# Accounting Policies

### 1.7 Financial instruments (continued)

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

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

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

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

**Held to maturity**

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

### 1.8 Taxation

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

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Deferred income tax**

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

# Accounting Policies

### 1.9 Revenue recognition

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

### 1.10 Provisions and contingencies

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

### 1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

**Subsequent recognition**
Subsequently inventories are measured at the lower of cost and net realisable value.
When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

**Derecognition**
The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.
Inventories are valued at the lower of cost or net realizable value. Provision is made for slow moving goods and obsolete materials are written off. Cost is determined at invoice cost on a weighted average basis.

### 1.12 Foreign currency transactions

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date of the transaction.

### 1.13 Retirement obligations

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

### 1.14 Investment property

Investment property is the uShaka Village Walk Shopping Mall and comprises: - Building and Structures, Furniture, fittings and equipment. Investment property is valued at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.
Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.
Interest costs on borrowings to finance the construction of investment property are capitalised during the period required to prepare and complete the asset for its intended use. Other borrowing costs are expensed.

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

| | |
|---|---|
| • Buildings and Building Structures | 10 - 40 years |
| • Furniture and Fittings and Equipment | 5 - 40 years |

# Accounting Policies

### 1.15 Unauthorised expenditure

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

### 1.16 Irregular expenditure

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

### 1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.18 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

#### Identification

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

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

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

#### Value in use

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

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

### 1.18 Impairment of cash-generating assets (continued)

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

**Cash-generating units**

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

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

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

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

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

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

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

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

**Reversal of impairment loss**

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

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

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

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

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

## Accounting Policies

### 1.18 Impairment of cash-generating assets (continued)

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

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

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

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

**Redesignation**

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

### 1.19 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

**Identification**

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

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

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

**Value in use**

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

**Depreciated replacement cost approach**

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

### 1.19 Impairment of non-cash-generating assets (continued)

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

**Restoration cost approach**

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

**Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

**Reversal of an impairment loss**

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

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

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

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

**Redesignation**

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

### 1.20 Share capital / contributed capital

The entity discloses agreements to perform in the future.
Disclosure of commitments should include the nature, amounts and any unusual terms and uncertainties of the commitment.

# Accounting Policies

### 1.21 Prior period error

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

### 1.22 Employee benefits

**Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

**Defined contribution plans**

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

### 1.23 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 municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

# Accounting Policies

### 1.23 Revenue from exchange transactions (continued)

**Measurement**

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

**Sale of goods**

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

**Rendering of services**

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

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

### 1.24 Revenue from non-exchange transactions

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

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

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

**Measurement**

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

### 1.25 Comparative figures

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

### 1.26 Offsetting

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

### 1.27 Accumulated deficit

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

# Accounting Policies

### 1.28 VAT

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

### 1.29 Events after reporting period

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

### 1.30 Capital commitments

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

### 1.31 Share Capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 15).
Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

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

The adjusted budget was approved on July 2012 by the board of directors was used for comparison (Refer to note 33)
.

# Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

## 2. Inventories

| | | |
|---|---|---|
| Merchandise | 3,506,194 | 1,947,930 |
| Food and Beverage | 1,113,975 | 1,147,872 |
| Consumable stores | 790,703 | 1,019,700 |
| | 5,410,872 | 4,115,502 |
| Provision for slow moving merchandising inventory | (350,000) | - |
| | **5,060,872** | **4,115,502** |

**Inventory pledged as security**

Inventory was not pledged as security.

## 3. Receivables from exchange transactions

| | | |
|---|---|---|
| Trade debtors | 470,307 | 1,157,912 |
| Debt impairment provision | (259,126) | (401,044) |
| Sundry debtors | 32,992 | 36,260 |
| Prepayments | 1,853,508 | 137,097 |
| eThekwini Municipality | - | 520,020 |
| | **2,097,681** | **1,450,245** |

| **Trade Debtors** | | |
|---|---|---|
| Current (0 - 30 days) | 88,552 | 415,408 |
| 31 - 60 days | 62,940 | 316,244 |
| 61 - 90 days | 124,537 | 129,000 |
| Greater than 90 days (There were no functions debtors in 2013) | 194,278 | 297,260 |
| | **470,307** | **1,157,912** |

