct operating procedures.
All of the claims listed have been reported to and are handled by insurance. It is therefore not anticipated that any of the claims reported would have a direct and adverse impact on the finances of the company as potential liabilities arising therefrom are provided for in terms of the entity’s insurances.
Section 9: Assessment of Arrears on Municipal Taxes and Service Charges

Table 25: Amounts owed by JCPZ

<table>
<thead>
<tr>
<th>Name of Entity</th>
<th>Amounts Owed R'000</th>
<th>Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>48 178</td>
<td>Work in progress</td>
<td>Current year</td>
</tr>
<tr>
<td>City Power</td>
<td>69</td>
<td>Confirmed</td>
<td>Current year</td>
</tr>
<tr>
<td>Johannesburg Roads Agency</td>
<td>260</td>
<td>Confirmed</td>
<td>Current year</td>
</tr>
<tr>
<td>Johannesburg Civic Theatre (Pty) Ltd</td>
<td>62</td>
<td>Confirmed</td>
<td>Current year</td>
</tr>
</tbody>
</table>

*Majority of these amounts are still current.

Table 26: Amounts owed to JCPZ for services

<table>
<thead>
<tr>
<th>Name of Entity</th>
<th>Amounts Owed R'000</th>
<th>Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>669 682</td>
<td>Work in progress</td>
<td>Current and older items</td>
</tr>
<tr>
<td>City Power Johannesburg (Pty) Ltd</td>
<td>6 508</td>
<td>Confirmed</td>
<td>Current and older items</td>
</tr>
<tr>
<td>City of Johannesburg Property Company (Pty) Ltd</td>
<td>89</td>
<td>Confirmed</td>
<td>Current and older items</td>
</tr>
<tr>
<td>Johannesburg Roads Agency (Pty) Ltd</td>
<td>6 811</td>
<td>Confirmed</td>
<td>Current and older items</td>
</tr>
<tr>
<td>Johannesburg Water (Pty) Ltd</td>
<td>102</td>
<td>Confirmed</td>
<td>Current and older items</td>
</tr>
<tr>
<td>Johannesburg Civic Theatre (Pty) Ltd</td>
<td>38</td>
<td>Confirmed</td>
<td>Current year</td>
</tr>
</tbody>
</table>

Long-outstanding amounts are followed up on a regular basis from the parent municipality and relevant MOEs. Amounts that have been outstanding for over 120 days are provided for as bad debts until payments are received. As for credit controls, there are signed agreements in place with the MOEs and the City and regular follow ups are conducted.
INTERNAL & EXTERNAL AUDIT FINDINGS
Section 1:
Progress on Internal Audit Plan

The internal audit function subscribes to the International Standards for the Professional Practice of Internal Audits, which define the function as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It assists the organisation to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

The internal audit function, which is independent of all line and function management, is established in terms of the MFMA, section 165. The responsibilities of the function are defined in the internal audit charter, which was approved by the Audit Committee and Board of Directors, taking into account all the other legislation and King Code requirements. In line with the corporate governance requirements in King IV, the General Manager: Internal Audit has a standing invitation to attend Executive Committee meetings but is not an executive manager. The mandate of the internal audit function is documented in the approved Internal Audit Charter. A three-year rolling internal audit plan, which was informed by key risks facing JCPZ as identified from the corporate risk assessments, the IDP, the business plan of JCPZ and identified control deficiencies by assurance providers, was developed and approved by the Audit Committee accordingly.

The plan is updated annually based on the risk assessment and other factors that may impede the planned execution. The internal audit coverage plan responds to external and internal factors. As a result, quarterly reports are prepared for the Audit Committee detailing performance against the annual internal audit coverage plan to allow for effective monitoring and possible intervention.

Internal audit projects were completed by the end of 2016/17, resulting in 95% completion. One report was outstanding at year end due to the request by management to relook at the scope as it would respond to the current risks facing the organisation. The outstanding report was completed in July 2017. The following graph depicts the performance of the Internal Audit in terms of the approved plan.

Table 27: Internal audit performance

<table>
<thead>
<tr>
<th>Series 1</th>
<th>No. of Audits per Year (Plan)</th>
<th>No. of Adhoc Audits per Year (Plan)</th>
<th>No. of Audits Completed</th>
<th>No. of Incomplete Audits at Year End</th>
<th>No. of Incomplete Adhoc Audits at Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26</td>
<td>5</td>
<td>30</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
Internal Audit also completed the Key Controls Dashboard, which is a tool used to assess the financial, performance and compliance status of the organisation on a quarterly basis. The assessment revealed some immediate interventions required from management within the ICT environment and Record keeping. These weaknesses were communicated to management to take action. Internal Audit also played a vital advisory role in different operational committee meetings.

Section 2:
Progress on Resolution of Internal Audit Findings

Management endeavours to put controls in place to mitigate control weaknesses. The AGSA through its management report issued a total of nineteen (19) findings, which management dealt with. By year end a total of eighteen findings were closed, resulting in a 95% close-out rate. For the internal audit findings, the function audits quarterly and issues findings, which get added to the open findings for the quarter. Management closed a total of 80% of findings in this regard as depicted below. This was due to management taking open findings seriously.

<table>
<thead>
<tr>
<th></th>
<th>Quarter 4</th>
<th>Quarter 3</th>
<th>Quarter 2</th>
<th>Quarter 1</th>
<th>Totals</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening</td>
<td>42</td>
<td>31</td>
<td>59</td>
<td>48</td>
<td>172</td>
<td>100%</td>
</tr>
<tr>
<td>Added</td>
<td>44</td>
<td>31</td>
<td>23</td>
<td>26</td>
<td>124</td>
<td>-</td>
</tr>
<tr>
<td>Closed</td>
<td>-50</td>
<td>-21</td>
<td>-51</td>
<td>-15</td>
<td>-137</td>
<td>-80%</td>
</tr>
<tr>
<td>Remaining</td>
<td>35</td>
<td>42</td>
<td>31</td>
<td>59</td>
<td>35</td>
<td>20%</td>
</tr>
</tbody>
</table>
Section 3:
Progress on Resolution of External Audit Findings

Table 28: Annual audit opinions and findings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Audit Opinion</td>
<td>Unqualified with findings</td>
<td>Unqualified with findings</td>
<td>Unqualified with findings</td>
<td>Unqualified with findings</td>
<td>Clean Audit</td>
</tr>
<tr>
<td>Performance Information findings</td>
<td>No findings</td>
<td>No findings</td>
<td>Material adjustment to the annual report</td>
<td>Material adjustment to the annual report</td>
<td>No findings</td>
</tr>
</tbody>
</table>

Section 4:
Overall State of Internal Controls

Combined Assurance

Internal Audit also facilitated the implementation of combined assurance as recommended by the King IV Report in order to eliminate duplication of efforts for Assurance Providers. The framework was duly approved by both the Audit and Risk Committees and the Combined Assurance Forum was established. Furthermore, a workshop in this regard was held with management to ensure understanding and the effectiveness of combined assurance. Reporting thereof on the combined assessment of risks was done in quarter 3 of the 2016/17 financial year.

Quality Assurance and Improvement

Internal Audit conducted a self-review on the quality of the deliverables of the Internal Audit Unit in line with the International Standards for the Professional Practice of Internal Audits. The standards required the General Manager: Internal Audit to perform an annual internal assessment and an external review every five (5) years. The internal review results indicated a category of “partly conformance” with the standards assessment. An improvement programme is in place and will be monitored accordingly.

Internal Control Environment

As required by principle 7.3 and related recommended practices of King IV, the internal audit function provided quarterly written assessment on the effectiveness of the company’s system of internal controls, risk management and internal financial controls. The internal audit function noted an improvement in the internal controls, risk management and financial controls of JCPZ. Overall, JCPZ’s systems were rated as effective. Governance was assessed as effective.
Annexure 1

Annual Financial Statements

Johannesburg City Parks NPC
(Registration number 2000/028762/08)
Financial Statements for the year ended 30 June, 2017

General Information

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

The company is a municipal entity and has been appointed as the greening, conservation and cemetery management agency for the City of Johannesburg Metropolitan Municipality. The company's mandate is to provide and manage parks, open spaces, environmental conservation services and cemeteries as well as the preservation and management of biodiversity through direct conservation, education, research and recreation. The operating results and state of affairs of the company are fully set out in the attached financial statements.

DIRECTORS

Neluvhalani E (Chairperson) (NED)
Rodzuma NL (NED)
Horwood OPM (NED)
Nevondo TS (NED)
Horwood OPM (NED)
Gordhan YN (NED)
Sandiana N (NED)
Madikizela BT (NED)
Makgabo MB (NED)
Leketi Y (NED)
Nelana B (Managing Director) (ED)
Masebe J (Acting CFO) (ED)
Manala M (NED)
NED - Non-Executive Director
ED - Executive Director

REGISTERED OFFICE

40 De Korte Street
Braamfontein
2017

BUSINESS ADDRESS

40 De Korte Street
Braamfontein
2017

POSTAL ADDRESS

P O Box 2824
Johannesburg
2001

CONTROLLING ENTITY

City of Johannesburg Metropolitan Municipality incorporated in South Africa

BANKERS

Standard Bank of South Africa Limited

AUDITORS

The Auditor – General of South Africa

SECRETARY

Shongwe NA

COMPANY REGISTRATION NUMBER

2000/028762/08
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June 2017

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

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<th>PAGE</th>
</tr>
</thead>
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<td>6-9</td>
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</tr>
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<td>12</td>
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<td>Statement of Changes in Net Assets</td>
<td>13</td>
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<td>14</td>
</tr>
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<td>15-16</td>
</tr>
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<td>17-18</td>
</tr>
<tr>
<td>Accounting Policies</td>
<td>17-33</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>34-72</td>
</tr>
</tbody>
</table>

ABBREVIATIONS

GRAP   | Generally Recognised Accounting Practice
IAS    | International Accounting Standards
ME’s   | Municipal Entities
MFMA   | Municipal Finance Management Act
CJMMP  | City of Johannesburg Metropolitan Municipality
Johannesburg City Parks NPC
(Registration number 2000/028782/06)
Financial Statements for the year ended 30 June 2017

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act (Act 71 of 2008), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The directors have reviewed the entity’s cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operation for the foreseeable future.

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

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

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

The financial statements are set out on pages 6 to 72.

The financial statements set out on pages 6 to 72, which have been prepared on the going concern basis, were approved by the directors on 30 November 2017 and were signed on its behalf by:

Director
Njingolo B (Acting - Managing Director)

Director
Neluvhalani E (Non - Executive Chairperson)
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June, 2017. The report is presented as recommended by the King IV Report on Corporate Governance. We perform our functions in accordance with section 166(2)(a) of the MFMA and the Companies Act 71 of 2008.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved Charter. During the current year 10 meetings including Special Committee meetings were held.

<table>
<thead>
<tr>
<th>Name of member</th>
<th>Number of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gordhan Y (IAC) (Chairperson &amp; NED) (Appointed 16 March 2017)</td>
<td>3</td>
</tr>
<tr>
<td>Madikizela B (NED) (Appointed 16 March 2017)</td>
<td>3</td>
</tr>
<tr>
<td>Radzuma L (NED) (Appointed 16 March 2017)</td>
<td>1</td>
</tr>
<tr>
<td>Sandile N (NED) (Re-appointed 16 March 2017)</td>
<td>10</td>
</tr>
<tr>
<td>Mogorosi N (NED) (Resigned 16 March 2017)</td>
<td>7</td>
</tr>
<tr>
<td>Dunnington G (IAC) (Re-appointed 16 March 2017)</td>
<td>6</td>
</tr>
<tr>
<td>Moollan H (IAC) (Re-appointed 16 March 2017)</td>
<td>10</td>
</tr>
<tr>
<td>Mabaso J (IAC) (Resigned 16 March 2017)</td>
<td>4</td>
</tr>
<tr>
<td>Mogale M (IAC) (Appointed 16 March 2017)</td>
<td>0</td>
</tr>
<tr>
<td>NED - Non-Executive Director IAC - Independent Audit Committee Member</td>
<td></td>
</tr>
</tbody>
</table>

Audit committee responsibility

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

The effectiveness of internal control

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

Evaluation of financial statements

The audit committee has:

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

The audit committee concurs with and accepts the Auditor-General of South Africa's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

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

Assessment of financial function
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June 2017

Audit Committee Report

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

The financial function was not sufficiently capacitated and an Acting CFO acted during the financial period. A Permanent CFO was appointed on 1 July 2017. Despite the capacity challenges, the financial function was able to execute its functions.

Gordhan Y - (Independent Chairperson - Audit Committee)

Date: 30 Nov 2017.
Johannesburg City Parks NPC
(Registration number 2000/028762/08)
Financial Statements for the year ended 30 June, 2017

Director’s Report

1. Incorporation

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

2. Review of activities

Main business and operations

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

3. Going concern

We draw attention to the fact that at 30 June, 2017 the entity had accumulated surpluses of R 121,478,000 (2016- restated: R 149, 009,000) and that the entity’s total assets exceed its liabilities by R 161,434,000 (2016- restated: R 178,967,000).

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

The ability of the entity to continue as a going concern is dependent on continued funding of its operations by the City of Johannesburg Metropolitan Municipality and the finalisation of the feasibility study for re-absorptions of the entities under the City of Johannesburg Municipality. The financial statements are prepared on the basis that the City of Johannesburg Metropolitan has neither the intention nor the need to liquidate or curtail materially the scale of the company’s operations.

4. Directors’ personal financial interest in contracts

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

5. Accounting policies

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

6. Shareholder’s loan on incorporation

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

7. Non-current assets

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

There were no changes in the policy relating to the use of non-current assets during the year.
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Director’s Report

8. Directors

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mabaso JB (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>September A (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>Mogorosi NP (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>Magonye M (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>Ngubane JS (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>Dloffie B (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>Rajah B (NED)</td>
<td>South African</td>
<td>Resigned 16 March 2017</td>
</tr>
<tr>
<td>Neluvelahle E (Chairperson) (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Radzuma NL (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Navondo T (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Horwood OFM (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Gordhan YN (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Madikizela BT (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Makgalo MB (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Sandlana N (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Lekeki V (NED)</td>
<td>South African</td>
<td>Re-appointed 16 March 2017</td>
</tr>
<tr>
<td>Manalala M</td>
<td>South African</td>
<td>Re-appointed 16 March 2017</td>
</tr>
<tr>
<td>Nelana B (Managing Director) (ED)</td>
<td>South African</td>
<td>Appointed 9 June 2017</td>
</tr>
<tr>
<td>Masebo J (Acting CFO) (ED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
<tr>
<td>Simelane MJ (NED)</td>
<td>South African</td>
<td>Appointed 16 March 2017</td>
</tr>
</tbody>
</table>

NED - Non-Executive Director
ED - Executive Director

9. Corporate governance

General

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

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

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

Board of directors

The board:
- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.

