



The area to the north marked in red, Erf 1814 or commonly referred to as Camp 39, is 517 hectares in size. Its inclusion into Camdeboo National Park will resolve a multitude of management challenges such as fence line maintenance, river crossings and increased biodiversity management.

In addition to the above, a mining application was made in the area known as Camp 39. Meetings were held with legal representatives to formalise an objection against this application. A submission was made to the consultant regarding the lack of consultation with interested and affected parties.

Sylvester the lion made his first escape from Karoo National Park in the beginning of June 2015. After an extensive search of 24 days, the lion was captured on the afternoon of the 29 June, re-collared and placed in the lion boma. An estimated number of 26 sheep and a kudu bull were killed by the lion on private landowners' property. The lion escaped for the second time on 28 March 2016 – after his first walkabout of three weeks in June last year. He was recaptured on 31 March 2016 by a team of rangers and trackers from the park. The lion was darted from the air by a SANParks Veterinarian in a mountainous area and needed to be transported down in a stretcher, on foot, for 3 km to the nearest awaiting vehicle. The lion is currently in the park's boma.

AENP hosted 18 black SMMEs from Motherwell to discuss the possibility of creating job opportunities for the area.

In August 2015, Prince Henry of Wales came to AENP on a private visit. His primary interest was the protection of rhino and the methods deployed to safeguard these threatened species.





## Cape Region (Table Mountain, West Coast, Bontebok, Agulhas and Tankwa Karoo National Parks)

The Cape Region experienced a 17% decline in visitor numbers and people participating in activities to the region over the first half of the financial year, which had a significant impact on conservation fees revenue realised. The decline in guests to parks was a result of a drop in visitor numbers to Table Mountain National Park (TMNP) and other visitor attractions in the Cape Town Metro. The exact reason for the decline could not be determined for Table Mountain National Park as reliable visitor data was absent. Major changes in foreign travel regulations did however play a role and the fact that certain key activity sites were closed during this period due to the March 2015 fires.

The region experienced a bumper summer season over the second half of the year, which wiped out the deficit in visitor numbers and revenue by the end of the financial year. Measures are being put in place to improve on the visitor data collection.

In the first quarter, the Cape Region provided a display at the Budget Vote Speech by the Minister of Environmental Affairs. The rangers had the opportunity to brief the Minister and Deputy Minister about their daily duties and challenges.

Shark Bay Donation Agreement: SANParks had several meetings with the Saldanha Bay Municipality and Dormell properties to finalise a donation agreement and to give input to the Shark Bay homeowners association's constitution. Comments from the West Coast National Park were sent to the SANParks Legal Services for input. A costing exercise was also undertaken to determine the cost of managing the donated land.

The management of Bontebok National Park has engaged the local municipality with a proposal to lease a small piece of land adjacent to the park entrance. The purpose of this is to ensure a green belt between the park and a developing industrial area.

In Agulhas National Park, coastal driving continues to be the problem and anglers breach barriers at Rietfontein. The reason for the closure is to curb illegal activities on the coast. The closure of the jeep track and other illegal access routes to the coast in Agulhas is being opposed by historical users and the parties are in discussion to come to an amicable solution.