| **Reconciliation of debt impairment provision** | | |
|---|---|---|
| Opening balance | (401,044) | (153,735) |
| Increase in provision | (78,082) | (247,309) |
| Bad debts recovered | 220,000 | - |
| | **(259,126)** | **(401,044)** |

| **Sundry debtors** | | |
|---|---|---|
| Current (0 - 30 days) | 32,992 | 36,260 |

| **Prepayments: will be released into the income statement over the following periods** | | |
|---|---|---|
| Current (0 - 30 days) | 231,688 | 13,568 |
| 31 - 60 days | 231,688 | 13,568 |
| 61 - 90 days | 231,688 | 12,997 |
| Greater than 90 days (2013 includes WCA provision) | 1,158,444 | 96,964 |
| | **1,853,508** | **137,097** |

| **eThekwini Municipality** | | |
|---|---|---|
| Current | - | 520,020 |

## 4. VAT receivable

| | | |
|---|---|---|
| VAT | 418,609 | 20,341 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2013 | 2012 |
|---|---|---|
| Bank balances | 39,730,971 | 30,448,700 |
| Cash on hand | 1,665,910 | 1,412,935 |
| | **41,396,881** | **31,861,635** |

**The entity had the following bank accounts**

| Account number/description | Bank statement balances | | | Cash book balances | | |
|---|---|---|---|---|---|---|
| | 30 June 2013 | 30 June 2012 | 30 June 2011 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
| Standard bank salary clearing account - 050215280 | 384 | - | - | 384 | - | - |
| Investec Smartrate Notice 90/0 - 50006958840 | 23,088,241 | - | - | 23,088,241 | - | - |
| Investec Smartrate Notice 60/20 - 50005636079 | 15,623,757 | 28,624,971 | - | 15,623,757 | 28,624,971 | - |
| Investec Bank - Business Top 5 - 50003801489 | - | - | 21,223,891 | - | - | 21,223,891 |
| RMB Bank Account - Call account - 100027-X021905914 | 37,821 | 37,821 | 2,337,821 | 37,821 | 37,821 | 2,337,821 |
| Standard Bank Kingsmead Retail Bank Account A/C 050139452 | 63,066 | 166,690 | 201,529 | 63,066 | 166,690 | 201,529 |
| Standard Bank Kingsmead School School Account A/C 050139495 | 2,311 | 9,340 | 8,724 | 2,311 | 9,340 | 8,724 |
| Standard Bank Kingsmead Main Deposit Account A/C 050139509 | 915,391 | 1,609,878 | 2,537,097 | 915,391 | 1,609,878 | 2,537,097 |
| Investec -Fixed Deposit 21 Day Account A/C 443362 | - | - | 10,275,176 | - | - | 10,275,176 |
| **Total** | **39,730,971** | **30,448,700** | **36,584,238** | **39,730,971** | **30,448,700** | **36,584,238** |

## 6. Investment property

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 90,990,027 | (20,503,169) | 70,486,858 | 91,200,824 | (17,924,917) | 73,275,907 |

### 6. Investment property (continued)

**Reconciliation of investment property - 2013**

| | Opening balance | Disposals | Depreciation | Total |
|---|---|---|---|---|
| Investment property | 73,275,907 | (27,842) | (2,761,207) | 70,486,858 |

**Reconciliation of investment property - 2012**

| | Opening balance | Disposals | Depreciation | Total |
|---|---|---|---|---|
| Investment property | 76,064,392 | (17,996) | (2,770,489) | 73,275,907 |

**Pledged as security**

None of the assets were pledged as security.

**Details of valuation**

Investment Property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69,000,000. The directors fair value thereof is R118,000,000 based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

### 7. Property, plant and equipment

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land and buildings | 498,911,092 | (145,153,067) | 353,758,025 | 495,753,851 | (128,293,644) | 367,460,207 |
| Plant and machinery | 101,271,864 | (85,668,540) | 15,603,324 | 97,971,207 | (76,698,850) | 21,272,357 |
| Furniture and fixtures | 43,725,775 | (24,224,534) | 19,501,241 | 42,746,617 | (19,845,711) | 22,900,906 |
| Motor vehicles | 1,711,084 | (737,017) | 974,067 | 1,603,184 | (582,190) | 1,020,994 |
| Capital work in progress | 589,572 | - | 589,572 | 131,007 | - | 131,007 |
| Biological assets | 35,600 | (1,006) | 34,594 | 35,600 | (504) | 35,096 |
| **Total** | **646,244,987** | **(255,784,164)** | **390,460,823** | **638,241,466** | **(225,420,899)** | **412,820,567** |