Chairperson and Managing Director

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

The roles of chairperson and managing director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.
Johannesburg City Parks NPC
(Registration number 2000/028732/08)
Financial Statements for the year ended 30 June, 2017

Director's Report

Remuneration

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

Directors meetings

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

Mr Menala was only appointed on 9 June 2017 and did not attend any meetings during the financial period.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Board meeting</th>
<th>Audit Committee meeting</th>
<th>Operations Committee meeting</th>
<th>Human Resources Committee</th>
<th>Social Ethics Committee</th>
<th>Risk Committee meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mabasa J (Chairperson) (NED)</td>
<td>7</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mogorosi N (NED)</td>
<td>7</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Laketi V (NED)</td>
<td>9</td>
<td>3</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Rajah A (NED)</td>
<td>8</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ngubane S (NED)</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Makgonye M (NED)</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sandlana N (NED)</td>
<td>8</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dolee B (NED)</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September A (NED)</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Nelana B (Managing Director) (ED)</td>
<td>10</td>
<td>9</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Masebe K (Acting Chief Financial Officer) (ED)</td>
<td>9</td>
<td>9</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>4</td>
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<tr>
<td>Dunngton G (IAC)</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moole H (IAC)</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maboa J (IAC)</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neluvhlan E (Chairperson) (NED)</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radzuma L (NED)</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Madikizela B (NED)</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horwood O (NED)</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Makgalo M (NED)</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gorchan Y (NED) (IAC Chairperson)</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nevondo T (NED)</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Audit committee

For the current financial year the Chairperson of the Audit Committee was Mr J Maboa, an Independent Audit Committee Member. Mr J Maboa retired in October 2016. Ms NF Mogorosi was appointed as the Chairperson of the Audit Committee from November 2016 to 16th March 2017.

Mr J Maboa was officially retired as an Independent Audit Committee Member on the 16th March 2017 and Ms NF Mogorosi was officially retired as a Non-Executive Director of the Company on the 16th March 2017.

Effective from the 16th March 2017 Prof Y Gorchan was appointed as the Chairperson of the Audit Committee. Prof Y Gorchan is a Non-Executive Director of the Company.

The committee met 10 times during the financial year to review matters necessary to fulfill its role.
Johannesburg City Parks NPC
(Registration number 2000/026792/03)
Financial Statements for the year ended 30 June, 2017

Director's Report

10. Controlling entity

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

11. Subsequent events

Amount claimed by the Claimant from Johannesburg City Parks & Zoo (JCPZ - Defendant) of R74 400 105.56 (made up of Claim A - R6 330 549.56 and Claim B - R68 069 556.00) Claim B has been withdrawn by the Claimant. Therefore, JCPZ was then defending Claim A of R6 330 549.56 only. The matter went to Arbitration and the award was made in favour of the Claimant in the amount of R6 032 856.86 plus interest and costs to be determined. The Appeal hearing was held on the 22nd June 2017. The Defendant has been ordered to pay the Claimant R342 492.10 with interest at 15.5% per annum calculated from 13 July 2013. The matter was finalised after the 30th June 2017 and the annual financial statements were adjusted to reflect the amount owed.

Both the Managing Director and the Executive - Corporate services resigned after the 30th of June 2017 but before the finalisation and issue of the audited annual financial statements.

12. Bankers

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

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

13. Auditors

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

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

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

Company Secretary

Johannesburg
## Johannesburg City Parks NPC

(Registration number 2003/028782/08)

Financial Statements for the year ended 30 June, 2017

### Statement of Financial Position as at 30 June, 2017

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>3</td>
<td>6,700</td>
</tr>
<tr>
<td>Loans to shareholders</td>
<td>4</td>
<td>515,600</td>
</tr>
<tr>
<td>Receivables</td>
<td>5</td>
<td>104,987</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7</td>
<td>152</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zoo animals</td>
<td>8</td>
<td>28,736</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9</td>
<td>89,090</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>10</td>
<td>602</td>
</tr>
<tr>
<td>Loans to shareholders</td>
<td>4</td>
<td>42,882</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease obligation</td>
<td>11</td>
<td>14,647</td>
</tr>
<tr>
<td>Payables from exchange transactions</td>
<td>12</td>
<td>204,041</td>
</tr>
<tr>
<td>Payables from non-exchange</td>
<td>38</td>
<td>247,964</td>
</tr>
<tr>
<td>VAT payable</td>
<td>13</td>
<td>5,600</td>
</tr>
<tr>
<td>Provisions</td>
<td>14</td>
<td>22,811</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease obligation</td>
<td>11</td>
<td>25,653</td>
</tr>
<tr>
<td>Employee benefit obligation</td>
<td>6</td>
<td>85,079</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholder's loan on incorporation</td>
<td>15</td>
<td>29,958</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>131,476</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes

- Restated figures reflect adjustments to prior year financial statements.
### Johannesburg City Parks NPC

(Registration number 2000/028782/08)

Financial Statements for the year ended 30 June, 2017

#### Statement of Financial Performance

<table>
<thead>
<tr>
<th>Figures in Rend thousand</th>
<th>Note(s)</th>
<th>2017</th>
<th>2016 Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of horticultural products - Exchange</td>
<td>31</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Rental facilities and equipment - Exchange</td>
<td>16</td>
<td>2,158</td>
<td>2,980</td>
</tr>
<tr>
<td>Cemetery fees - Exchange</td>
<td>16</td>
<td>20,798</td>
<td>21,174</td>
</tr>
<tr>
<td>External services - Exchange</td>
<td>16</td>
<td>49,171</td>
<td>56,746</td>
</tr>
<tr>
<td>Other revenue - Exchange</td>
<td>18</td>
<td>21,339</td>
<td>24,095</td>
</tr>
<tr>
<td>Interest received - Exchange</td>
<td>22</td>
<td>38,957</td>
<td>34,915</td>
</tr>
<tr>
<td>Government grants &amp; subsidies - Non-exchange</td>
<td>17</td>
<td>688,207</td>
<td>711,957</td>
</tr>
<tr>
<td>Other revenue - Non-exchange</td>
<td>16</td>
<td>6,931</td>
<td>3,937</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td>827,592</td>
<td>855,851</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs</td>
<td>20</td>
<td>(475,039)</td>
<td>(455,014)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>23</td>
<td>(26,555)</td>
<td>(23,060)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>24</td>
<td>(12,464)</td>
<td>(11,222)</td>
</tr>
<tr>
<td>Debt Impairment</td>
<td>21</td>
<td>(12,863)</td>
<td>4,052</td>
</tr>
<tr>
<td>General expenses</td>
<td>19</td>
<td>(325,610)</td>
<td>(325,211)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td></td>
<td>(853,531)</td>
<td>(810,455)</td>
</tr>
<tr>
<td><strong>Operating (deficit)/surplus</strong></td>
<td></td>
<td>(25,939)</td>
<td>45,296</td>
</tr>
<tr>
<td>Gain/(loss) on disposal of assets and liabilities</td>
<td>95</td>
<td>(472)</td>
<td></td>
</tr>
<tr>
<td>Actuarial gains from employee benefit obligations</td>
<td>6,754</td>
<td>3,835</td>
<td></td>
</tr>
<tr>
<td>Gains as a result of donated animals, new births and sale</td>
<td>1,580</td>
<td>2,695</td>
<td></td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td></td>
<td>8,429</td>
<td>6,058</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>8,429</td>
<td>6,058</td>
</tr>
<tr>
<td>(Deficit)/surplus for the year</td>
<td></td>
<td>(17,510)</td>
<td>51,354</td>
</tr>
<tr>
<td><strong>(Deficit) surplus for the year from continuing operations</strong></td>
<td></td>
<td>(17,510)</td>
<td>51,354</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>(Deficit)/surplus for the year</strong></td>
<td></td>
<td>(17,510)</td>
<td>51,354</td>
</tr>
</tbody>
</table>
# Johannesburg City Parks NPC

(Registration number 2000/028782/08)

Financial Statements for the year ended 30 June, 2017

## Statement of Changes in Net Assets

<table>
<thead>
<tr>
<th>Figures in Rand thousand</th>
<th>Shareholder's loan</th>
<th>Accumulated surplus</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance as previously reported</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July, 2015 as restated</td>
<td>29,958</td>
<td>92,445</td>
<td>122,403</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance as previously reported</td>
<td>29,958</td>
<td>97,632</td>
<td>127,590</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated balance at 30 June 2016</td>
<td>29,958</td>
<td>143,368</td>
<td>173,346</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the year</td>
<td></td>
<td>(17,510)</td>
<td>(17,510)</td>
</tr>
<tr>
<td>Total changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June, 2017</td>
<td>29,958</td>
<td>131,476</td>
<td>161,434</td>
</tr>
</tbody>
</table>
### Johannesburg City Parks NPC

**Registration number 2000/028782/08**

**Financial Statements for the year ended 30 June, 2017**

### Statement of Cash Flows

Figures in Rand thousand

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>2017</th>
<th>2016 Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash flows from operating activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Receipts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rendering of services</td>
<td>100,428</td>
</tr>
<tr>
<td></td>
<td>Municipal subsidy</td>
<td>668,207</td>
</tr>
<tr>
<td></td>
<td>Interest income</td>
<td>38,057</td>
</tr>
<tr>
<td></td>
<td>Total receipts</td>
<td>827,592</td>
</tr>
<tr>
<td></td>
<td>Payments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee costs</td>
<td>(470,039)</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>(253,935)</td>
</tr>
<tr>
<td></td>
<td>Finance costs</td>
<td>(7,990)</td>
</tr>
<tr>
<td></td>
<td>Total payments</td>
<td>(777,964)</td>
</tr>
<tr>
<td></td>
<td>Net cash flows from operating activities</td>
<td>49,728</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>29</th>
<th>Cash flows from investing activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
<td>Purchase of property, plant and equipment</td>
<td>(4,116)</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Purchase of other intangible assets</td>
<td>(553)</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Purchase of zoo animals</td>
<td>(1,212)</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Proceeds from sale of zoo animals</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Shareholder's loan (advanced)/repaid</td>
<td>(26,635)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net cash flows from investing activities</td>
<td>(31,792)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>Cash flows from financing activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Movements in retirement benefit liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance lease capital receipts (payments)</td>
<td>(17,985)</td>
</tr>
<tr>
<td></td>
<td>Net cash flows from financing activities</td>
<td>(17,985)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>7</th>
<th>Net decrease in cash and cash equivalents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(50)</td>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>212</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash and cash equivalents at the end of the year</td>
<td>162</td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC
(Registration number 2000/028782/06)
Financial Statements for the year ended 30 June, 2017

Budget on Cash Basis

<table>
<thead>
<tr>
<th>Figures in Rand thousand</th>
<th>Approved budget</th>
<th>Adjustments</th>
<th>Final Budget</th>
<th>Actual amounts on comparable basis</th>
<th>Difference between final budget and actual</th>
<th>Reference</th>
</tr>
</thead>
</table>

### Statement of Financial Performance

#### Revenue

**Revenue from exchange transactions**
- Sale of goods: 1,360 (1,322) 38 31 (7) 1
- Rental facilities and equipment: 3,920 - 3,920 2,168 (1,762) 1
- Cemetry fees: 23,957 - 23,957 20,798 (3,159) 2
- External services: 51,682 - 51,682 49,171 (2,511) 3
- Other revenue: 24,577 - 24,577 21,339 (3,238) 4
- Interest received - investment: 32,942 - 32,942 38,957 6,015 5

**Total revenue from exchange transactions**: 138,438 (1,322) 137,116 132,454 (4,662) 5

**Revenue from non-exchange transactions**

**Transfer revenue**
- Other revenue: 10,386 (4,186) 6,199 6,931 732 7

**Total revenue from non-exchange transactions**: 698,592 (4,186) 694,406 695,138 732 7

**Total revenue from exchange transactions**: 138,438 (1,322) 137,116 132,454 (4,662) 5

**Total revenue from non-exchange transactions**: 698,592 (4,186) 694,406 695,138 732 7

**Total revenue**: 837,030 (5,508) 831,522 827,592 (3,930) 10

#### Expenditure

**Personnel**: (492,511) - (492,511) (476,039) 16,472 6
**Depreciation and amortisation**: (27,469) - (27,469) (26,555) 914 7
**Finance costs**: (8,977) - (8,977) (12,464) (3,487) 8
**Bad debts**: (9,385) 4,186 (5,203) (12,663) (7,660) 9
**Repairs and maintenance**: (32,746) 32,746 - - - 10
**General Expenses**: (263,356) (32,746) (266,101) (325,610) (29,509) 10

**Total expenditure**: (834,449) 4,188 (830,261) (853,531) (23,270) 10

**Operating deficit**: 2,581 1,320 1,261 (25,939) (27,200) 10

**Actuarial gains/ (losses)**: (3,664) - (3,664) 6,754 10,418 11
**Gains as a result of donated animals and new births**: 2,119 1,320 3,439 1,080 (1,360) 11

**Total deficit for the year**: (2,581) 1,320 1,261 6,429 9,690

**Deficit for the year**: 2,581 1,320 1,261 (25,939) (27,200) 10

**Deficit for the year**: - - - (17,510) (17,510) 35
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Statement of Comparison of Budget and Actual Amounts

<table>
<thead>
<tr>
<th>Budget on Cash Basis</th>
<th>Approved budget</th>
<th>Adjustments</th>
<th>Final Budget on comparable basis</th>
<th>Actual amounts on comparable basis</th>
<th>Difference between final budget and actual</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17,510)</td>
<td>(17,510)</td>
<td></td>
</tr>
</tbody>
</table>

Reconciliation

(Variances of above R1 million were commented on)

1. Rental of facilities and equipment — the company is experiencing shortfall with regard to this revenue item due to low demand hiring of facilities for events. Marketing and promotional activities undertaken so far has not yielded desired results. Further activities will be undertaken and the budget will be reviewed to be in line with actual revenue being generated.