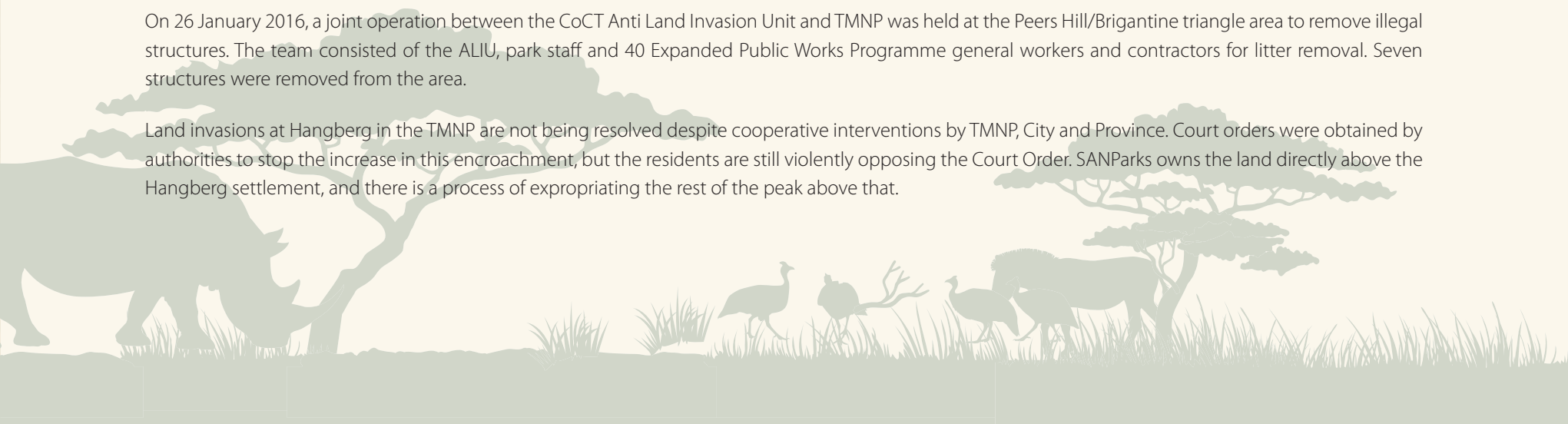
### Land Matters

Encroachments by the Rastafarian community at Ocean View in TMNP are still unresolved and removal of illegal shacks by rangers has become life threatening. There have been several threats made towards staff. After a recent fire in Ocean View, employees are working with the City of Cape Town (CoCT) Housing to try and permanently move the displaced families that lost their dwellings during the fire and prevent others moving in.

Six illegal structures were identified to be on the TMNP land in Ocean View and removed by SAPS and CoCT Anti-land Invasion Unit (ALIU).

On 26 January 2016, a joint operation between the CoCT Anti Land Invasion Unit and TMNP was held at the Peers Hill/Brigantine triangle area to remove illegal structures. The team consisted of the ALIU, park staff and 40 Expanded Public Works Programme general workers and contractors for litter removal. Seven structures were removed from the area.

Land invasions at Hangberg in the TMNP are not being resolved despite cooperative interventions by TMNP, City and Province. Court orders were obtained by authorities to stop the increase in this encroachment, but the residents are still violently opposing the Court Order. SANParks owns the land directly above the Hangberg settlement, and there is a process of expropriating the rest of the peak above that.







## TMNP fire management

A suspicion was raised that numerous recent fires were started deliberately in the South Peninsula. A Provincial Fire Task Team was established for investigating 45 fires that had been reported as intentional/malicious. The Task Team is made up of representatives from CoCT Special Investigation Unit, City Fire and Rescue Services, SAPS, SAPS Dog Unit, TMNP and a forensic fire investigator.

The maintenance of the peninsula firebreak network continued during this period and the effectiveness of well-maintained firebreaks played an integral role in protecting the urban edge.

Bontebok National Park in partnership with the Community Action Partnership (CAP), Swellendam Tourism Economic Empowerment Program (STEEP) and the Cape Town Cycling Tour Trust (CPCTT ) donated 10 mountain bikes to Bontebok Primary School. This particular group of learners participate monthly in the Park's Environmental Education Program.





## Arid Region (Kgalagadi Transfrontier, Richtersveld Transfrontier, Augrabies Waterfalls and Namaqua National Parks)

The drought in the Namaqua area was broken with 91mm of rain measured for June 2015. A good, but late flower season was experienced.

In Namaqua, very little rain fell in August, which did not bode well for the veld condition as the summer season approached. The poor veld condition resulted in significant ostrich mortalities and a planned ostrich capture exercise was cancelled.

Rains in February 2016 led to a substantial visible improvement in the veld conditions and greenness in the Kgalagadi.

Extreme weather conditions in mid-February damaged roofs at the Kalahari-tented camp and left the park with several uprooted trees.

During a Joint Management Board Meeting held in June 2015, the Khomani San Administrator informed SANParks that the Bushman Council would appoint a consultant to help with the decision-making regarding the Auob lodge proposals received.

A Richtersveld Community Management Committee (RGBK) meeting was held on 10 November 2015. It was agreed at this meeting that the renewal of the contractual park agreement should go ahead and submission in this regard was made to the SANParks Executive Committee meeting in December.





## Garden Route National Park (Tsitsikamma, Knysna and Wilderness Sections)

"TsitsiCarnival": As an intervention to attract local and black visitors into the Tsitsikamma Section of Garden Route National Park (GRNP), the Tsitsikamma staff hosted a carnival on 14 November 2015. Sponsorship from local businesses funded the event. Local youth groups presented various dance and musical performances. The theme was "creating a sense of hope by connecting society." The event recorded 774 visitors.

The "Tsitsikamma Refurbishment Project" is at an advanced stage. The construction site for the gate and admin building has been handed over and work has commenced by the contractor.

Tsitsikamma Zip-line: Following the successful conclusion of a legal case, the activity had been put out on tender. Only one bid was received, which went through the relevant adjudication process. Ratification to award the tender is being awaited and is due to be awarded in April 2016.

The Knysna-based water activities tender has been concluded and is due to be awarded in April 2016.

The Minister of Environmental Affairs gave approval in terms of Section 50 of the Protected Areas Act for the interim implementation of controlled line fishing in 20% of the Tsitsikamma MPA, and an agreement was entered into between the Tsitsikamma community and SANParks in this regard on 27 November 2015. This interim implementation of line fishing in the MPA was however, challenged by a group known as 'Friends of Tsitsikamma' and an urgent interdict was applied for. A High Court order was issued in January 2016 to SANParks to discontinue the pilot phase of the controlled access within the Tsitsikamma MPA. Comments on the said regulations were sent to the DEA.