**Reconciliation of property, plant and equipment - 2013**

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|---|---|---|---|---|---|---|
| Land and buildings | 367,460,207 | 3,236,423 | (63,973) | (16,874,632) | - | 353,758,025 |
| Plant and machinery | 21,272,357 | 4,135,198 | (166,896) | (9,637,335) | - | 15,603,324 |
| Furniture and fixtures | 22,900,906 | 3,668,602 | (486,943) | (6,581,324) | - | 19,501,241 |
| Motor vehicles | 1,020,994 | 193,970 | - | (154,827) | (86,070) | 974,067 |
| Capital work in progress | 131,007 | 458,565 | - | - | - | 589,572 |
| Biological assets | 35,096 | - | - | (502) | - | 34,594 |
| | **412,820,567** | **11,692,758** | **(717,812)** | **(33,248,620)** | **(86,070)** | **390,460,823** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

### 7. Property, plant and equipment (continued)

**Reconciliation of property, plant and equipment - 2012**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Land and buildings | 383,588,574 | 592,312 | (12,490) | (16,708,189) | 367,460,207 |
| Plant and machinery | 30,645,666 | 583,385 | (388,003) | (9,568,691) | 21,272,357 |
| Furniture and fixtures | 22,165,571 | 6,744,468 | (482,127) | (5,527,006) | 22,900,906 |
| Motor vehicles | 1,205,521 | - | - | (184,527) | 1,020,994 |
| Capital work in progress | - | 131,007 | - | - | 131,007 |
| Biological assets | 35,599 | - | - | (503) | 35,096 |
| | **437,640,931** | **8,051,172** | **(882,620)** | **(31,988,916)** | **412,820,567** |

**Pledged as security**

None of the assets were pledged as security.

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

### 8. Intangible assets

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 1,936,252 | (944,411) | 991,841 | 1,642,625 | (572,351) | 1,070,274 |

**Reconciliation of intangible assets - 2013**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Computer software | 1,070,274 | 303,517 | (381,950) | 991,841 |

**Reconciliation of intangible assets - 2012**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Computer software | 1,001,220 | 352,659 | (283,605) | 1,070,274 |

**Pledged as security**

None of the assets were pledged as security.

### 9. Deferred income

| | 2013 | 2012 |
|---|---|---|
| Rental adjustment | 4,899,384 | 5,976,801 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

### 10. Payables from exchange transactions

| | 2013 | 2012 |
|---|---|---|
| Trade payables | 18,047,233 | 12,451,376 |
| Other payables | 1,551,332 | 3,440,355 |
| SAAMBR employee incentives payable | 1,129,155 | - |
| Durban Marine Theme Park employee incentives payable | 2,289,795 | - |
| Revenue generator incentives | 428,919 | - |
| | **23,446,434** | **15,891,731** |

### 11. Provisions

**Reconciliation of provisions - 2013**

| | Opening Balance | Additions | Total |
|---|---|---|---|
| Leave pay | 1,809,538 | 428,269 | 2,237,807 |

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

### 12. Tenant rental deposits

| | 2013 | 2012 |
|---|---|---|
| Tenant rental deposits | 1,411,292 | 1,416,029 |

### 13. Long term liabilities

The DBSA Village Walk is an unsecured loan which bears interest at 8.5% with the final payment on the 30 September 2016.

| | 2013 | 2012 |
|---|---|---|
| **DBSA Village Walk - Held at amortised costs** | | |
| Balance at the beginning of the year | 3,655,854 | 4,297,725 |
| Interest during the year | 281,814 | 339,564 |
| Payments during the year | (980,057) | (981,435) |
| **Balance at the end of the year** | **2,957,611** | **3,655,854** |
| Less: Current portion | (758,968) | (698,243) |
| **Disclosure of Long Term Portion** | **2,198,643** | **2,957,611** |

### 14. Debentures

| | 2013 | 2012 |
|---|---|---|
| Debentures | 107,800,782 | 98,899,800 |

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after 12 years from date of issue. On redemption the debenture capital is repayable in three equal annual tranches during 2015, 2016 and 2017.