2. Cemetery fees — The low volume of grave bookings in the period under review resulted in the reported revenue shortfall. The revenue shortfall under this item has been persistent and can be attributed to some Johannesburg residents preferring to bury their loved ones in the rural areas.

3. External services — the performance with regard to external services revenue was excellent in the previous financial year at more than R14m above budget. This led to a somewhat optimistic budget in the current financial year; however, work orders from clients (the City of Johannesburg departments and entities) did not meet expectations.

4. Other revenue — the main contributor to the adverse variance is admission fees and miscellaneous revenue at the Zoo. The shortfall was probably caused by lack of parking space for patrons at the Zoo as the main parking area was under development. Construction has been completed and the level of takings is expected to improve in the next reporting period.

5. Interest received — Due to sound cash flow management, the company has a bank sweeping account balance in excess of R450m; the interest earned thereon was R2.5m above budget. The company also earned R3.5m interest on notional employee benefit investment, bringing the total variance to a favourable R6.0m.

6. Personnel costs — the company realised R14.7m savings in basic salaries and R3.6 savings in pension fund contributions due to vacant positions. This was offset by R11.07m over-expenditure in overtime for the same reason. But, due to sound leave management a favourable variance of R5.9m. Also, the company estimated an actuarial loss in employee benefit obligations but instead a gain was realised, hence R5m favourable variance in this item under personnel costs.

7. Depreciation — provision for depreciation was less that budget mainly due to lower book value of assets. The company was not allocated additional capital expenditure budget in the mid-term budget adjustment and coupled with little allocation in the recent financial year led to lower book values and lower depreciation expense.

8. Bad debts — the high provision for bad debts was necessitated by long outstanding amounts owed to the company mainly by the parent municipality. Bad debts expense is reported net of bad debts recovered/reversed.

9. Finance costs — interest was incurred on finance lease for specialised vehicles and office equipment. Budget provision was not made for these expenses, hence the adverse variance.

10. General expenses — in the budgeting cycle for this reporting period the company was allocated insufficient budget to cover general expenses. This resulted in service delivery pressures that led to the reported over-expenditure. Security and open space maintenance expenses contributed the bulk of the variance. Repairs and maintenance was

11. Actuarial gains/(losses) — Actuarial loss was budgeted for under payroll costs. Please refer to comments on personnel costs above.
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Accounting Policies

1. Presentation of Financial Statements

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

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

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

These accounting policies are consistent with the previous period

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

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

Post retirement benefits

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

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

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

Effective interest rate

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

Allowance for doubtful debts

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

1.4 Zoo animals

Items of zoo animals are recognised as assets when it is probable that:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Zoo animals are accounted for in terms of GRAP 17 as items of property, plant and equipment. The majority of animals are received as donations and transfers from other similar institutions for no consideration or from procreation. These assets are recorded at a fair value at the time of donation or transfer and are depreciated accordingly.
Johannesburg City Parks NPC
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Financial Statements for the year ended 30 June, 2017

Accounting Policies

Zoo animals (continued)

Market determined prices or values are not available for certain animals as they are not commodities, as well as restrictions on trade of exotic animals which precludes the determination of a fair value. The fair value of livestock is determined based on the prices of livestock of similar breed and genetic merit.

The Johannesburg City Parks and Zoo also acquires animals through supply chain processes and these newly acquired animals are carried at cost less accumulated depreciation and any impairment losses. The offspring of newly acquired animals shall be recorded at a value of a similar animal currently in the fixed assets register at the time of birth and will also be depreciated accordingly.

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

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

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amphibia</td>
<td>4 - 16 years</td>
</tr>
<tr>
<td>Arachnida</td>
<td>2 - 20 years</td>
</tr>
<tr>
<td>Aves</td>
<td>4 - 6 years</td>
</tr>
<tr>
<td>Mammalia</td>
<td>6 - 64 years</td>
</tr>
<tr>
<td>Pisces</td>
<td>1 - 35 years</td>
</tr>
<tr>
<td>Reptilia</td>
<td>7 - 80 years</td>
</tr>
<tr>
<td>Insecta</td>
<td>4 years</td>
</tr>
</tbody>
</table>

1.5 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Depreciation method</th>
<th>Average useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>Straight line</td>
<td>30 years</td>
</tr>
<tr>
<td>Leasehold property</td>
<td>Straight line</td>
<td>5 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>Straight line</td>
<td>2 years</td>
</tr>
<tr>
<td>Grass-cutting equipment</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td>Minor plant</td>
<td></td>
<td>2 years</td>
</tr>
<tr>
<td>Mobile plant</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td>Playground equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>Straight line</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>Straight line</td>
<td>5 years</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT equipment</td>
<td>Straight line</td>
<td>3 years</td>
</tr>
</tbody>
</table>

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate. The entity does disclose fully depreciated assets if such information is considered necessary.

The depreciation charge for each period is recognised in surplus or deficit.

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.
Johannesburg City Parks NPC
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Financial Statements for the year ended 30 June, 2017

Accounting Policies

1.6 Intangible assets (continued)

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>3 years</td>
</tr>
</tbody>
</table>

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

1.7 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

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

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

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

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

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

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.
**Johannesburg City Parks NPC**  
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**Accounting Policies**

1.7 **Financial instruments (continued)**

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

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

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

**Subsequent measurement**

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

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

**Impairment of financial assets**

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

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

Impairment losses are recognised in surplus or deficit.

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

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

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

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

**Loans to (from) related parties**

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

Loans to economic entities are classified as loans and receivables.

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

**Loans to shareholders, directors, managers and employees**

These financial assets are classified as loans and receivables.

**Receivables from exchange transactions**
1.7 Financial instruments (continued)

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated recoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Allowance for doubtful debts

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

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Gains and losses

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

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

Derecognition

Financial assets

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

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

Financial assets are derecognised using trade settlement date accounting.
Johannesburg City Parks NPC

(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Accounting Policies

1.7 Financial instruments (continued)

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

Financial liabilities

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

1.8 VAT

VAT receivable and payable

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

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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.10 Inventories

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

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

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

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

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

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

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

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

Included in the cost of inventory is the cost of purchased trees. These are measured at cost. Johannesburg City Parks NPC also has trees that are promul gated from seedlings. As at 30 June 2017, the cost of promul gated trees has not been included in the cost of inventory. This is due to the impracticability and/or cost and benefits involved in attaching a value to those promul gated trees.
Accounting Policies

1.11 Gratuities

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

1.12 Conditional grants and receipts

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

1.13 Budget information

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

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

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

The approved budget covers the fiscal period from 01-Jul-16 to 30-Jun-17.

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

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

1.14 Related parties

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

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

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

1.15 Related parties

A related party is a person or entity that is related to the entity.

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

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

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

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

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

1.16 Shareholder's loan on incorporation

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

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

1.17 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.
Johannesburg City Parks NPC
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Financial Statements for the year ended 30 June, 2017

Accounting Policies

1.17 Employee benefits (continued)

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

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

Other post retirement obligations

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

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

1.18 Provisions and contingencies

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the company settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.
Accounting Policies

1.18 Provisions and contingencies (continued)

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

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

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

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
• the amount that would be recognised as a provision and
• the amount initially recognised less cumulative amortisation.

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

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

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
• financial difficulty of the debtor;
• defaults or delinquencies in interest and capital repayments by the debtor;
• breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
• a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
• the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
• the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.
Johannesburg City Parks NPC
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Accounting Policies

1.19 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
• Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
• Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Revenue from exchange transactions

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

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

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

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

Measurement

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

Rendering of services

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

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

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

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

Interest

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

1.20 Revenue from exchange transactions (continued)

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

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

1.21 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

1.21 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Transfers

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

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

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

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

1.22 Cost of sales

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

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

1.23 Investment income

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

1.24 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.

1.25 Comparative figures

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

1.26 Unauthorised expenditure

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

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

1.27 Fruitless and wasteful expenditure

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

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

1.28 Irregular expenditure

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

1.29 Use of estimates

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

1.30 Prior period errors

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

Where accounting errors have been identified, in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.
Johannesburg City Parks NPC
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Notes to the Financial Statements
Figures in Rand thousand

2. **Standard and interpretations not yet effective**

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Effective Date</th>
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</thead>
<tbody>
<tr>
<td>GRAP 18 - Segment Reporting</td>
<td>No effective date determined yet</td>
</tr>
<tr>
<td>GRAP 20 - Related Parties</td>
<td>No effective date determined yet</td>
</tr>
<tr>
<td>GRAP 32 - Service Concession arrangements: Grantor</td>
<td>No effective date determined yet</td>
</tr>
<tr>
<td>GRAP 108 - Statutory receivables</td>
<td>No effective date determined yet</td>
</tr>
</tbody>
</table>

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

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

3. **Inventories**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>Vet supplies</td>
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<tr>
<td>Consumable stores</td>
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<tr>
<td>Spare parts</td>
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<td>1,826</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>25</td>
<td>17</td>
</tr>
<tr>
<td>Tree inventory</td>
<td>3,371</td>
<td>3,878</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,700</td>
<td>6,961</td>
</tr>
</tbody>
</table>

4. **Loans to shareholder**

City of Johannesburg Metropolitan Municipality - Notional loans - see below

The above loans are unsecured and have no fixed terms of repayment. They bear interest at rates determined annually by actuarial valuations, based on market yields of government bonds. The average interest rate applied during the year is 7.4% (2016 - 6.5%) per annum.

Capex Loans

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>644</td>
<td>650</td>
</tr>
</tbody>
</table>

Sweeping account

The above loan is unsecured and has no fixed terms of repayment. The loan bears interest at rates determined from time to time by the City of Johannesburg Treasury, based on average call rates of banks.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>514,956</td>
<td>482,340</td>
</tr>
</tbody>
</table>

|                | 668,482 | 532,508 |

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>42,882</td>
<td>49,519</td>
</tr>
<tr>
<td>Current assets</td>
<td>515,600</td>
<td>482,990</td>
</tr>
</tbody>
</table>

|                | 558,482 | 532,508 |

**Fair value of loans to shareholder**
4. Loans to shareholder (continued)

<table>
<thead>
<tr>
<th>Loans to shareholder:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notional loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans at beginning of the year</td>
<td>49,519</td>
<td>55,357</td>
</tr>
<tr>
<td>Receipts</td>
<td>(10,171)</td>
<td>(9,395)</td>
</tr>
<tr>
<td>Interest</td>
<td>3,534</td>
<td>3,557</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42,882</strong></td>
<td><strong>49,519</strong></td>
</tr>
</tbody>
</table>

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

Sweeping account and Capex loan

| Loans at beginning of the year | 462,990 | 389,436 |
| Loan repaid by shareholder    | (2,613) | -      |
| Additional loan to shareholder| -      | 62,206 |
| Interest received              | 35,423 | 31,346 |
| **Total**                      | **615,000** | **482,990** |

5. Receivables from exchange transactions

| Allowance for bad debts       | (25,517) | (12,653) |
| Dishonoured cheques           | 11       | 11       |
| Fuel deposits                 | 212      | 212      |
| Prepayments                   | 0        | -        |
| Related party debtors         | 125,353  | 139,812  |
| Trade debtors                 | 3,204    | 3,207    |
| Zoo Vet receivable            | 1,655    | 1,655    |
| **Total**                     | **104,987** | **132,244** |

Trade and other receivables pledged as security

Included in the amount above is the non-exchange balances relating to EPWP and bulk engineering fees. The amounts are immaterial in relation to the total. No trade and other receivables were pledged as security at the end of the year.

Credit quality of trade and other receivables

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

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

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

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

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

No security is held for any of the trade and other receivables.
Johannesburg City Parks NPC
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Notes to the Financial Statements
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6. Receivables from exchange transactions (continued)

   Trade and other receivables past due but not impaired
   Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June, 2017, R 13,808,000(2016: R 11,641,000) were past due but not impaired.

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

<table>
<thead>
<tr>
<th>Period</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 month past due</td>
<td>12,942</td>
<td>5,364</td>
</tr>
<tr>
<td>2 - 3 months past due</td>
<td>866</td>
<td>6,257</td>
</tr>
<tr>
<td></td>
<td>13,808</td>
<td>11,641</td>
</tr>
</tbody>
</table>

Reconciliation of provision for impairment of trade and other receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>12,653</td>
<td>16,963</td>
</tr>
<tr>
<td>Provision for impairment</td>
<td>12,896</td>
<td>(4,051)</td>
</tr>
<tr>
<td>Debt reverse during the year</td>
<td>-</td>
<td>(259)</td>
</tr>
<tr>
<td>Total</td>
<td>25,549</td>
<td>12,653</td>
</tr>
</tbody>
</table>

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

6. Employee benefit obligations

6.1 Defined benefit plan

Post-retirement liability
- Post-retirement medical aid plan: (13,031) (13,710)
- Post-retirement housing subsidy plan: (28) (30)
- Retirement gratuity plan: (72,022) (81,225)

Total: (85,079) (94,965)

6.1.1 Post retirement medical aid plan

In-service members receive a post-employment subsidy of 80% of the contribution payable if they were above the age of 55 on 1 July 2003, or 50% if they were between the ages of 50 and 55 on this date, should they be a member of a medical scheme at retirement. Employees who were younger than age 50 on 1 July 2003 are not eligible for PEMA subsidy.

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

The amount is assumed to increase in the future at 7.5% of salary inflation.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for staff of the entity who are entitled to benefits that relate to their service with the City of Johannesburg Metropolitan Municipality before the entity was established. This amount was determined as at 1 July 2003 and has been crystallised in the form of notional loan accounts which earn interest and against which the Company may claim benefit payments made. This loan account does not constitute a plan asset and in terms of Grap 25 cannot be offset against the liability. It has however been included in the statement of financial position of the entity as an asset.
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

6. Employee benefit obligations (continued)

<table>
<thead>
<tr>
<th>Movements for the year</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>13,710</td>
<td>14,040</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(851)</td>
<td>(724)</td>
</tr>
<tr>
<td>Net expense recognised in the statement of financial performance</td>
<td>171</td>
<td>394</td>
</tr>
</tbody>
</table>

Net expense recognised in the statement of financial performance

| Current service cost:                                     | -      | 57     |
| Interest cost                                            | 1,163  | 1,161  |
| Actuarial (gains) losses                                  | (592)  | (824)  |

Notional loan account

| Opening balance                                          | 24,655 | 23,128 |
| Interest received                                        | 1,831  | 1,527  |

Balance at end of year                                     | 26,486 | 24,655 |

Key assumptions used

Assumptions used on last valuation on 30 June, 2017 done as provided by CJMM.