An exciting sighting of the elusive Knysna Elephant occurred during February 2016 in the Knysna Section.

The Working for Water programme experienced a setback this past year and did not reach all their targets. High turnover of cluster and project managers resulted in a backlog and funds had to be reallocated to other regions. A new approach to the management of alien clearing by Working for Water teams was decided. Project Managers will be placed with section rangers to foster close working relationships and planning between the two functions.

GRNP Timber Harvesting: An intervention via Anglo American and the Jobs Fund has resulted in the establishment of a task team, which has six months to develop a turn-around strategy.





# PART C: CORPORATE GOVERNANCE

GGHNP - Scenic - Mushroom Rock





## 3. Part C: Corporate Governance

### 3.1 Corporate Governance Report

SANParks is a Schedule 3A Public Entity, and therefore fully adheres to the rules and regulations as set out in the Public Finance Management Act (PFMA) 1 of 1999 and applicable Treasury Regulations. In addition to this SANParks subscribes and is committed to comply, where applicable, with the principles and standards of integrity and accountability as contained in the recommendations of the King III Report on Corporate Governance.

#### Board of South African National Parks

The Board of SANParks is established by the Minister of Environmental Affairs by notice in the Government Gazette for the control, management and preservation of national parks and protection of public interest therein. The current Board was appointed from 1 April 2015 for the three-years ending 31 March 2018.

EXECUTIVE NON-EXECUTIVE		APPOINTMENT DATE	TERMINATION DATE
Ms J Yawitch (Chairperson)	Non-Executive	1 April 2015	N/A
Ms K Njobe	Non-Executive	1 April 2015	N/A
Mr ET Khumalo	Non-Executive	1 April 2015	9 November 2015
Dr CG Olver	Non-Executive	1 April 2015	N/A
Ms F Futwa	Non-Executive	1 April 2015	N/A
Ms BD Ferguson	Non-Executive	1 April 2015	N/A
Mr M India	Non-Executive	1 April 2015	N/A
Mr L Zita	Non-Executive	1 April 2015	N/A
Dr M Matlou	Non-Executive	1 April 2015	N/A
Mr MT Mokono	Non-Executive	1 April 2015	23 March 2016
Dr N Mzilikazi	Non-Executive	1 April 2015	N/A
Ms T Semane	Non-Executive	1 April 2015	N/A
Ms H Schoeman	Non-Executive	1 April 2015	N/A
Mr F Mketeni (CEO)	Executive	1 April 2015	N/A

#### Audit and Risk Committee

The Committee assists the Board through critically evaluating the Board's financial control measures, accounting practices, information systems and audit procedures. It performs this function continuously by way of close liaison with the executive management and with the Board's internal and external auditors. The Audit and Risk Committee must consists of at least four non-executive Board members and the Chief Executive Officer (CEO). Nominated representatives of the AGSA and DEA attend by standing invitation. The Committee may involve other members of management or external specialists in meetings for specific purposes. The authority and mandate of the Audit and Risk Committee, its duties and functions, its composition and its operations have been approved by the Board in the form of a detailed charter.

#### Risk Management

SANParks Board is accountable for the process of risk management, which is reviewed regularly for effectiveness. Appropriate risk and control policies are established and communicated throughout SANParks. The Board retains control through the final review of key risk matters affecting the organisation.

Risk management in SANParks is an on-going process, focused on identifying, assessing, managing and monitoring all known forms of significant risks across all operations. This has been in place for the year under review and up to the date of approval of the annual report and financial statements.

Management is involved in a continuous process of improving procedures to ensure effective mechanisms for identifying, managing and monitoring risks in



the following major broad risk management areas: business; fraud; safety, occupational health and environmental management and; operating and financial management.

**Business risk management** - The organisation has effective mechanisms in place for identifying and monitoring risks that impact on SANParks. The procedures for implementing the business risk management process include a focus on areas such as human capital assessment and development, technological development and business continuity.

**Fraud risk management** - The objective is to manage the fraud risk and to raise the level of fraud awareness among SANParks internal and external stakeholders. SANParks fraud prevention plan intends to reduce the risk of fraud and provide mitigating measures that will protect the interests of the organisation. The proactive approach consists of the responsibility for, prevention, detection, reporting, communication and reaction to fraud.

**Safety, occupational health and environmental management** - SANParks is committed to the promotion of environmental, health and safety principles and practices to create a safe and healthy environment for all and to meet the requirements of all safety legislation as a minimum standard.