| Figures in Rand | 2013 | 2012 |
|---|---|---|

### 14. Debentures (continued)

| | | |
|---|---|---|
| **Debenture - compound instrument** | | |
| Financial Liability | 107,800,782 | 98,899,800 |
| Convertible instrument reserve | 4,463,785 | 4,463,785 |
| | **112,264,567** | **103,363,585** |

### 15. Share capital / contributed capital

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

| | | |
|---|---|---|
| **Issued** | | |
| 9,385 Ordinary Shares of R 1 each (2012: 9,385) | 9,385 | 9,385 |
| Share premium | 872,985,542 | 872,985,542 |
| | **872,994,927** | **872,994,927** |

Share Premium is made up as follows:
- 1,937 Shares issued at premium of R97,086
- 1,600 Shares issued at premium of R98,083
- 5,109 Shares issued at premium of R97,083
- 206 Shares issued at premium of R97,086
- 124 Shares issued at premium of R96,773

### 16. Going concern

A resolution by the eThekwini Council was passed on 25 June 2013 confirming the following:
Extract from council minutes: "Taking cognizance of the International Convention Centre and Durban Marine Theme Park operating at a break-even level, excluding depreciation and finance charges, the Council confirms its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern."

### 17. Prior period error

**Property, Plant and Equipment and Intangible assets:**
The useful lives of certain categories of Investment property, Buildings, Plant and machinery, Furniture and fixtures, Motor vehicles and Intangible assets were revised.
Investment property lives were extended between 2 to 5 years
Buildings useful lives were extended between 2 to 5 years
Plant and machinery lives were extended between 2 to 10 years
Furniture and fixtures were extended between 2 to 7 years
Motor vehicles were extended between 2 to 4 years
Intangible assets were extended between 2 to 3 years
The change in the estimated useful life has been accounted for retrospectively.

The comparative statements for the 2012 financial year have been restated for the change in estimate.

| | | |
|---|---|---|
| **Investment property - restatement of book value** | | |
| Balance previously reported | - | 73,777,743 |
| Accumulated depreciation adjustment prior to 2011/12 | - | (244,789) |
| Adjustment for 2011/12 | - | (257,047) |
| | **-** | **73,275,907** |

| Figures in Rand | 2013 | 2012 |
|---|---|---|

### 17. Prior period error (continued)

| | | |
|---|---|---|
| **Land and buildings - restatement of book value** | | |
| Balance previously reported | - | 366,976,547 |
| Accumulated depreciation adjustment prior to 2011/12 | - | 648,627 |
| Adjustment for 2011/12 | - | (164,967) |
| | **-** | **367,460,207** |
| **Plant and machinery - restatement of book value** | | |
| Balance previously reported | - | 19,638,850 |
| Accumulated depreciation adjustment prior to 2011/12 | - | 1,435,947 |
| Adjustment for 2011/12 | - | 197,560 |
| | **-** | **21,272,357** |
| **Furniture and fixtures- restatement of book value** | | |
| Balance previously reported | - | 20,684,555 |
| Accumulated depreciation adjustment prior to 2011/12 | - | 2,126,875 |
| Adjustment for 2011/12 | - | 89,476 |
| | **-** | **22,900,906** |
| **Motor vehicles - restatement of book value** | | |
| Balance previously reported | - | 887,273 |
| Accumulated depreciation adjustment prior to 2011/12 | - | 200,979 |
| Adjustment for 2011/2012 | - | (67,258) |
| | **-** | **1,020,994** |
| **Intangible assets - restatement of book value** | | |
| Balance previously reported | - | 810,948 |
| Accumulated depreciation adjustment prior to 2011/12 | - | 110,968 |
| Adjustment for 2011/2012 | - | 148,358 |
| | **-** | **1,070,274** |

### 18. Investment revenue

| | | |
|---|---|---|
| **Interest revenue** | | |
| Bank | 1,883,937 | 1,814,561 |
| Interest charged on trade and other receivables | 194,782 | 133,139 |
| | **2,078,719** | **1,947,700** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