Discount rates used                                        | 8.67 %  | 8.74 % |
Expected rate of return on assets                          | 8.67 %  | 8.74 % |
Expected increase in salaries                              | 6.47 %  | 7.40 % |

6.1.2 Post retirement housing subsidy plan

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

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

Movements for the year

| Opening balance                                          | 30     | 1,136  |
| Net expense recognised in the statement of financial performance | (2,364) | (1,106) |

Net expense recognised in the statement of financial performance
### 6. Employee benefit obligations (continued)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>1,071</td>
<td>41</td>
</tr>
<tr>
<td>Interest cost</td>
<td>2,651</td>
<td>96</td>
</tr>
<tr>
<td>Actuarial (gains) losses</td>
<td>(6,086)</td>
<td>(1,243)</td>
</tr>
<tr>
<td></td>
<td><strong>(2,364)</strong></td>
<td><strong>(1,106)</strong></td>
</tr>
</tbody>
</table>

**Key assumptions used**

Assumptions used on last valuation on 30 June, 2017 done as provided by CJMM:

- Discount rates used: 8.67% 8.74%
- Expected rate of return on assets: 8.67% 8.74%
- Expected increase in salaries: 8.47% 7.40%
### 6. Employee benefit obligations (continued)

#### 6.1.3 Post retirement gratuity plan

The Company provides gratuities on retirement or prior death (i.e. for those members that have died prior to retirement date) in respect of employees who have service with the City of Johannesburg Metropolitan Municipality or the Company when they were not members of one of the retirement funds and who meet certain service requirements in terms of the City of Johannesburg Metropolitan Municipality’s conditions of employment. The gratuity is paid on an eligible employee’s retirement but will also be paid should they withdraw or die before retirement, provided that the member has either 10 (ten) years of service and is at least 55 years of age, or 25 years of service and is at least 45 years of age.

The benefit is calculated as 1 (one) month’s salary for each year of gratuity service. Gratuity service is defined as service accrued before these employees were required to join the eJoburg Retirement Fund at its commencement on 1 January 2002. 1 (one) year of bonus gratuity service is awarded for every 5 (five) completed years of gratuity service, up to a maximum of 19 (nineteen) bonus years.

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

#### Movements for the year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>61,223</td>
<td>85,448</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(10,170)</td>
<td>(9,395)</td>
</tr>
<tr>
<td>Net expense recognised in the statement of financial performance</td>
<td>5,170</td>
<td>965</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>72,019</td>
<td>81,223</td>
</tr>
</tbody>
</table>

#### Net expense recognised in the statement of financial performance

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest cost</td>
<td>6,721</td>
<td>6,938</td>
</tr>
<tr>
<td>Actuarial (gains) losses</td>
<td>(5,755)</td>
<td>(1,768)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>965</td>
<td>5,170</td>
</tr>
</tbody>
</table>

#### Notional loan account

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>24,864</td>
<td>32,228</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,703</td>
<td>2,030</td>
</tr>
<tr>
<td>Benefits payments</td>
<td>(10,170)</td>
<td>(9,394)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>16,397</td>
<td>24,864</td>
</tr>
</tbody>
</table>

#### Key assumptions used

Assumptions used on last valuation on 30 June, 2017 done as provided by CJMM:

Discount rates used: 8.87 %, 8.74 %
Expected rate of return on assets: 8.87 %, 8.74 %
Expected increase in salaries: 8.37 %, 7.40 %

#### 6.2 Defined contribution plan

CJMM and its ME’s provide post-employment benefits to all their permanent employees through defined contribution funds. The following employee contributions have been made to the defined contribution plans.
6. **Employee benefit obligations (continued)**

   The total economic entity contribution to such schemes
   
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The total economic entity contribution to such schemes</td>
<td>41,322</td>
<td>42,148</td>
</tr>
</tbody>
</table>

   The amount recognised as an expense for defined contribution plans is

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The amount recognised as an expense for defined contribution plans is</td>
<td>41,322</td>
<td>42,148</td>
</tr>
</tbody>
</table>

   Included in defined contribution plan information above, is the following plans which are a Multi-Employer Funds and are a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plans as a defined benefit plans. The entity accounted for these plans as defined contribution plans.
Johannesburg City Parks NPC  
(Registration number 2000/028782/08)  
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements

Figures in Rand thousand  

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>

6. Employee benefit obligations (continued)

Defined contribution funds

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

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

Defined benefits funds

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

Hybrid funds

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund

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

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

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

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand  

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>162</td>
<td>212</td>
</tr>
</tbody>
</table>
## 7. Cash and cash equivalents (continued)

The entity had the following bank accounts

<table>
<thead>
<tr>
<th>Account number / description</th>
<th>Bank statement balances</th>
<th>Cash book balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard BANK - Main current account - 000197122</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Standard BANK - Cemetery current account - 000197106</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Standard BANK - Bank charges - 000197092</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC
(Registration number: 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

8. Zoo animals

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost / Valuation</td>
<td>Accumulated depreciation and accumulated impairment</td>
</tr>
<tr>
<td>Zoo animals</td>
<td>31,008</td>
<td>(4,272)</td>
</tr>
</tbody>
</table>

Reconciliation of zoo animals - 2017

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Adjustment due to accounting for births and donations</th>
<th>Disposals</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoo animals</td>
<td>25,545</td>
<td>1,212</td>
<td>2,445</td>
<td>(1,255)</td>
<td>(1,311)</td>
<td>26,736</td>
</tr>
</tbody>
</table>

Reconciliation of zoo animals - 2016

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Adjustment due to accounting for births and donations</th>
<th>Disposals</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoo animals</td>
<td>23,741</td>
<td>2,373</td>
<td>3,025</td>
<td>(2,311)</td>
<td>(1,183)</td>
<td>25,645</td>
</tr>
</tbody>
</table>
### Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

### Notes to the Financial Statements
Figures in Rand thousand

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost / Valuation</td>
<td>Accumulated depreciation and accumulated impairment</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>29,189</td>
<td>(7,302)</td>
</tr>
<tr>
<td>Finance lease assets - office equipment</td>
<td>1,739</td>
<td>(1,373)</td>
</tr>
<tr>
<td>IT equipment</td>
<td>18,710</td>
<td>(16,722)</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>15,726</td>
<td>(11,283)</td>
</tr>
<tr>
<td>Minor plant</td>
<td>32,471</td>
<td>(29,420)</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>2,500</td>
<td>(2,420)</td>
</tr>
<tr>
<td>Office equipment</td>
<td>16,413</td>
<td>(13,873)</td>
</tr>
<tr>
<td>Finance lease asset - fleet</td>
<td>59,405</td>
<td>(24,203)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176,153</strong></td>
<td><strong>106,693</strong></td>
</tr>
</tbody>
</table>
## Reconciliation of property, plant and equipment - 2017

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>21,759</td>
<td>1,000</td>
<td>-</td>
<td>(872)</td>
<td>21,887</td>
</tr>
<tr>
<td>Finance leased Assets - office equipment</td>
<td>965</td>
<td>-</td>
<td>-</td>
<td>(686)</td>
<td>369</td>
</tr>
<tr>
<td>IT equipment</td>
<td>2,833</td>
<td>1,036</td>
<td>(46)</td>
<td>(1,835)</td>
<td>1,988</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>6,691</td>
<td>-</td>
<td>-</td>
<td>(2,248)</td>
<td>4,443</td>
</tr>
<tr>
<td>Minor plant</td>
<td>5,169</td>
<td>113</td>
<td>-</td>
<td>(2,225)</td>
<td>3,051</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>313</td>
<td>-</td>
<td>-</td>
<td>(235)</td>
<td>80</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3,780</td>
<td>220</td>
<td>(38)</td>
<td>(1,422)</td>
<td>2,540</td>
</tr>
<tr>
<td>Finance leased Assets - fleet</td>
<td>48,226</td>
<td>1,747</td>
<td>(670)</td>
<td>(14,090)</td>
<td>35,202</td>
</tr>
</tbody>
</table>

### Total

89,720 4,116 (762) (23,614) 89,560

## Reconciliation of property, plant and equipment - 2016

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>22,623</td>
<td>-</td>
<td>-</td>
<td>(864)</td>
<td>21,759</td>
</tr>
<tr>
<td>Finance lease assets - office equipment</td>
<td>1,337</td>
<td>189</td>
<td>-</td>
<td>(571)</td>
<td>955</td>
</tr>
<tr>
<td>IT equipment</td>
<td>3,702</td>
<td>1,420</td>
<td>(59)</td>
<td>(2,230)</td>
<td>2,833</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>9,228</td>
<td>-</td>
<td>-</td>
<td>(2,637)</td>
<td>6,591</td>
</tr>
<tr>
<td>Minor plant</td>
<td>8,494</td>
<td>68</td>
<td>(24)</td>
<td>(3,375)</td>
<td>5,163</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>582</td>
<td>-</td>
<td>-</td>
<td>(269)</td>
<td>313</td>
</tr>
<tr>
<td>Office equipment</td>
<td>4,305</td>
<td>958</td>
<td>(14)</td>
<td>(1,469)</td>
<td>3,780</td>
</tr>
<tr>
<td>Finance lease asset - fleet</td>
<td>30,204</td>
<td>26,811</td>
<td>-</td>
<td>(8,789)</td>
<td>48,226</td>
</tr>
</tbody>
</table>

### Total

80,475 29,446 (97) (20,104) 89,720
Johannesburg City Parks NPC
Registration number 2000/026782/08
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements

Figures in Rand thousand

9. Property, plant and equipment (continued)

Pledged as security

None of the company’s assets are pledged as security except for finance lease assets with a carrying value of R40,014,000 (2016: R55,872,000). There are items of property, plant and equipment (assets) at 31 August 2017 with Zero Rand book value. Management assesses at each reporting date if there is a need to revised the useful lives at year end. The outcome of the assessment resulted in no changes being made to the existing useful lives. The total assets fully depreciated and still in use are maintained in the company’s fixed assets register including details of these assets.

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

Assets subject to lease (Net carrying amount)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>4,443</td>
<td>6,691</td>
</tr>
<tr>
<td>Finance lease assets - office furniture and equipment</td>
<td>369</td>
<td>955</td>
</tr>
<tr>
<td>Finance lease asset - fleet</td>
<td>35,202</td>
<td>48,226</td>
</tr>
<tr>
<td></td>
<td>40,014</td>
<td>55,872</td>
</tr>
</tbody>
</table>

Details of properties

Land and buildings comprise of property situated at 40 De Korte Street in the township of Braamfontein, Johannesburg, Registration Division 1R, The Province of Gauteng; measuring in the extent of 995 square metres, and held by deed of transfer No. 1 043009/07. The property was purchased at a consideration of R12,882,000 and was transferred into the name of Johannesburg City Parks on 2007/06/06.

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

There was no impairment of property, plant and equipment during the financial year under review. (2016:Nil).

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

10. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost / Valuation</td>
<td>Accumulated amortisation and accumulated impairment</td>
</tr>
<tr>
<td>Computer software</td>
<td>11,151</td>
<td>(10,549)</td>
</tr>
</tbody>
</table>

Reconciliation of intangible assets - 2017

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Amortisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>1,774</td>
<td>553</td>
<td>(1,725)</td>
<td>602</td>
</tr>
</tbody>
</table>

Reconciliation of intangible assets - 2016

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Amortisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>3,276</td>
<td>276</td>
<td>(1,778)</td>
<td>1,774</td>
</tr>
</tbody>
</table>
### 11. Finance lease obligation

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lease payments due</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- within one year</td>
<td>16,426</td>
<td>16,743</td>
</tr>
<tr>
<td>- in second to fifth year inclusive</td>
<td>32,192</td>
<td>47,231</td>
</tr>
<tr>
<td><strong>Total minimum lease payments</strong></td>
<td>48,618</td>
<td>63,974</td>
</tr>
<tr>
<td>Less: future finance charges</td>
<td>(7,318)</td>
<td>(12,008)</td>
</tr>
<tr>
<td><strong>Present value of minimum lease payments</strong></td>
<td><strong>40,300</strong></td>
<td><strong>51,966</strong></td>
</tr>
</tbody>
</table>

**Present value of minimum lease payments due**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>- within one year</td>
<td>14,647</td>
<td>15,910</td>
</tr>
<tr>
<td>- in second to fifth year inclusive</td>
<td>25,653</td>
<td>36,056</td>
</tr>
<tr>
<td><strong>Total present value of lease payments</strong></td>
<td><strong>40,300</strong></td>
<td><strong>51,966</strong></td>
</tr>
</tbody>
</table>

**Non-current liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>25,653</td>
<td>36,056</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>14,647</td>
<td>15,910</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>40,300</strong></td>
<td><strong>51,966</strong></td>
</tr>
</tbody>
</table>

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

The average lease term is 4 years and the average effective borrowing rate is 10% (2016: 10%).

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

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

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

### 12. Payables from exchange transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued bonus</td>
<td>11,620</td>
<td>11,414</td>
</tr>
<tr>
<td>Accrued leave pay</td>
<td>19,211</td>
<td>25,003</td>
</tr>
<tr>
<td>Accrued payroll cost</td>
<td>3,388</td>
<td>3,067</td>
</tr>
<tr>
<td>Other creditors</td>
<td>2,705</td>
<td>1,739</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>11,255</td>
<td>24,270</td>
</tr>
<tr>
<td>Related party creditors</td>
<td>7,387</td>
<td>9,389</td>
</tr>
<tr>
<td>Deposits received</td>
<td>300</td>
<td>95</td>
</tr>
<tr>
<td>Trade payables</td>
<td>148,173</td>
<td>130,186</td>
</tr>
<tr>
<td><strong>Total payables</strong></td>
<td><strong>204,041</strong></td>
<td><strong>205,166</strong></td>
</tr>
</tbody>
</table>

Trade and other payables are carried at amortised cost.