**Financial risk management** - Controls are designed to give assurance that assets are safeguarded and that liabilities and working capital are managed effectively. Organisational policies, procedures, structures and approval framework provide for segregation of duties and contain self-monitoring mechanisms. Compliance is measured through regular reporting against the business goals, internal audit checks and external audit verification.

## Internal Control Systems

To meet its responsibility of providing reliable financial information, SANParks maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's delegated authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and that transactions are properly authorised and recorded. A three-year rolling internal audit plan has been completed by the Internal Auditors, but is reviewed annually, to ensure that risks identified in their risk assessment are adequately covered in their audit plan.

The system includes a documented organisational structure and division of responsibility, established policies and procedures, including a code of ethics to foster a strong ethical and internal control environment, which is communicated throughout the organisation, and the careful selection, training and development of staff.

Grant Thornton was appointed effective 1 April 2015 to provide internal audit services. The appointment was subject to open tender. Internal auditors monitor the operation of the internal control system and report findings and recommendations to management and the Audit and Risk Committee. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through the Audit and Risk Committee, provides oversight of the financial reporting process and internal control systems.

## Audit and Risk Committee Members:

EXECUTIVE OR NON-EXECUTIVE MEMBER		APPOINTMENT DATE	TERMINATION DATE
Dr CG Olver (Chairperson)	Non-Executive	1 April 2015	N/A
Ms F Futwa	Non-Executive	1 April 2015	N/A
Mr L Zita	Non-Executive	1 April 2015	N/A
Mr M Mokono	Non-Executive	1 April 2015	23 March 2016
Ms T Semane	Non-Executive	1 April 2015	N/A
Ms H Schoeman	Non-Executive	1 April 2015	N/A
Mr F Mketeni (CEO)	Executive	1 April 2015	N/A





### Conservation, Tourism and Socio-Economic Development Committee

The primary function of this Committee is to identify, acquire, develop and advise on the management of a system of national parks for South Africa. This Committee also monitors the application of both science and the ethics of conservation in SANParks and ensures that the Board is aware of international trends in biodiversity science and environmental management. The Committee further assists the Board in the formulation of policies especially with regard to reconciling conservation with human development needs by assessing and interpreting the significance of scientific and technological considerations.

The Committee must consist of at least four non-executive members of the Board. The Managing Executives of Conservation Services, Tourism and Marketing, Parks and Kruger Divisions are required at each meeting. In addition, the Committee may co-opt ad-hoc members as and when required. The Committee, as a primary responsibility, will recommend the strategic plans of the Conservation Services and Tourism and Marketing Divisions prior to submission to the Board. This will ensure congruence to the strategic plan, communicate its activities to the Board and recommend to the Board any policy or financial requirements that may require the Board's attention or approval. The Committee also monitors the performance of the Tourism and Marketing and Conservation Services Divisions and helps forge business and stakeholder linkages where possible. The Committee further ensures the maintenance of the balance between tourism developments against the core mandate of SANParks, which is conservation.

#### Conservation, Tourism and Socio-Economic Development Committee Members:

EXECUTIVE OR NON-EXECUTIVE MEMBERS		APPOINTMENT DATE	TERMINATION DATE
Ms K Njobe (Chairperson)	Non-Executive	1 April 2015	N/A
Mr T Khumalo	Non-Executive	1 April 2015	9 November 2015
Mr M India	Non-Executive	1 April 2015	N/A
Mr L Zita	Non-Executive	1 April 2012	N/A
Dr M Matlou	Non-Executive	1 April 2015	N/A
Mr M Mokono	Non-Executive	1 April 2015	23 March 2016
Dr N Mzilikazi	Non-Executive	1 April 2015	N/A
Mr F Mketeni (CEO)	Executive	1 April 2015	N/A

### Human Capital Management Committee

The Committee provides strategic advice to the Board and management on matters of Human Capital Management. The Committee formulates and reviews Human Resource and Remuneration policies as and when appropriate. The Committee consists of at least five non-executive members. The Head of Human Capital Management is required to attend each meeting by invitation.

#### Human Capital Management Committee Members:

EXECUTIVE OR NON-EXECUTIVE MEMBER		APPOINTMENT DATE
Ms B Ferguson (Chairperson)	Non-Executive	1 April 2015
Ms K Njobe	Non-Executive	1 April 2015
Dr M Matlou	Non-Executive	1 April 2015
Ms T Semane	Non-Executive	1 April 2015
Ms H Schoeman	Non-Executive	1 April 2015
Mr F Mketeni (CEO)	Executive	1 April 2015



Board and board sub-committee meetings held, and attendance by members are as follows:

	BOARD	CONSERVATION, TOURISM AND SOCIO-ECONOMIC DEVELOPMENT COMMITTEE	AUDIT AND RISK COMMITTEE	HUMAN CAPITAL AND MANAGEMENT COMMITTEE	CHAIRPERSONS COMMITTEE
Total no. of meetings	6	4	6	5	2
Ms J Yawitch	6	-	-	-	2
Ms K Njobe	6	3	-	5	1
Mr T Khumalo	1	-	-	-	-
Dr CG Olver	5	-	6	-	2
Ms F Futwa	4	-	6	-	-
Ms B Ferguson	6	-	-	5	2
Mr M India	5	4	-	-	-
Mr L Zita	6	4	6	-	-
Dr M Matlou	5	4	1	4	-
Mr M Mokono	3	3	3	-	-
Dr N Mzilikazi	4	2	-	-	-
Ms T Semane	6	-	3	2	-
Ms H Schoeman	3	-	4	5	-
Mr F Mketeni	6	3	6	5	-

## 3.2 Audit and Risk Committee Report

### Introduction

This report to the Board on how the Audit and Risk Committee has discharged its duties, has been prepared in accordance with good governance principles.

### Composition

The Audit and Risk Committee comprised six non-executive board members and one executive board member.

### Frequency and attendance of meetings

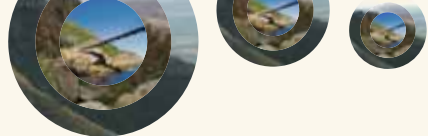
In addition to the committee members, the Head of Risk Management, Internal Auditors and the AGSA attend all committee meetings by invitation. During the year under review, the committee met six times. Attendance of meetings held during the year under review is presented on the corporate governance report.

### Overview

In adherence to the terms of the PFMA and the King III Code of Governance Principles, the Board (as the Accounting Authority) has established an Audit and Risk Committee and defined its composition, purpose and duties in the Audit and Risk Committee Charter. The Audit and Risk Committee complies with all legal and regulatory requirements as necessary under South African legislation, and has elected to apply the corporate governance principles for audit committees as required by King III. The Board has approved the terms of reference for the Audit and Risk Committee and all responsibilities are set out in detail therein.

In fulfilling its duties, the Audit and Risk Committee has:

- approved the internal audit plan;
- received and considered reports from internal auditors;
- reviewed and discussed the audited Annual Financial Statements with the AGSA, the CEO and the CFO;
- reviewed the adjustments resulting from external audit queries and accepted the unadjusted audit differences as they were not material; and



- reviewed the quality of the financial reporting and disclosures.

The Audit and Risk Committee recommended the adoption of the Annual Report to the Board. In this regard, the committee:

- considered all facts and risks that may impact on the integrity of the Annual Report; and
- reviewed and commented on the Financial Statements included in the Annual Report.

The Board subsequently approved the Annual Report, including the Financial Statements.

Following a review conducted during the year, and meeting the requirements of the terms of reference, the committee is satisfied that:

- SANParks internal financial controls are effective and no material weaknesses in financial control have been identified,
- the outsourced internal audit function performed their duties as per the terms of reference tabled in the Internal Audit Charter and addressed all components of the Internal Audit Plan,
- the external auditors of SANParks are independent,
- the finance function of SANParks is adequately skilled, resourced and experienced, and
- the CFO, Mr R Mahabeer, has the appropriate expertise and experience to meet the responsibilities of the position.

### Internal Audit

SANParks has an outsourced Internal Audit function, being provided by the firm Grant Thornton. The Internal Audit function provides the Board with assurance on the key areas of SANParks systems of internal control and risk management. The Internal Audit Plan and the Internal Audit Charter was reviewed and approved by the Committee. Internal Audit provides assurance that SANParks operates in a responsibly governed manner by performing the following functions:

- objectively assuring effectiveness of risk management and the internal control framework;
- analysing and assessing business processes and associated controls; and
- reporting audit findings and recommendations to management and the Audit and Risk Committee.

The Committee is of the opinion that SANParks system of internal financial controls is effective and provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements.

### Annual Financial Statements

The Audit and Risk Committee has reviewed the Annual Financial Statements for the year ended 31 March 2016 and concluded that it complies, in all material respects, with the requirements of GRAP. The Committee has reviewed the AGSA's Management Letter and management's response thereto and adjustments resulting from the audit and recommended the approval of the Annual Financial Statements to the Board.