## 19. Employee related costs

| | | |
|---|---|---|
| Salaries, wages, travel allowance and bonuses | 47,973,573 | 45,114,938 |
| Contributions to UIF, Provident fund, Medical Aid and Workmen's compensation | 8,883,565 | 7,381,392 |
| Leave pay | 428,269 | 1,809,538 |
| Overtime payments | 3,328,070 | 3,451,202 |
| uShaka financial incentive | 2,289,795 | - |
| SAAMBR financial incentive | 1,129,155 | - |
| Revenue incentive scheme | 430,319 | 212,895 |
| | **64,462,746** | **57,969,965** |

| | | |
|---|---|---|
| **Durban Marine Theme Park** | | |
| Number of persons employed at year end: Full time | 498 | 504 |
| Fixed term contracts | 6 | 44 |
| Casuals | 71 | 45 |
| | **575** | **593** |

| | | |
|---|---|---|
| **Directors Fees** | | |
| Directors fees paid - J H de Villiers Botha | 149,400 | 48,000 |
| Directors fees paid - G J Whiteford | 219,900 | 77,750 |
| Directors fees paid - R Turner | 36,600 | - |
| Directors fees paid - B J Mtembu | - | 12,000 |
| Directors fees paid - J Russell (Chairman) | 221,300 | 95,850 |
| Directors fees paid - S Pillay | 54,000 | 18,000 |
| Accounting officer fees paid - GJ Whiteford | 176,300 | 210,000 |
| | **857,500** | **461,600** |

| | | |
|---|---|---|
| **South African Association for Marine Biological Research** | | |
| Number of persons employed at year end: Full time | 155 | 154 |

## 20. Depreciation and amortisation

| | | |
|---|---|---|
| Property, plant and equipment | 33,248,620 | 31,988,916 |
| Investment property | 2,761,207 | 2,770,489 |
| Intangible assets | 381,950 | 283,605 |
| | **36,391,777** | **35,043,010** |

## 21. Finance costs

| | | |
|---|---|---|
| Debentures | 8,900,982 | 8,166,039 |
| DBSA Village Walk | 281,814 | 339,564 |
| | **9,182,796** | **8,505,603** |

## 22. Contracted services

| | | |
|---|---|---|
| Specialist Services | 2,836,695 | 2,319,640 |
| Other Contractors | 529,964 | 849,506 |
| | **3,366,659** | **3,169,146** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

### 23. General expenses

| | | |
|---|---|---|
| Auditors remuneration | 688,221 | 678,991 |
| Bank charges | 1,168,458 | 1,103,946 |
| Cleaning | 1,438,479 | 1,733,171 |
| Commission paid | 1,733 | 10,349 |
| Legal fees and licences | 534,910 | 853,620 |
| Consumables | 1,787,984 | 1,699,353 |
| Insurance | 1,246,153 | 1,243,187 |
| Lease rentals on operating lease | 26,122 | 51,160 |
| Marketing | 9,410,315 | 10,159,194 |
| Medical expenses | 12,711 | 44,196 |
| Printing and stationery | 598,999 | 599,717 |
| Promotions and entertainment | 2,342,829 | 3,045,714 |
| Security | 3,421,745 | 3,015,439 |
| Software expenses | 31,220 | 43,639 |
| Staff welfare | 2,135,437 | 2,923,239 |
| Telephone and fax | 547,551 | 714,509 |
| Travel and accommodation | 496,864 | 481,148 |
| Equipment replacement costs | 352,802 | 548,412 |
| Electricity | 16,807,435 | 16,687,374 |
| Water | 3,117,388 | 5,249,394 |
| Directors fees | 857,500 | 461,600 |
| Functions and equipment hire | 1,899,019 | 634,718 |
| Ticketing costs | 761,085 | 800,614 |
| Durban point waterfront levy and parking rates | 1,291,314 | 1,155,162 |
| Free parking | 96,287 | 18,996 |
| Other expenses | 1,530,803 | 1,355,982 |
| | **52,603,364** | **55,312,824** |

### 24. Taxation

No provision has been made for 2013 tax as an assessed loss of R 303,372,152 (2012: R 291,085,469) is available for set off against future taxable income. No deferred tax asset has been raised since there is no expectation of realisation.

### 25. Auditors' remuneration

| | | |
|---|---|---|
| Fees | 688,221 | 678,991 |
| Final | 519,620 | 567,625 |
| Interim | 168,601 | 111,366 |
| | **688,221** | **678,991** |

### 26. Operating lease

Lessor

The operating lease relate to rental contracts derived from uShaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 30 June 2018. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 10%.

# Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|---|---|---|

## 26. Operating lease (continued)

| | | |
|---|---|---|
| Not later than one year | 18,900,845 | 17,759,283 |
| Later than one year and not later than five years | 36,648,934 | 36,117,514 |
| | **55,549,779** | **53,876,797** |

## 27. Cash generated from operations

| | | |
|---|---|---|
| Deficit | (30,959,297) | (40,784,557) |
| **Adjustments for:** | | |
| Depreciation and amortisation | 36,391,777 | 35,043,010 |
| Loss on sale of assets | 745,654 | 819,377 |
| Interest income | (2,078,719) | (1,947,700) |
| Finance costs | 9,182,796 | 8,505,603 |
| Bad debt recoveries | (220,000) | - |
| Debt impairment | 78,082 | 346,824 |
| Movements in provisions | 428,269 | 1,809,538 |
| Asset impairment | 86,070 | - |
| Deferred income adjustment | 1,077,417 | 1,538,667 |
| Slow moving stock provision | 350,000 | - |
| **Changes in working capital:** | | |
| Inventories | (1,295,370) | (367,611) |
| Receivables from exchange transactions | (903,786) | (137,494) |
| Payables from exchange transactions | 7,554,703 | (2,953,978) |
| | **20,437,596** | **1,871,679** |

## 28. Related parties

### Related party balances

| | | |
|---|---|---|
| **Loan accounts - Owing to related parties** | | |
| - DBSA Village Walk (Refer note 13) | 2,957,611 | 3,655,854 |
| - DBSA Debenture compound instruments (Refer note 14) | 112,264,567 | 103,363,585 |
| **Amounts included in Trade Payables regarding related parties** | | |
| eThekwini Municipality | 2,321,762 | 2,282,609 |
| High Footprint Management (Pty) Ltd | - | 1,611,826 |
| South African Association for Marine Biological Research | 1,212,699 | 97,779 |
| **Amounts included in Trade Receivables regarding related parties** | | |
| eThekwini Municipality (Refer note 3) | - | 520,020 |
| South African Association for Marine Biological Research | 32,992 | 36,260 |

### Related party transactions

| | | |
|---|---|---|
| **eThekwini Municipality (Controlling Shareholder) (99.9% shareholding)** | | |
| Electricity (Refer note 23) | 16,807,435 | 16,687,374 |
| Water (Refer note 23) | 3,117,388 | 5,249,394 |
| Waste | 1,120,113 | 870,243 |
| Insurance | 1,246,153 | 1,243,187 |
| Advanced fire fighting | - | 33,056 |
| **Development Bank of Southern Africa (Minority Shareholder) (0.1% Shareholding)** | | |
| Interest on loans (Refer note 21) | 281,814 | 339,564 |
| Debentures (Refer note 21) | 8,900,982 | 8,166,039 |

### 28. Related parties (continued)

| Figures in Rand | 2013 | 2012 |
|---|---|---|
| **High Footprint Management (Pty) Ltd (Management Company)** | | |
| Management Fees | 6,284,917 | 6,786,609 |
| Reimbursed employee related costs (Refer note 19) | 45,709,657 | 57,969,965 |
| Included in revenue is rental received from Rowmoor 476 (Pty) Ltd | 475,004 | 1,501,244 |
| Included in the debtors balance is a balance due from Rowmoor 476 (Pty) Ltd | 116,336 | 138,815 |
| SS Ngcobo, a director of High Footprint Management has a 30% shareholding in tenant Rowmoor 476 (Pty) Ltd trading as Cape town fish market. | | |
| Whilst no negotiations were undertaken with Moyo (tenant) in the year under review, Shawn Thompson the Chief Executive Officer by means of a convertible loan has an indirect interest of 20% in Friedshelf (Pty) Ltd. A shareholder of Moyo is also a shareholder of Friedshelf (Pty) Ltd. Friedshelf (Pty) Ltd stopped trading in November 2012 and is in the process of voluntary liquidation. | | |
| **Three Cities Management Ltd (Shareholder of management company) (40% shareholding)** | | |
| Travel and accommodation costs | 57,096 | 20,714 |
| **Revenue received from related party** | | |
| eThekwini Municipality | 3,976,639 | 1,782,165 |
| Three Cities Management Ltd | - | 16,996 |
| **Amounts paid to Boogertman & Partners** | | |
| H.C. Rudham is a director of Mbatha Walters & Simpson, who are appointed as sub-consultants to Boogertman & Partners. | 1,316 | 28,786 |