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

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

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

### 13. VAT payable

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT payable</td>
<td>5,600</td>
<td>10,523</td>
</tr>
</tbody>
</table>

VAT payable represents a net output tax amount payable to SARS.
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand


Reconciliation of provisions - 2017

<table>
<thead>
<tr>
<th></th>
<th>Opening Balance</th>
<th>Additions</th>
<th>Utilised during the year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance bonuses</td>
<td>17,900</td>
<td>18,769</td>
<td>(17,900)</td>
<td>18,769</td>
</tr>
<tr>
<td>Other creditors</td>
<td>4,605</td>
<td>-</td>
<td>(504)</td>
<td>4,042</td>
</tr>
<tr>
<td></td>
<td>22,505</td>
<td>18,769</td>
<td>(18,464)</td>
<td>22,811</td>
</tr>
</tbody>
</table>

Reconciliation of provisions - 2016

<table>
<thead>
<tr>
<th></th>
<th>Opening Balance</th>
<th>Additions</th>
<th>Utilised during the year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance bonuses</td>
<td>16,565</td>
<td>16,565</td>
<td>(15,230)</td>
<td>17,900</td>
</tr>
<tr>
<td>Other creditors</td>
<td>3,179</td>
<td>1,464</td>
<td>(37)</td>
<td>4,606</td>
</tr>
<tr>
<td></td>
<td>19,744</td>
<td>18,029</td>
<td>(15,267)</td>
<td>22,506</td>
</tr>
</tbody>
</table>

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

15. Shareholder’s loan on incorporation

Issued
Shareholder’s loan

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder’s loan</td>
<td>29,958</td>
<td>29,958</td>
</tr>
</tbody>
</table>

The Shareholder’s loan was advanced on incorporation and it is treated as part of net assets as opposed to a financial liability. The loan has no fixed terms of repayment and does not bear interest.
Johannesburg City Parks NPC
(Registration number 2000/026782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements

Figures in Rand thousand

16. Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of horticultural products</td>
<td>31</td>
<td>47</td>
</tr>
<tr>
<td>Rental facilities and equipment</td>
<td>2,158</td>
<td>2,980</td>
</tr>
<tr>
<td>Cemetery Fees</td>
<td>20,768</td>
<td>21,174</td>
</tr>
<tr>
<td>External services</td>
<td>49,171</td>
<td>56,746</td>
</tr>
<tr>
<td>Other revenue - exchange</td>
<td>21,339</td>
<td>24,095</td>
</tr>
<tr>
<td>Interest received - investment</td>
<td>38,957</td>
<td>34,915</td>
</tr>
<tr>
<td>Government grants &amp; subsidies</td>
<td>688,207</td>
<td>711,957</td>
</tr>
<tr>
<td>Other revenue - non-exchange</td>
<td>6,931</td>
<td>3,937</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>827,652</strong></td>
<td><strong>855,851</strong></td>
</tr>
</tbody>
</table>

The amount included in revenue arising from exchanges of goods or services are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of horticultural products</td>
<td>31</td>
<td>47</td>
</tr>
<tr>
<td>Rental facilities and equipment</td>
<td>2,158</td>
<td>2,980</td>
</tr>
<tr>
<td>Cemetery fees</td>
<td>20,768</td>
<td>21,174</td>
</tr>
<tr>
<td>External services</td>
<td>49,171</td>
<td>56,746</td>
</tr>
<tr>
<td>Other revenue - exchange</td>
<td>21,339</td>
<td>24,095</td>
</tr>
<tr>
<td>Interest received - investment</td>
<td>38,957</td>
<td>34,915</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>132,464</strong></td>
<td><strong>139,957</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants &amp; subsidies</td>
<td>688,207</td>
<td>711,957</td>
</tr>
<tr>
<td>Other revenue - non-exchange</td>
<td>6,931</td>
<td>3,837</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>695,138</strong></td>
<td><strong>715,794</strong></td>
</tr>
</tbody>
</table>

17. Grants and subsidies

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal subsidy</td>
<td>688,207</td>
<td>711,957</td>
</tr>
</tbody>
</table>

18. Other revenue - exchange

The amounts included in other revenue arising from exchanges of good and services are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission - zoo</td>
<td>17,602</td>
<td>20,487</td>
</tr>
<tr>
<td>Decorations</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Insurance recoveries</td>
<td>1,020</td>
<td>876</td>
</tr>
<tr>
<td>Project Admin Fee</td>
<td>2,302</td>
<td>2,246</td>
</tr>
<tr>
<td>Tender receipts</td>
<td>406</td>
<td>479</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,339</strong></td>
<td><strong>24,095</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations received</td>
<td>1,390</td>
<td>2,307</td>
</tr>
<tr>
<td>Cashier variances</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>EPWP grant</td>
<td>5,518</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,932</strong></td>
<td><strong>3,837</strong></td>
</tr>
</tbody>
</table>
### Johannesburg City Parks NPC

(Registration number 2000/028762/08)

Financial Statements for the year ended 30 June, 2017

#### Notes to the Financial Statements

**Figures in Rand thousand**

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,631</td>
<td>2,718</td>
</tr>
<tr>
<td>1,228</td>
<td>1,116</td>
</tr>
<tr>
<td>215</td>
<td>201</td>
</tr>
<tr>
<td>1,320</td>
<td>1,344</td>
</tr>
<tr>
<td>6,822</td>
<td>6,862</td>
</tr>
<tr>
<td>21,061</td>
<td>25,554</td>
</tr>
<tr>
<td>327</td>
<td>760</td>
</tr>
<tr>
<td>8,140</td>
<td>7,188</td>
</tr>
<tr>
<td>237</td>
<td>1,063</td>
</tr>
<tr>
<td>64</td>
<td>206</td>
</tr>
<tr>
<td>7,329</td>
<td>9,929</td>
</tr>
<tr>
<td>840</td>
<td>1,047</td>
</tr>
<tr>
<td>3,662</td>
<td>4,380</td>
</tr>
<tr>
<td>44,643</td>
<td>42,188</td>
</tr>
<tr>
<td>2,854</td>
<td>4,783</td>
</tr>
<tr>
<td>1,107</td>
<td>5,779</td>
</tr>
<tr>
<td>34</td>
<td>296</td>
</tr>
<tr>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>147</td>
<td>85</td>
</tr>
<tr>
<td>2,517</td>
<td>2,006</td>
</tr>
<tr>
<td>968</td>
<td>326</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2,733</td>
<td>2,990</td>
</tr>
<tr>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>45,683</td>
<td>37,266</td>
</tr>
<tr>
<td>4,115</td>
<td>4,330</td>
</tr>
<tr>
<td>1,861</td>
<td>1,351</td>
</tr>
<tr>
<td>543</td>
<td>1,271</td>
</tr>
<tr>
<td>4,863</td>
<td>3,885</td>
</tr>
<tr>
<td>3,030</td>
<td>1,645</td>
</tr>
<tr>
<td>804</td>
<td>954</td>
</tr>
<tr>
<td>474</td>
<td>1,585</td>
</tr>
<tr>
<td>1,141</td>
<td>845</td>
</tr>
<tr>
<td>11,203</td>
<td>12,052</td>
</tr>
<tr>
<td>272</td>
<td>348</td>
</tr>
<tr>
<td>17,350</td>
<td>12,096</td>
</tr>
<tr>
<td>1,201</td>
<td>2,106</td>
</tr>
<tr>
<td>4,762</td>
<td>4,338</td>
</tr>
<tr>
<td>653</td>
<td>581</td>
</tr>
<tr>
<td>58,763</td>
<td>58,938</td>
</tr>
<tr>
<td>8,653</td>
<td>8,912</td>
</tr>
<tr>
<td>336</td>
<td>405</td>
</tr>
<tr>
<td>368</td>
<td>257</td>
</tr>
<tr>
<td>49,438</td>
<td>51,277</td>
</tr>
</tbody>
</table>

**Total**: 325,610  325,211
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

20. Employee related costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonuses</td>
<td>36,647</td>
<td>35,190</td>
</tr>
<tr>
<td>Car allowance</td>
<td>9,684</td>
<td>9,508</td>
</tr>
<tr>
<td>Employee funeral insurance</td>
<td>370</td>
<td>393</td>
</tr>
<tr>
<td>Employee related costs, Gratuities</td>
<td>1,159</td>
<td>1,039</td>
</tr>
<tr>
<td>Employee wellness</td>
<td>1,140</td>
<td>2,083</td>
</tr>
<tr>
<td>Housing benefits and allowances</td>
<td>3,330</td>
<td>4,041</td>
</tr>
<tr>
<td>Leave pay</td>
<td>8,503</td>
<td>2,95</td>
</tr>
<tr>
<td>Other employee costs</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>Other payroll levies</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Overtime payments</td>
<td>20,504</td>
<td>12,439</td>
</tr>
<tr>
<td>Pension and provident fund contributions</td>
<td>41,322</td>
<td>42,148</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>343,741</td>
<td>338,511</td>
</tr>
<tr>
<td>Skills Development Levy</td>
<td>4,030</td>
<td>3,784</td>
</tr>
<tr>
<td>Unemployment Insurance Fund</td>
<td>2,509</td>
<td>2,469</td>
</tr>
<tr>
<td>Workmen Compensation Act Insurance</td>
<td>3,034</td>
<td>2,991</td>
</tr>
<tr>
<td></td>
<td>476,039</td>
<td>455,914</td>
</tr>
</tbody>
</table>

Remuneration of executive directors

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>3,173</td>
<td>3,285</td>
</tr>
<tr>
<td>Other allowances</td>
<td>776</td>
<td>965</td>
</tr>
<tr>
<td></td>
<td>3,949</td>
<td>3,950</td>
</tr>
</tbody>
</table>

Remuneration of non executive directors

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>1,870</td>
<td>1,456</td>
</tr>
</tbody>
</table>

21. Debt impairment

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad debts provision</td>
<td>12,863</td>
<td>(4,052)</td>
</tr>
</tbody>
</table>

Previously reversal of bad debt provision that resulted from subsequent receipts of money from debtors was recorded in other income from exchange as bad debt recovered. Comparative figures have also been adjusted.

22. Interest revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received - Notional loans</td>
<td>3,534</td>
<td>3,568</td>
</tr>
<tr>
<td>Loans to shareholder</td>
<td>35,423</td>
<td>31,347</td>
</tr>
<tr>
<td></td>
<td>38,957</td>
<td>34,915</td>
</tr>
</tbody>
</table>

23. Depreciation and amortisation

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>23,519</td>
<td>20,099</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,725</td>
<td>1,776</td>
</tr>
<tr>
<td>Zoo Animals</td>
<td>1,311</td>
<td>1,183</td>
</tr>
<tr>
<td></td>
<td>26,555</td>
<td>23,060</td>
</tr>
</tbody>
</table>
## Johannesburg City Parks NPC

(Registration number 2000/028782/08)

Financial Statements for the year ended 30 June, 2017

### Notes to the Financial Statements

**Figures in Rand thousand**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>24. Finance costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee obligations</td>
<td>7,690</td>
<td>8,207</td>
</tr>
<tr>
<td>Finance leases</td>
<td>4,574</td>
<td>3,015</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,464</td>
<td>11,222</td>
</tr>
<tr>
<td><strong>25. Auditors remuneration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>1,228</td>
<td>1,118</td>
</tr>
<tr>
<td><strong>26. Cash generated from operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Deficit) surplus</td>
<td>(17,510)</td>
<td>51,354</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>20,555</td>
<td>23,000</td>
</tr>
<tr>
<td>(Gain)/loss on sale of assets</td>
<td>(1,675)</td>
<td>(2,223)</td>
</tr>
<tr>
<td>Actuarial losses/(gains) on employee benefit obligations</td>
<td>(6,754)</td>
<td>(3,835)</td>
</tr>
<tr>
<td>Finance costs - finance leases</td>
<td>4,574</td>
<td>3,015</td>
</tr>
<tr>
<td>Bad debts provision</td>
<td>12,963</td>
<td>(4,052)</td>
</tr>
<tr>
<td>Movements in retirement benefit assets and liabilities</td>
<td>(9,888)</td>
<td>(5,660)</td>
</tr>
<tr>
<td>Movement in provisions</td>
<td>305</td>
<td>2,762</td>
</tr>
<tr>
<td>Gains from donation, sale and birth of animals</td>
<td>-</td>
<td>(2,695)</td>
</tr>
<tr>
<td><strong>Changes in working capital:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>261</td>
<td>(1,612)</td>
</tr>
<tr>
<td>Receivables from exchange transactions</td>
<td>27,258</td>
<td>19,966</td>
</tr>
<tr>
<td>Payables from exchange transactions</td>
<td>(4,327)</td>
<td>9,349</td>
</tr>
<tr>
<td>VAT</td>
<td>(4,924)</td>
<td>3,045</td>
</tr>
<tr>
<td>Payables from non-exchange transactions</td>
<td>22,990</td>
<td>7,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49,728</td>
<td>99,552</td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

27. Commitments

Commitments in respect of expenditure:

Authorised and not yet contracted for
- Restated Capital expenditure

Authorised and contracted for
- Capital Expenditure
- Operational expenditure

Capital expenditure will be financed from
USDG
COJ funding and reserves

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised and not yet contracted for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated Capital expenditure</td>
<td>56,500</td>
<td>62,970</td>
</tr>
<tr>
<td>Authorised and contracted for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>60,732</td>
<td>45,515</td>
</tr>
<tr>
<td>Operational expenditure</td>
<td>3,059</td>
<td>7,291</td>
</tr>
<tr>
<td>Capital expenditure will be financed from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USDG</td>
<td>21,600</td>
<td>-</td>
</tr>
<tr>
<td>COJ funding and reserves</td>
<td>82,970</td>
<td>82,970</td>
</tr>
<tr>
<td>Total</td>
<td>104,570</td>
<td>82,970</td>
</tr>
</tbody>
</table>

The above amounts reflect the capital budget for the 2016/17 financial year as reflected in the approved 2015/2016 fiscal year. The authorised and contracted for includes multi year awards (where applicable) and relates to the portion of the 2016/2017 capital budget as at 30 June 2017. The authorised and not contracted for amounts relates to budget of the following year approved in the year under review.

Amount authorised and not yet contracted for was erroneously netted of against the Capex commitments. The amount previous disclosed was R37 454 000 instead of approved amount of R82 970 000.

Operating leases – fleet

Minimum lease payments due
- within one year
- in second to fifth year inclusive

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lease payments due</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- within one year</td>
<td>3,839</td>
<td>13,772</td>
</tr>
<tr>
<td>- in second to fifth year inclusive</td>
<td>-</td>
<td>4,115</td>
</tr>
<tr>
<td>Total</td>
<td>3,839</td>
<td>17,887</td>
</tr>
</tbody>
</table>

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

28. Contingent liabilities and assets

Contingent liabilities

The company is a defendant on three (3) claims amounting to R6 840 000 relating to contractual disputes with the service providers. The matters are still ongoing as at year 30th June 2017. Refer to paragraph 11 of the Directors' report for the movement compared to prior year.