### Conclusion

The Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

Dr CG Olver  
Chairperson

Pretoria  
31 July 2016



# PART D: HUMAN CAPITAL MANAGEMENT

Green Veld Conditions - KTP





## Part D: Human Capital Management

The corporate human capital management programme for the 2015/16 has been aligned to SANParks' strategic business requirements and the annual performance plan. The programme covers both policy and strategy imperatives, which are spread across the following areas:

- Employee Benefits
- Staff Procurement (Recruitment)
- Labour Relations
- Human Capital and Organisational Development
- Employee Wellness and Occupational Health and Safety
- Policy Development and Management

Employee benefits serve to attract and retain talented employees in organisations. SANParks provides several value-adding benefits other than remuneration, as part of the retention programme. These include the following:

- Medical aid post-retirement benefits
- Study bursary scheme (for employees and their children)
- Hostel fee subsidy for employee's children
- Comprehensive medical aid membership
- Membership of retirement and provident funds
- Funeral schemes
- Free holiday accommodation in national parks for employees

### Extension of Benefits to Fixed-Term Contract Employees

The benefits that were previously reserved for permanent employees were extended to fixed-term contract employees as per the Joint Collective Agreement signed between SANParks Management and Organised Labour. These included Annual leave, Occasional leave, Sick leave, 13<sup>th</sup> Cheque, Medical Aid Benefit, Retirement benefit, Long Service Awards, Housing Allowance and Boarding School subsidy for children of employees residing in the national parks. This development was in line with the dictates of the Labour Relations amendments that an employee employed on a fixed-term contract for more than three months must not be treated less favourably than an employee who is employed on a permanent basis performing the same or similar work, unless there is a justifiable reason for different treatment.

### Staff Procurement (Recruitment)

During the reporting period, SANParks recognises that its employees are fundamental to its success. It is against this backdrop that it therefore needs to be able to attract and retain staff of the highest calibre and a strategic, professional approach to recruitment is essential to do this. In this regard, the moratorium on appointments was lifted. Funded and unfunded vacancies were identified and black scientists were appointed. The narratives below shed more light on these aspects.

### Lifting of moratorium on appointments

The moratorium on appointments, which was initially imposed as a cost-curtailement measure, was lifted on 23 November 2015. The lifting of the moratorium implied that funded vacancies could be filled in accordance with the Delegation Framework. If there was a need to fill such vacancies with individuals other than women or people living with disabilities, the Chief Executive Officer's approval should be sought. Moreover, all the transfers of employees on Paterson Grade C and the requests to fill unfunded positions should be approved by the Chief Executive Officer.



## Funded and unfunded positions

During the period under review, 155 funded vacancies with the total financial implication of R49 193 273.05 and 95 unfunded vacancies with the financial implication of R23 251 268.15 were identified. To date, 107 have been filled. Moreover, funds will have to be put aside for the filling of the unfunded vacancies in the 2016/17 financial year.

The financial implications of the unfunded positions were worked out. The rationale was to make a submission to the Chief Financial Officer to make funds available in the 2016/17 financial year.

## Appointment of black scientists

Historically, it has been a challenge to find suitably qualified black scientists. However, Conservation Services Division successfully appointed the black scientists during the period under review as follows:

- Scientist: Marine Biology (Rondevlei) – Coloured Male
- Scientist: Marine Planner (Port Elizabeth) – Indian Female
- Scientist: GIS Planner (Port Elizabeth) – Indian Female (in process of offer)
- Scientist: Social Science (Rondevlei) – Black Male
- Scientist: Social Science (Cape Research Centre) – Coloured Female

## Organisational design

During the period under review, the Structural Adjustments Programme, which forms part of the Organisational Design Phase 1 was implemented. The Structural Adjustments Programme (SAP) seeks to examine the current Human Capital Management (HCM) issues and deliver proposals for the adjustments to SANParks Leadership.

The Structural Adjustments Programme has the following as key objectives

- To ensure compliance with the new Labour Relations amendments
- To ensure the filling of vacancies
- To standardise the Job Titles
- To correct the Job Grades
- To identify the factors that give rise to salary disparities
- To promote remuneration equity in the workplace
- To formalise the Establishment Tables and Organograms

The following milestones have been achieved:

- The Structural Adjustments Template was developed
- The Template was populated with relevant data
- The moratorium on appointments was lifted. Funded vacancies are being filled



Wellness in SANParks





- The benefits that were previously reserved for permanent employees have been extended to fixed-term contract employees as per the Joint Collective Agreement signed in Groenkloof on 9 December 2015. These include, Annual leave, Occasional leave, Sick leave, 13<sup>th</sup> Cheque, Medical Aid Benefit, Retirement benefit, Long Service awards, Housing Allowance and Boarding School subsidy for children of employees residing in the national parks
- Inconsistent Job Titles and Job Grades were identified
- The Establishment Tables and Organograms were compared and analysed for the identification of funded and unfunded vacancies
- Fixed-term contracts for 254 employees who have worked for more than three months were identified
- Guidelines on how to apply the principle of equal remuneration practically for work of equal value are being considered

## Labour Relations

### Compliance with labour legislation

One of the strategic intents of the labour relations programme for the financial year under review was to ensure that employees in the bargaining unit are remunerated at a level that attracts, retains and motivates them to achieve SANParks' strategic objectives. The year has been successful due to the positive results after salaries and conditions of service negotiations, extension of benefits to fixed-term contract employees and favourable awards from the commission for conciliation, mediation and arbitration.