Contingent assets

The company is currently pursuing claims amounting to R3 394 000 relating to contractual disputes with the service providers.

Johannesburg City Parks and Zoo is a beneficiary to the land donated from a deceased estate. The process is ongoing and the value nor date of transfer is currently unknown.
29. Related parties

<table>
<thead>
<tr>
<th>Relationships</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling entity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other members of the group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Members of key management

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

Shareholder's loan on incorporation is disclosed separately in note 15.

Related party balances

<table>
<thead>
<tr>
<th>Amounts included assets (Loans, trade and other receivables)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>669,682</td>
<td>552,446</td>
</tr>
<tr>
<td>City of Johannesburg Property Company SOC Ltd</td>
<td>89</td>
<td>-</td>
</tr>
<tr>
<td>City Power Johannesburg SOC Ltd</td>
<td>6,608</td>
<td>14,155</td>
</tr>
<tr>
<td>Johannesburg Roads Agency SOC Ltd</td>
<td>6,811</td>
<td>4,757</td>
</tr>
<tr>
<td>Johannesburg Water SOC Ltd</td>
<td>102</td>
<td>313</td>
</tr>
<tr>
<td>Pikitup Johannesburg SOC Ltd</td>
<td>38</td>
<td>3</td>
</tr>
<tr>
<td>The Johannesburg Civic Theatre (Pty) Ltd</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>663,230</strong></td>
<td><strong>671,674</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amounts included in liabilities (loans, trade and other payable and finance lease)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>48,178</td>
<td>57,146</td>
</tr>
<tr>
<td>City of Johannesburg Property Company (Pty) Ltd</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td>City Power Johannesburg SOC Ltd</td>
<td>69</td>
<td>43</td>
</tr>
<tr>
<td>Johannesburg Roads Agency SOC Ltd</td>
<td>260</td>
<td>919</td>
</tr>
<tr>
<td>The Johannesburg Civic Theatre SOC Ltd</td>
<td>62</td>
<td>2,007</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48,569</strong></td>
<td><strong>60,175</strong></td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements

Figures in Rand thousand

<table>
<thead>
<tr>
<th>29. Related parties (continued)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Related party transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from related parties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Power Johannesburg SOC Ltd</td>
<td>17,819</td>
<td>30,838</td>
</tr>
<tr>
<td>City of Johannesburg Metropolitan Municipality</td>
<td>752,429</td>
<td>764,118</td>
</tr>
<tr>
<td>Johannesburg Civic Theatre (Pty) Ltd</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>Johannesburg Roads Agency SOC Ltd</td>
<td>5,989</td>
<td>4,499</td>
</tr>
<tr>
<td>Johannesburg Water SOC Ltd</td>
<td>1,251</td>
<td>716</td>
</tr>
<tr>
<td>Pikitup Johannesburg SOC Ltd</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>777,648</td>
<td>800,174</td>
</tr>
</tbody>
</table>

| Purchases from related parties   |          |          |
| City Power Johannesburg SOC Ltd  | 4,630    | 5,065    |
| City of Johannesburg Metropolitan Municipality | 7,734   | 16,075   |
| Johannesburg Civic Theatre SOC Ltd | 288     | 1,852    |
| Johannesburg Metropolitan Bus Services SOC Ltd | -       | 6       |
| Johannesburg Roads Agency (Pty) Ltd | 231     | 1,150    |
| Johannesburg Water SOC Ltd       | 20,856   | 16,302   |
| Pikitup Johannesburg SOC Ltd      | 3,642    | 3,524    |
| The Johannesburg Fresh Produce Market (Pty) Ltd | 7       | 15       |
| **Total**                        | 37,388   | 44,289   |

**Key management information**

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-executive board members</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Independent audit committee members</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Executive and Senior Management</td>
<td>Excluding acting during the year</td>
<td>7</td>
</tr>
</tbody>
</table>
29. Related parties (continued)

Remuneration of management

Executive and Senior management Salaries

<table>
<thead>
<tr>
<th>Name</th>
<th>Annual salary</th>
<th>Bonus</th>
<th>Allowances</th>
<th>Leave pay</th>
<th>Termination benefits</th>
<th>Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Nelana - Managing Director</td>
<td>1,880</td>
<td>201</td>
<td>94</td>
<td>-</td>
<td>-</td>
<td>86</td>
<td>2,251</td>
</tr>
<tr>
<td>PM Sedite - Chief Financial Officer</td>
<td>-</td>
<td>114</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>114</td>
</tr>
<tr>
<td>BP Ningolo - Chief Operations Officer</td>
<td>1,595</td>
<td>230</td>
<td>132</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>1,922</td>
</tr>
<tr>
<td>O Van Heerden - Strategic Support</td>
<td>1,587</td>
<td>209</td>
<td>71</td>
<td>82</td>
<td>-</td>
<td>-</td>
<td>1,776</td>
</tr>
<tr>
<td>ZN Makhoba - Corporate Services</td>
<td>1,435</td>
<td>209</td>
<td>71</td>
<td>82</td>
<td>-</td>
<td>145</td>
<td>1,942</td>
</tr>
<tr>
<td>B Mahla - Business Development</td>
<td>617</td>
<td>209</td>
<td>37</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>803</td>
</tr>
<tr>
<td>MM Dube - JHB ZOO</td>
<td>177</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>177</td>
</tr>
<tr>
<td>NA Shongwe - Company Secretary</td>
<td>1,154</td>
<td>157</td>
<td>60</td>
<td>82</td>
<td>-</td>
<td>49</td>
<td>1,422</td>
</tr>
<tr>
<td>FW Mqhayale - Internal Audit</td>
<td>1,230</td>
<td>171</td>
<td>60</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>1,487</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,855</strong></td>
<td><strong>1,600</strong></td>
<td><strong>394</strong></td>
<td><strong>205</strong></td>
<td><strong>-</strong></td>
<td><strong>280</strong></td>
<td><strong>12,034</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Annual salary</th>
<th>Bonuses</th>
<th>Allowances</th>
<th>Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Nelana - Managing Director</td>
<td>1,786</td>
<td>191</td>
<td>110</td>
<td>79</td>
<td>2,168</td>
</tr>
<tr>
<td>PM Sedite - Chief Financial Officer</td>
<td>1,499</td>
<td>207</td>
<td>60</td>
<td>18</td>
<td>1,784</td>
</tr>
<tr>
<td>BP Ningolo - Chief Operations Officer</td>
<td>1,512</td>
<td>219</td>
<td>130</td>
<td>-</td>
<td>1,607</td>
</tr>
<tr>
<td>ZN Makhoba - Corporate Services</td>
<td>1,350</td>
<td>198</td>
<td>72</td>
<td>137</td>
<td>1,757</td>
</tr>
<tr>
<td>O Van Heerden - Strategic Support</td>
<td>1,492</td>
<td>57</td>
<td>16</td>
<td>-</td>
<td>1,565</td>
</tr>
<tr>
<td>B Mahla - Business Development</td>
<td>1,411</td>
<td>199</td>
<td>104</td>
<td>-</td>
<td>1,714</td>
</tr>
<tr>
<td>MM Dube - JHB ZOO</td>
<td>86</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>86</td>
</tr>
<tr>
<td>NA Shongwe - Company Secretary</td>
<td>1,089</td>
<td>147</td>
<td>-</td>
<td>46</td>
<td>1,282</td>
</tr>
</tbody>
</table>
### 29. Related parties (continued)

<table>
<thead>
<tr>
<th>FW Mthavule - Internal Audit</th>
<th>1,161</th>
<th>180</th>
<th>60</th>
<th>-</th>
<th>1,381</th>
</tr>
</thead>
</table>

| | 11,386 | 1,378 | 558 | 280 | 13,602 |
### Johannesburg City Parks NPC

(Registration number 2000/026782/06)

Financial Statements for the year ended 30 June, 2017

### Notes to the Financial Statements

Figures in Rand thousand

#### 30. Directors’ fees

**Non-executive**

**2017**

<table>
<thead>
<tr>
<th>Name</th>
<th>Committees fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doleile B (NED)</td>
<td>65</td>
<td>95</td>
</tr>
<tr>
<td>Mogorosí (NED)</td>
<td>169</td>
<td>169</td>
</tr>
<tr>
<td>September A (NED)</td>
<td>142</td>
<td>142</td>
</tr>
<tr>
<td>Mabaso JJ (Chairperson)</td>
<td>204</td>
<td>204</td>
</tr>
<tr>
<td>Makhany M (NED)</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Ngubane JS (NED)</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Leketi V (NED)</td>
<td>178</td>
<td>178</td>
</tr>
<tr>
<td>Rajah B (NED)</td>
<td>147</td>
<td>147</td>
</tr>
<tr>
<td>Mashanda TN (NED)</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Nevondo TS (NED)</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Horwood OPM (NED)</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Gordhan YN (NED)</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Sandlana N (NED)</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>Madzikela BT (NED)</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Neluvelo PE (Chairperson) (NED)</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>Leketi V (NED)</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Nelena B (Managing Director) (ED)</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Sandlana N (NED)</td>
<td>162</td>
<td>162</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,870</strong></td>
<td><strong>1,870</strong></td>
</tr>
</tbody>
</table>

**2016**

<table>
<thead>
<tr>
<th>Name</th>
<th>Directors’ fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mabaso JB (NED)</td>
<td>231</td>
<td>231</td>
</tr>
<tr>
<td>September A (NED)</td>
<td>148</td>
<td>148</td>
</tr>
<tr>
<td>September A (NED)</td>
<td>111</td>
<td>111</td>
</tr>
<tr>
<td>Makhany M (NED)</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td>Ngubane JS (NED)</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Leketi V (NED)</td>
<td>164</td>
<td>164</td>
</tr>
<tr>
<td>Doleile B (NED)</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Rajah B (NED)</td>
<td>170</td>
<td>170</td>
</tr>
<tr>
<td>Mashanda TN (NED)</td>
<td>178</td>
<td>178</td>
</tr>
<tr>
<td>Simelane MJ (NED)</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>Mogorosí N (NED)</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Dalamo A (NED)</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Madumise M (NED)</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Bogatsu S (NED)</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,458</strong></td>
<td><strong>1,458</strong></td>
</tr>
</tbody>
</table>

**Executive**

**2017**

<table>
<thead>
<tr>
<th>Name</th>
<th>Annual salary</th>
<th>Bonuses</th>
<th>Allowances</th>
<th>Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manala M</td>
<td>1,860</td>
<td>201</td>
<td>94</td>
<td>65</td>
<td>2,261</td>
</tr>
<tr>
<td>Sédite M (Former CFO)</td>
<td>1,355</td>
<td>157</td>
<td>-</td>
<td>62</td>
<td>1,674</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,235</strong></td>
<td><strong>472</strong></td>
<td><strong>94</strong></td>
<td><strong>148</strong></td>
<td><strong>3,549</strong></td>
</tr>
</tbody>
</table>
### Johannesburg City Parks NPC
(Registration number 2003/028782/08)
Financial Statements for the year ended 30 June, 2017

**Notes to the Financial Statements**
Figures in Rand thousand

### 30. Directors' fees (continued)

<table>
<thead>
<tr>
<th></th>
<th>Annual salary</th>
<th>Bonuses</th>
<th>Allowances</th>
<th>Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nelana B (Managing Director)</td>
<td>1,786</td>
<td>191</td>
<td>110</td>
<td>79</td>
<td>2,166</td>
</tr>
<tr>
<td>Sedite M (Chief Financial Officer)</td>
<td>1,499</td>
<td>207</td>
<td>60</td>
<td>18</td>
<td>1,784</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,285</strong></td>
<td><strong>398</strong></td>
<td><strong>170</strong></td>
<td><strong>97</strong></td>
<td><strong>3,950</strong></td>
</tr>
</tbody>
</table>

2016
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

30. Directors' fees (continued)

Remuneration of independent audit committee members

2017

<table>
<thead>
<tr>
<th>Name</th>
<th>Emoluments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunnington G</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Moolla H</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>Mabo J</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td><strong>218</strong></td>
<td><strong>218</strong></td>
</tr>
</tbody>
</table>

2016

<table>
<thead>
<tr>
<th>Name</th>
<th>Emoluments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunnington GC</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Maboa MJ</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Moolla H</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td><strong>205</strong></td>
<td><strong>205</strong></td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC  
(Registration number: 2000/028762/08)  
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements

Figures in Rand thousand

31. Prior period errors

Errors were identified in the financial statements during the current year. The errors were adjusted retrospectively from the earliest comparative period presented. Errors affecting the comparative year have been adjusted on the comparative figures accordingly.

Debits to balances/transactions are disclosed as positive amounts and credits to balances/transactions are disclosed as negative amounts.

Certain disclosure notes were also restated accordingly. The respective notes includes narrations of the changes made.

Certain comparative amounts were also restated. Refer to note 39.

Error 1

Overstatement of accounts payables (liabilities) and related accumulated surplus. This was a take-on balance on the transfer of functions of Johannesburg Zoo NPC to Johannesburg City Parks. PAYE liability was transferred to Johannesburg City Parks and the tax clearance documents received from SARS dating back to take over period indicate that there was no amounts owed to SARS.

The effects of the adjustments are as follows:

Opening balances - year ended 30 June 2016

Decrease in trade and other payables: R4 962 000
Increase in Opening accumulated surplus: (R4 952 000)

No effect thereafter.

Error 2

Understatement of finance lease vehicles. Specialised vehicles were erroneously excluded from the assets register of the company. The respective liability was always correct in the period the vehicles were to be capitalised and agreed inter company with the lessor. The difference was erroneously processed in the profit and loss on disposal of assets.

The effects of the adjustments are as follows:

Opening balances - year ended 30 June 2016

Increase in Property, Plant and equipment - Cost specialised vehicles: R435 443
Decrease in Property, Plant and equipment - Accumulated depreciation: (R145 068)
Increase in opening Accumulated surplus: (R290 375)

Comparative period - Year ended 30 June 2016

Increase in depreciation: R43 544
Increase in accumulated depreciation: (R43 544)

2017 - Year ending 30 June 2017

Decrease in opening accumulated surplus: R43 544

Error 3

Misstatements of trade and other payables, trade and other receivables and fair value adjustments in the statement of financial performance. The company previously discounted the trade and other payables and trade and other receivables and recorded the movement in the statement of financial performance as a fair value adjustments. This was an error from management as it was not compliant with GRAP 104.
Johannesburg City Parks NPC  
(Registration number 2000/028752/08)  
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements  
Figures in Rand thousand

31. Prior period errors (continued)  
The effect of the adjustment are as follow:

Opening balances - year ended 30 June 2016

Increase in trade and other receivables (Fair value adjustment)  
Increase in trade and other payables (Fair value adjustment)  
Decrease in opening accumulated surplus  

Comparative period - year ended 30 June 2016

Increase in trade and other receivables (Fair Value)  
Increase in trade and other payables (Fair value)  
Increase in fair value adjustments (Statement of changes in financial movements)

2017 - Year ending 30 June 2017

Increase in opening accumulated surplus  

Error 4  
Understatement of Property, Plant and equipment. Office equipment were purchased using sponsorship funds and these were not timeously capitalised in the financial statements. This was an oversight error.

The effect of the adjustment are as follow:

Opening balances - year ended 30 June 2016

Increase in Property, plant and equipment (Office equipment)  
Increase in accumulated depreciation  
Increase in accumulated surplus

Comparative period - year ended 30 June 2016

Increase in Property, plant and equipment  
Increase in profit and loss  
Increase in depreciation  
Increase in accumulated depreciation

2017 - Year ending 30 June 2017

Decrease in opening accumulated surplus  

Error 5  
Understatement of Property, Plant and equipment and over statement of general expenditure. Office equipment were incorrectly expensed in the previous financial year. This was an oversight error.

The effect of the adjustment are as follow:

Opening balances - year ended 30 June 2016

Comparative period - year ended 30 June 2016

No impact

Increase in Property, plant and equipment  
Decrease in general expenditure (consumables & climate changes)
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

31. Prior period errors (continued)

2017 - Year ending 30 June 2017

Increase in opening accumulated surplus  \( \text{(R47 578)} \)

**Error 6**

Understatement of Property, plant and equipment and income (profit and loss including donations). Animals were incorrectly capitalised in the 2017 financial year instead of 2016.

The effect of the adjustment are as follows:

**Opening balances - year ended 30 June 2016**

No Impact

**Comparative period - year ended 30 June 2016**

Increase in ZOO Animals  \( \text{R18 713} \)

Increase in profit and loss  \( \text{(R18 713)} \)

2017 - Year ending 30 June 2017

Increase in opening accumulated surplus  \( \text{R18 713} \)

**Error 7**

Correction of various factual overs and unders from prior years.

The effect of the adjustment are as follows:

**Opening balances - year ended 30 June 2016**

Increase in trade and other payables  \( \text{(R1 044)} \)

Increase in loans to/from shareholders  \( \text{R382} \)

Increase in accumulated depreciation  \( \text{(R11 551)} \)

Increase in Vat  \( \text{(R985)} \)

Increase in Property, plant and equipment (animals)  \( \text{R286} \)

Decrease in accumulated surplus  \( \text{R13 812} \)

**Comparative period - year ended 30 June 2016**

Increase in general expenditure  \( \text{R42 012} \)

Decrease in inventories  \( \text{(R42 012)} \)

2017 - Year ending 30 June 2017

Increase in opening accumulated surplus  \( \text{R42 012} \)

Other changes to comparative financial information:

The comparative statement of financial position, statement of financial performance, statement of changes in equity and cash flow statements have been restated as a result of the corrections of errors above including reclassifications as highlighted in note.

Rental income from our agent (Johannesburg property company) of just over a R1 million previously reported under related party has been corrected resulting in the adjustment to the comparative amounts. Refer to related party note.
## Notes to the Financial Statements

*Figures in Rand thousand*

### 31. Prior period errors (continued)

The MFMA compulsory notes that previously excluded disclosure of amounts owed at year end were corrected to reflect any amounts owed if applicable. Details are on the respective notes. Refer to MFMA compulsory disclosure note.

The amount authorised and not yet contracted for note relating to the comparative period was corrected to include the budget approved in the preceding year which no awards were made to suppliers at year end. Refer to commitment note.

### Financial position

<table>
<thead>
<tr>
<th>Periods prior to 2016: Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in payables - Error 1</td>
<td>4,962</td>
</tr>
<tr>
<td>Increase in PPE - Costs - Error 2</td>
<td>436</td>
</tr>
<tr>
<td>Decrease in PPE - Accumulated depreciation - Error 2</td>
<td>146</td>
</tr>
<tr>
<td>Increase in receivables - Error 3</td>
<td>48</td>
</tr>
<tr>
<td>Increase in payables - Error 3</td>
<td>551</td>
</tr>
<tr>
<td>Increase in PPE - Costs - Error 4</td>
<td>795</td>
</tr>
<tr>
<td>Decrease in PPE - Accumulated depreciation - Error 4</td>
<td>344</td>
</tr>
<tr>
<td>Net Increase in various assets - Error 7</td>
<td>13</td>
</tr>
</tbody>
</table>

2016 financial year:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in PPE - Accumulated depreciation - Error 2</td>
<td>44</td>
</tr>
<tr>
<td>Increase in receivables - Error 3</td>
<td>735</td>
</tr>
<tr>
<td>Increase in payables - Error 3</td>
<td>224</td>
</tr>
<tr>
<td>Increase in PPE - Costs - Error 4</td>
<td>101</td>
</tr>
<tr>
<td>Decrease in PPE - Accumulated depreciation - Error 4</td>
<td>161</td>
</tr>
<tr>
<td>Increase in PPE - Costs - Error 5</td>
<td>48</td>
</tr>
<tr>
<td>Decrease in inventories - Error 7</td>
<td>42</td>
</tr>
<tr>
<td>Increase in ZOO animals - Error 6</td>
<td>19</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
</tr>
</tbody>
</table>

### Increase in accumulated surplus previously reported

|  | 5,521 |

### Statement of financial performance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in depreciation - Error 2</td>
<td>44</td>
</tr>
<tr>
<td>Increase in fair value adjustments - Error 3</td>
<td>511</td>
</tr>
<tr>
<td>Increase in profit and loss on sale of assets - Error 4</td>
<td>101</td>
</tr>
<tr>
<td>Increase in depreciation - Error 4</td>
<td>163</td>
</tr>
<tr>
<td>Decrease in general expenses - Error 5</td>
<td>48</td>
</tr>
<tr>
<td>Increase in profit and loss on sale of assets - Error 6</td>
<td>18</td>
</tr>
<tr>
<td>Increase in general expenses - Error 7</td>
<td>42</td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
</tr>
</tbody>
</table>

### Net increase in surplus

|  | 434 |
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

32. Risk management

Capital risk management

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

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

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

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

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

There are no externally imposed capital requirements.

There are no externally imposed capital requirements.

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

The debt: equity ratio at 2017 and 2016 respectively were as follows: 83.17 and 81.19.

Financial risk management

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

Liquidity risk

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

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

<table>
<thead>
<tr>
<th></th>
<th>At 30 June, 2017</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 1 year</td>
<td>Between 1 and 2 years</td>
<td>Between 2 and 5 years</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>14,847</td>
<td>25,653</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables - related parties</td>
<td>7,387</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>151,178</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other payables</td>
<td>293,572</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>At 30 June, 2016</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 1 year</td>
<td>Between 1 and 2 years</td>
<td>Between 2 and 5 years</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>15,910</td>
<td>36,056</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables - related parties</td>
<td>8,383</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>131,746</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other payables</td>
<td>289,581</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC
(Registration number: 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

32. Risk management (continued)

Interest rate risk

The entity has significant interest-bearing assets. This has direct bearing on the entity's income and operating cash flows. The asset subject to the above is the sweeping account with the City of Johannesburg Metropolitan Municipality. The following table highlights the likely cashflow risk to the entity in the event of an interest rate fluctuation. The average interest rate for the year is 7.4%.

Credit risk

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

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

<table>
<thead>
<tr>
<th>Financial instrument</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan to shareholder - national loans</td>
<td>42,882</td>
<td>49,519</td>
</tr>
<tr>
<td>Shareholder's loan</td>
<td>515,600</td>
<td>482,990</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>104,897</td>
<td>132,244</td>
</tr>
</tbody>
</table>

33. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>38</td>
<td>27</td>
</tr>
<tr>
<td>Expenditure current year</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>45</td>
<td>38</td>
</tr>
</tbody>
</table>

No criminal or disciplinary steps have been taken as a consequence of above expenditure as the matter is still with SARS.

Movement for the year relates to interest charged on VAT shortfall payment. The interest was paid and a dispute has been lodged with SARS as the penalty was reversed and the interest was on the penalty.

2016

Interest on late payment of creditors - R 11,000.

34. Irregular expenditure

<table>
<thead>
<tr>
<th>Investment</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restated opening balance</td>
<td>2,990</td>
<td>2,939</td>
</tr>
<tr>
<td>Procurement without three quotations</td>
<td>-</td>
<td>57</td>
</tr>
<tr>
<td>Local content criteria not included in the advert - tender</td>
<td>2,500</td>
<td>-</td>
</tr>
<tr>
<td>Service provider appointed without tender process - special projects</td>
<td>420</td>
<td>-</td>
</tr>
<tr>
<td>Award made on incorrect points</td>
<td>661</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>6,577</td>
<td>2,996</td>
</tr>
</tbody>
</table>

Analysis of irregular expenditure

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year</td>
<td>3,561</td>
<td>57</td>
</tr>
<tr>
<td>Prior years restated</td>
<td>2,998</td>
<td>2,939</td>
</tr>
<tr>
<td></td>
<td>6,577</td>
<td>2,996</td>
</tr>
</tbody>
</table>
### Johannesburg City Parks NPC

(Registration number 2000/028782/08)

Financial Statements for the year ended 30 June, 2017

**Notes to the Financial Statements**

Figures in Rand thousand

<table>
<thead>
<tr>
<th>34. Irregular expenditure (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Details of irregular expenditure – current year</strong></td>
</tr>
<tr>
<td>Local content not included in the advert</td>
</tr>
<tr>
<td>service provider appointed without following</td>
</tr>
<tr>
<td>the tender process and incorrect points</td>
</tr>
<tr>
<td><strong>Details of irregular expenditure</strong></td>
</tr>
<tr>
<td>Procurement without three quotations</td>
</tr>
<tr>
<td>Award made on incorrect points</td>
</tr>
<tr>
<td>No evidence of three (3) quotations</td>
</tr>
<tr>
<td><strong>Details of irregular expenditure investigated</strong></td>
</tr>
<tr>
<td>Advertisement for shorter period</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
35. Reconciliation between budget and statement of financial performance

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (deficit) surplus per the statement of financial performance</td>
<td>(17,510)</td>
<td>51,354</td>
</tr>
<tr>
<td>Adjusted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External services revenue was higher than budget due to positive</td>
<td>-</td>
<td>(8,827)</td>
</tr>
<tr>
<td>response from clients especially related party entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low demand in hiring facilities</td>
<td>1,762</td>
<td></td>
</tr>
<tr>
<td>Shortfall recorded as a result of low grave bookings</td>
<td>3,160</td>
<td></td>
</tr>
<tr>
<td>Lower work orders from City and entities</td>
<td>2,892</td>
<td></td>
</tr>
<tr>
<td>Interest received - higher interest on sweeping balance and notional loans</td>
<td>(6,615)</td>
<td></td>
</tr>
<tr>
<td>Savings on basic salaries</td>
<td>(15,478)</td>
<td></td>
</tr>
<tr>
<td>Increase in provision for doubtful debt - long standing amounts with City</td>
<td>7,860</td>
<td></td>
</tr>
<tr>
<td>Interest on lease under budgeted</td>
<td>3,467</td>
<td></td>
</tr>
<tr>
<td>Insufficient budget for open space maintenance &amp; project fees</td>
<td>28,278</td>
<td></td>
</tr>
<tr>
<td>Depreciation was higher due to growth in Asset base</td>
<td>(6,238)</td>
<td></td>
</tr>
<tr>
<td>Payroll savings - leave, overtime</td>
<td>-</td>
<td>(14,151)</td>
</tr>
<tr>
<td>Below budget spending on general expenditure - seminars, training etc</td>
<td>-</td>
<td>(5,287)</td>
</tr>
<tr>
<td>Actuarial gains in the current year compared to losses expected and</td>
<td>-</td>
<td>(7,833)</td>
</tr>
<tr>
<td>employees taking leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below budget spent in general expenditure including repairs and maintenance</td>
<td>-</td>
<td>(6,205)</td>
</tr>
<tr>
<td>Savings on depreciation</td>
<td>-</td>
<td>(3,997)</td>
</tr>
<tr>
<td>Over recovery on interest - sweeping and notional loans</td>
<td>-</td>
<td>(3,302)</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>(1,275)</td>
</tr>
<tr>
<td><strong>Net surplus per approved budget</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

36. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

<table>
<thead>
<tr>
<th>Description</th>
<th>Current year fee</th>
<th>Amount paid - current year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,228</td>
<td>(1,223)</td>
</tr>
<tr>
<td></td>
<td>(1,118)</td>
<td>(1,116)</td>
</tr>
</tbody>
</table>

PAYE, UIF & SDL

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening restated</td>
<td>5,865</td>
<td>4,908</td>
</tr>
<tr>
<td>Current year expenditure</td>
<td>79,874</td>
<td>71,873</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(79,469)</td>
<td>(70,915)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,271</td>
<td>5,866</td>
</tr>
</tbody>
</table>

The prior period note was restated as follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Previously stated</th>
<th>Restated amount</th>
<th>Changes</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>71,695</td>
<td>71,673</td>
<td>178</td>
<td>Understated</td>
</tr>
<tr>
<td>Payment</td>
<td>(70,932)</td>
<td>(70,915)</td>
<td>17</td>
<td>Oversubject</td>
</tr>
<tr>
<td>Total</td>
<td>763</td>
<td>658</td>
<td>195</td>
<td>Undersubject</td>
</tr>
</tbody>
</table>

Pension and medical aid deductions

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year expenditure</td>
<td>55,030</td>
<td>54,986</td>
</tr>
</tbody>
</table>
36. **Additional disclosure in terms of Municipal Finance Management Act (continued)**

   **VAT**

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

37. **Deviation from supply chain management regulations**

   Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.
Johannesburg City Parks NPC
(Registration number 2010/023762/06)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements
Figures in Rand thousand

37. Deviation from supply chain management regulations (continued)

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

2017 Regulation 36 (2) of the Municipal Supply Chain Regulations state that the accounting officer must record the reasons for any deviations in terms of subregulation (1) (a) and (b) and report them to the next council meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements (AFS).