SANParks complied with applicable labour legislation, which resulted in good governance and labour peace for the organisation. Consequently, there were no disputes lodged against SANParks for failure to comply with any labour legislation during the period under review.

## Union Activities

### Trade union membership in SANParks

The following recognised trade unions depicted in the table below played an active role within SANParks during the period under review:

TRADE UNION	TOTAL MEMBERSHIP
Health and Other Services Personnel Trade Union of South Africa (HOSPERSA)	1 812
National Education, Health and Allied Workers Union (NEHAWU)	781
South African Commercial, Catering and Allied Workers Union (SACCAWU)	656

### Trade Union Engagements (Consultations)

The Extension of Benefits to employees for temporary employees and fixed-term contracts were signed into effect on 9 December 2015 with HOSPERSA, NEHAWU and SACCAWU.

A Joint Consultation Meeting regarding Integrity Test Project was held with HOSPERSA and NEHAWU on 1 February 2016.

The Joint Task Team meeting comprised of HOSPERSA, NEHAWU and SANParks was held on 1 February 2016 for discussing the Housing Allowance, Medical Aid and Pension Fund.

On 23 and 24 February 2016, HOSPERSA, SACCAWU and SANParks met to consult on the following policies:

- Recruitment and Selection Policy and Procedure
- Medical Scheme Protocol
- Retirement Fund Policy
- Leave Policy
- Overtime Standard Operation Procedure



## Salaries and Conditions of Service Negotiations

The 2015/16 salaries and conditions of service negotiations between the HOSPERSA; NEHAWU, SACCAWU and SANParks were concluded after four sessions held during June and July 2015.

The signed Joint Salaries and Conditions of Employment Collective entailed the following:

- 10% increase across the board for employees in the Bargaining Unit. However, all employees under the cost to company packages (Paterson C and Upper), salaries were adjusted by 6%. Housing Allowance of R1 340.00 per month for A Band employees and R2 076.00 per month for B Band employees who reside outside the Park.
- Danger Allowance of R349.92 per month for field rangers and R140.40 for employees who work at the Environmental Crime Division, Conservation Services, Technical Services and Tourism.
- Special Danger Allowance of R59.40 per night is payable to field rangers, lance corporals, corporals and security officers.
- Dog Handler Allowance of R216.00 per month is payable to qualifying employees.
- Sleep-out Allowance of R54.00 is payable to qualifying employees.
- Night shift Allowance of R59.40 is payable to qualifying employees.
- The 13th Cheque is payable to qualifying employees at the end of November each year.

## Labour Peace

During the period under review, there were no disputes that resulted in industrial action.

## Discipline

### Disciplinary action

Comparisons of disciplinary statistics for the past two financial years are displayed below:

Sanctions	2014/15	2015/16
• Warnings	297	345
• Dismissals	39	37

The number of warnings instituted during the period under review has increased compared to the previous financial year, whilst the number of dismissals has slightly decreased as depicted above.

### Suspensions

There were 28 suspensions during the period under review. Of the total amount, 26 suspensions were attended to and two are still pending.

### Appeals

There were 35 appeals during the period under review. Of the total amount, 21 appeals were attended to and 14 are still pending.

### Grievances

There were 86 grievances lodged during the period under review. Sixty grievances were resolved and 26 are still pending. The above indicates that 70% of the grievances were resolved during the period under review.



## Management of labour litigation

Labour disputes were managed efficiently to ensure minimum liability for SANParks as per the statistics below:

- 22 Cases were referred to the CCMA. 11 were settled under the auspices of the CCMA, three were closed, one condonation was denied and one was partly ruled in favour of applicant. 12 cases are currently pending.
- There were six Labour Court cases during the period under review, one was ruled in favour of SANParks and five cases are currently pending.

SANParks, is currently standing at 69% success rate on CCMA cases and the prospects of success are good for the pending CCMA and labour court cases.

## Labour relations training

- The Labour Relations office conducted Employees' Rights and Responsibilities Workshop for the employees in various Parks throughout the organisation and 443 employees were trained during the period under review.
- 53 employees were trained on the Labour Law Amendments in the KNP.
- 20 employees were trained on managing workplace discipline and incapacity in the workplace for Marula and Corporate Regions in the KNP.