Sole Suppliers

The following deviations were as a result of service providers being sole suppliers for the required goods or services as per regulation 36 (1) (b) of the supply chain management regulations.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Sole Supplier</th>
<th>Amount in Rands</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Emergency

The following deviations were due to emergencies as per regulation 36 (1) (i) of the supply chain management regulation.

<table>
<thead>
<tr>
<th>Name of Service Provider</th>
<th>Emergency Explanation</th>
<th>Amount in Rands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonakela Trading (Pty) Ltd</td>
<td>Head Office lift repair</td>
<td>R37 620,00</td>
</tr>
<tr>
<td>Vortex Strategic</td>
<td>Alignment Holding of Board and Exco strategic session</td>
<td>R92 340,00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>R129 960,00</td>
</tr>
</tbody>
</table>

Special works of art

The following deviations were due to acquisition of special works of art or historical objects where specifications are difficult to compile as per regulation 36 (1) (iii) of the supply chain management regulations.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Special Art</th>
<th>Amount in Rands</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Acquisition of animals

The following deviations were as a result of acquisition of animal as per regulation 36 (1) (iv) of the supply chain management regulations by Johannesburg City Parks and Zoo.

<table>
<thead>
<tr>
<th>Detail of Expenditure</th>
<th>Amount in Rands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Animal</td>
<td>R1 153 275,00</td>
</tr>
</tbody>
</table>

Ratification of minor breaches of procurement and other deviations

Deviation and ratification from the normal procurement processes in terms of regulation 38 (1)(a)(v) and (b) of the municipal supply chain management regulations.

<table>
<thead>
<tr>
<th>Name of Service Provider</th>
<th>Description of minor breach</th>
<th>Amount in Rands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sibanye team</td>
<td>Extended catering services (Extended delegates - GMs)</td>
<td>R29 800,00</td>
</tr>
<tr>
<td>Tokiso Attorneys</td>
<td>Disciplinary hearing for Head of the Zoo</td>
<td>R104 871,00</td>
</tr>
</tbody>
</table>
Johannesburg City Parks NPC
(Registration number 2000/028782/08)
Financial Statements for the year ended 30 June, 2017

Notes to the Financial Statements

FIGURES IN RAND THOUSAND

37. Deviation from supply chain management regulations (continued)

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

1. Purchase order number PO050097 for the exhibition stand in Durban was made for an amount of R46 600 (Vat excl.) for the show attended by delegates of the Company.
2. Purchase order number PO049037 for Procurement of Animal-white Pelican was made at Joburg ZOO for an amount of R72 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
3. Purchase order number PC053941 for Procurement of Animals-Flamingo was made at Joburg ZOO for an amount of R25 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
4. Purchase order number PO050966 for Procurement of Animal-Water Buffalo was made for the amount of R200 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
5. Purchase order number PO052340 for Procurement of Animals-Reptiles was made for the amount of R24 200.04 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
6. Purchase order number PO053079 for Procurement of Animal-Coat was made for the amount of R12 500 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
7. Purchase order number PO053078 for Procurement of Animals-African Buffalo was made for the amount of R350 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
8. Purchase order number PO053177 for Procurement of Animals-Rhino was made for the amount of R700 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
9. Purchase order number PO053595 for Procurement of Animals-Buffalo weaver, Guinea fowl and Barbet was made for the amount of R21 650 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
10. Purchase order number PO053592 for Procurement of Animal-Nigripes was made for the amount of R50 000 (Vat excl.) as this is procurement of animals in terms of section 36(1) of the SCM regulations.
11. PO053918 animal purchase for R25 000
12. PO053927 animal purchase for R280 000
13. PO053919 animal purchase for R64 105
14. Tender JCPZ/EOD01/2015, BIOGAS project for R2 850 772

JCPZ/EOD01/2015

38. Payables from non-exchange transactions

Amounts received - bulk engineering for capital expenditure and other grants: 247,964 224,974

Included in the above is bulk service contribution for capital expenditure of R243 281 000 (2016: R218 315 000), represents contributions made by Developers yet to be spent on capital infrastructure and related projects.

39. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Included repairs and maintenance to general expenses, bad debt recovered to debt impairment.

Statement of financial position - extract
### Notes to the Financial Statements

Figures in Rand thousand

<table>
<thead>
<tr>
<th></th>
<th>Comparative figures previously reported</th>
<th>Reclassification</th>
<th>After reclassification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs and maintenance</td>
<td>(24,694)</td>
<td>24,694</td>
<td>-</td>
</tr>
<tr>
<td>General expenditure</td>
<td>(300,517)</td>
<td>(24,694)</td>
<td>(325,211)</td>
</tr>
<tr>
<td>Debt impairment</td>
<td>(3,518)</td>
<td>8,569</td>
<td>4,051</td>
</tr>
<tr>
<td>Other revenue - Exchange</td>
<td>33,865</td>
<td>(9,569)</td>
<td>24,096</td>
</tr>
<tr>
<td>Total</td>
<td>(297,064)</td>
<td>-</td>
<td>(297,064)</td>
</tr>
</tbody>
</table>

#### 39. Comparative figures (continued)

**Statement of financial performance - extract**

#### 40. Events after the reporting date

Adjustment made to the annual financial statements as a result of settlement award after year end.
Report of the Auditor General to the Gauteng Provincial Legislature and Council of the City of Johannesburg Metropolitan Municipality on the Johannesburg City Parks NPC trading as Johannesburg City Parks and Zoo

Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of the Johannesburg City Parks NPC trading as Johannesburg City Parks and Zoo set out on pages ..., which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg City Parks NPC trading as Johannesburg City Parks and Zoo (Johannesburg City Parks) as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2006 (Act No. 71 of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipal entity at, and for the year ended 30 June 2017.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the municipal entity or to cease operations, or there is no realistic alternative but to do so.

12. In preparing the financial statements, the accounting officer is responsible for assessing the Johannesburg City Parks's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the municipal entity or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.
Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2017:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Pages in the annual performance report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1 – SMME and entrepreneurial support</td>
<td>x – x</td>
</tr>
<tr>
<td>Objective 2 – Conservation and maintenance</td>
<td>x – x</td>
</tr>
<tr>
<td>Objective 3 – Horticulture maintenance (Greening)</td>
<td>x – x</td>
</tr>
<tr>
<td>Objective 4 – Animal husbandry</td>
<td>x – x</td>
</tr>
</tbody>
</table>

18. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. Refer to the annual performance report on page(s) x to x, x to x for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.
Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. I did not identify material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

Other information

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the director’s report, the audit committee’s report and the company secretary’s certificate as required by the Companies Act. The other information does not include the financial statements, the auditor’s report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor’s report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg

30 November 2017

Auditing to build public confidence.
Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipal entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:

   • identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity’s internal control.

   • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

   • conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Johannesburg City Parks ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipal entity to cease to continue as a going concern.

   • evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.
Annexure 3
Company Secretary Certification

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

Company Secretary: Ayanda Shongwe

Signature: [Signature]

Date: 30 November 2017
Annexure 4

JCPZ’s Valued Partners

Johannesburg City Parks and Zoo Valued Partners

Johannesburg City Parks and Zoo takes great pleasure in acknowledging and thanking its partners that ensure better service delivery and sustainable development through their generous contributions. Funding is received from CSI budgets and projects such as food gardens, environmental education and alien invasive control are sponsored to name a few.

Other partners and sponsors respond to the annually advertised call for fully funded proposals and contribute in a variety of manners. Two committees, the Special Projects Committee and the Project committee, evaluate the proposals for compliance with the Partnership and fundraising policy, Municipal Finance Management Act (MFMA), JCPZ business plan and environmental legislation. Each project is accepted by means of a Memorandum of Agreement or by acceptance letters. The following much appreciated partners for the financial year 2016/17 in no order of preference are acknowledged:

ADOPT-A-PARK SECURITY AND LIGHTING:

CREBUS: Creative Business Solutions raising funds to ensure safer parks through CCTV cameras and lights

SECURITY:

CSS, CAP, Blairgowrie Community Association, 7 Arrow, ADT and SOS Gauteng Protection

EVENTS PARTNERSHIPS ENSURING FINANCIAL SUSTAINABILITY:

- BAM: JURA, JUMA and Emmarentia Live
- Betallion: Liefde by die Dam
- eTV: JHB Zoo Mother’s day
- Hot 91.9 : JHB Zoo Mother’s day
- Nickelodean: JHB Zoo Halloween
- Stages: Easter fun at JHB Zoo
- Soweto Camp Festival: Annual Soweto Camping and adventure weekend
- Urban Chaos: Country Cookout festival
PARK ADOPTIONS FOR UPGRADES AND MAINTENANCE:

- African Housing (AFHCO) – End street park, Albert Street Boulevard
- Blairgowrie Community Association – Jan Smuts ave sidewalks and traffic islands, Rose Park Blairgowrie
- Craighall Residential Association – Braamfontein Spruit – section next to Craighall park
- Friends of Golden Harvest Park: Golden Harvest Park
- Zoo Lake Users Committee: Zoo Lake
- Moyos: Zoo Lake parking area
- New landscape Architects: Naturena Park
- BBQ Down Residential Association: BBQ Downs
- Breiko Conveyor: Bowdene Park
- City Rock: Fountainebleau Park
- Gaylin Estates: Rose garden
- Fourways Garden Residential Estates: Fourways Garden
- Pridwin Primary school: Henderson Park
- Littla Falls Community: The Lakes Park
- Refurbish Project: Nordwyk Park
- Westcliff Residential association: Dale Lace Park
- Sunninghill Community and shopping centre: Sunninghill park
- Glenhazel residential association: Terminal Crescent Park
- Sandton Sports Club: George Lea North Park
- Ratepayers association: Gillard Drive Park
- Killo2Killi: Harvey Park
- Brightwater Commons shopping centre: Ferndale Spruit
- Parkmore Community association: Shandonway Park
- Delta Park Users Group – Delta Park
- Kenworthy Residential association – Kenworthy Park
- Klein Jukskei Green Belt Initiative - Klein Jukskei River (Hyman Park: Randpark Ridge & Pampeon spruit: Boskruin )
- The Melrose North Residents and Ratepayers Association: James and Ethel Grey Park and Highway Park

FRIENDS OF RESERVES:

- Friends of Kloofendal (FROK) environmental education partners
- Friends of Melville Koppies
- Friends of Albert’s Farm

FOOD GARDENS

- BMW
- GAJIMA
- City of Johannesburg: Environment Infrastructure Services Department
- Gauteng Department of Agriculture and Rural Development (Landcare)
ENVIROMENTAL EDUCATION

<table>
<thead>
<tr>
<th>Herman Olthaver Trust</th>
<th>Mackenzie Trust Foundation</th>
<th>South African Agency for Science and Technology Advancement (SAASTA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Science &amp; Technology (DST)</td>
<td>National Research Foundation</td>
<td>Engen Main Road Convenience Centre, Bryanston</td>
</tr>
</tbody>
</table>

SPRUIT DAY 2016

Spruit day is a community driven event to clean-up the Braamfontein spruit and to plant trees. The day is arranged by a committee steered by Matt Karprinski and Meghan Perry from Uber Exposure. The following communities participate:

<table>
<thead>
<tr>
<th>Blairgowrie Community Association (BCA)</th>
<th>Bryanston East Community Forum (BECF)</th>
<th>Bryanston Riverclub Community Forum (BRCF)(SAASTA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheetah Crescent Residents Association (CCRA)</td>
<td>Craigparks Residents Association (CRA)</td>
<td>Dabulamanzi Canoe Club</td>
</tr>
<tr>
<td>Greenside Residents Association (GRA)</td>
<td>-Greater Kyalami Conservancy (GECKO)</td>
<td>Klein Jukskei Greenbelt Initiative (KJGI)</td>
</tr>
<tr>
<td>Parkmore Community Association (PCA)</td>
<td>Parkhurst Residents Association (PRA)</td>
<td>Emmarentia Volunteers</td>
</tr>
<tr>
<td>Parkview Residents Association</td>
<td>Paulshof Residents &amp; Ratepayers Association (PRRA)</td>
<td>Sunninghill Community</td>
</tr>
<tr>
<td>Victory Park</td>
<td>Willowild / Hurlingham 5 (WWH5)</td>
<td></td>
</tr>
</tbody>
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LEARNERSHIPS/WORKPLACE EXPERIENCE/INTERNSHIPS

* South African Agency for Science and Technology Advancement (SAASTA)
* Department of Environmental Affairs

DONATION OF TREES

* Department of Agriculture Forestry and Fisheries
* Department of Environmental Affairs

MALL EXHIBITIONS FOR EDUCATIONAL PROGRAMMES (FREE SPACE)

* Pan African Mall
* Alex Mall
* Yarona Mall
* Cosmo City Shopping Centre

PARK FURNITURE

* 702 – Outdoor gyms
* G.S. Elkin Residuary Trust – park benches
* Nestle – outdoor gym

ZOO EQUIPMENT AND ENCLOSURE UPGRADES

* COAPE – Animal enrichment and training programme
* Hollard – animal enclosure upgrades and enrichment
* Mackenzie Foundation – Spectacled Bears 2017 -Animal Enclosure Enrichment
* Ad Outpost – Recycle Dustbins
* Global Supplies –X-Caliber CO2 Projector Dart Gun
* Ogilvy & Mather together with Mann Made Media – Glass Tank for Amphibian Breeding Project
ADVERTISING CAMPAIGNS

* Y & R: Conservation campaigns

SPECIAL INTEREST GROUPS

* Friends of Alberts Farm Conservancy
* Cheetah Crescent Residents Association
* CRA (Craighall)
* Blairgowrie Community Association
* Paulshof Residents and Ratepayers Association
* Sunninghill Community
* Bryanston River Club Community Forum (BRCF)
* PRABOA (Parkhurst Residents and Business Owners Association)
* Greater Kyalami Conservancy (GEKCO)
* PCA Parkmore Community Association (Lower Sandhurst Community Association will be joining them)
* HGC - Hurlingham Glenadrienne Craighall
* Linden
* Bryanston East Community Forum (BECF)
* CAP Victory Park
* Parkmore Community Association (PCA)
* ARMOUR (Action for Responsible Management of our Rivers)
* Chartwell Country Estates
* Future City Fourways
* Klein Jukskei Greenbelt Initiative