## Learning and development

The SANParks, in its endeavour to ensure that its workforce has the right skills, in the right positions has committed to invest at least 3% of its total payroll towards employees skills development, which is more than the 1% set by the National Skills Levy Act. For the 2015/16 financial year, SANParks in aligning its strategic plan and associated initiatives with government's 12 outcomes articulated the following objectives for Learning and Development:

- A. Ensuring that at least 95% of its workforce meets minimum educational requirements, in order to execute their duties effectively. The target has been achieved through the implementation of the following interventions:
  - Registering employees on learnerships in conservation (Feld Rangers) with the Southern African Wildlife College.
  - Registering employees for Trade Skills Training with relevant TVETs.
  - Register employees who qualify with institutions of higher learning to further their studies as per the job requirement.
  - Recognition of Prior Learning (RPL) process to be implemented to assist employees with no formal qualifications who have extensive experience to acquire recognised qualifications.
- B. 85% progress against implementation of skills development programme skills, and to date the organisation has achieved 88% against the set annual training plans:
  - Environmental Management Investigation (EMI) training benefited 750 Field Rangers.
  - 103 employees were recipients of Employee Bursary Loans to further their education with institutions of higher learning. Eight were PHD candidates in conservation related studies and 25% are female candidates.
  - Adult Basic Education and Training (ABET) level 1 and 2 project was implemented in the KNP, Marakele National Park and Golden Gate Highlands

National Park for 50 employees with the objective of developing foundation towards lifelong learning and development within the unskilled workforce. SANParks, in its endeavour to contribute to the National Skills Development Strategy, hosted 170 interns (63 in collaboration with SANBI Groen Sebenza project and 21 with South African College of Tourism). This programme strives to provide graduates with meaningful experiential learning to increase their chances of employability

## Performance management

Performance management for individuals and the organisation was given a strategic focus for the 2015/16 financial year. The focus was to inculcate further a culture of performance and productivity within the organisation. The following were embarked on based on set strategic initiatives or interventions:

- To review the performance management policy, processes and procedures.

- To train employees on performance management.
- Have a change management process to inculcate a culture of performance.

During the financial year under review, the performance unit reviewed the performance management policy, which was approved by the SANParks executive Committee and the Board. Performance Management workshops were conducted on the changes for the benefit of employees in C - F Bands. The focus on training was more with managers and supervisors for them to understand the performance management systems and how to implement them. For effective implementation and culture change, leadership commitment and support is key and in this case SANParks leadership is committed and driving the process from the top.

## Transformation Annual Report

For SANParks, transformation is a fundamental change process, which affects every aspect of our business, either directly or indirectly. The ultimate purpose of transformation is to address the systematic exclusion of the majority of South Africans from full participation in the economy, particularly black South Africans, people with disabilities and women.

Transformation is managed through the Human Capital Management Division (Transformation Unit) and the SANParks Central Committee, which review monthly and quarterly progress respectively, and by executive management teams and employee-elected transformation forums in each business unit. The transformation forums serve as consultation partners to management on transformation-related issues and generally have both management and employee representatives, including unions, and diverse race and gender representation.

Employment equity targets are set annually for the representation of black people, women and people with disabilities at all occupational levels.

The table below illustrates SANParks progress in respect of the drive around employment equity.

OCCUP. LEVEL	MALE				FEMALE				FOREIGN NATIONAL		TOTAL BLACK	TOTAL WHITE	TOTAL MALE	TOTAL FEMALE	TOTAL EMPLOYEES
	A	C	I	W	A	C	I	W	M	F					
F	1	0	1	1	2	0	0	1	0	0	4	2	3	3	6
	33%	0%	33%	33%	67%	0%	0%	33%	0%	0%	67%	33%	50%	50%	
E	14	5	2	19	7	1	0	4	0	0	29	23	40	12	52
	35%	13%	5%	48%	58%	8%	0%	33%	0%	0%	56%	44%	77%	23%	
D	75	20	5	77	45	16	3	47	3	0	164	124	180	111	291
	42%	11%	3%	43%	41%	14%	3%	42%	1%	0%	56%	43%	62%	38%	
C	191	46	1	42	151	34	1	48	0	1	424	90	280	235	515
	68%	16%	0%	15%	64%	14%	0%	20%	0%	0%	82%	17%	54%	46%	
B	966	289	1	21	286	112	3	28	0	1	1 657	49	1 277	430	1 707
	76%	23%	0%	2%	67%	26%	1%	7%	0%	0%	97%	3%	75%	25%	
A	741	54	0	1	571	87	0	2	0	0	1 453	3	796	662	1 456
	93%	7%	0%	0%	86%	13%	0%	0%	0%	0%	100%	0%	55%	45%	
TOTAL PERM	1 988	414	10	161	1 062	250	7	130	3	2	3 731	291	2 576	1 451	4 027
TOTAL TEMP	526	151	4	83	447	149	1	43	0	1	1 278	126	764	641	1 405
TOTAL	2 514	565	14	244	1 509	399	8	173	3	3	5 009	417	3 340	2 092	5 432

Note: A = Africans, C= Coloureds, I= Indians and W=Whites



## Organisational Development

The objective for the unit is to encourage excellent performance through organisational development and design engagements.

### Job profiling and evaluation

SANParks has adopted a new Job Profiling System (SJPS). The system has brought with it key advantages and benefits. Amongst others, the system is cost effective since no external parties are involved in the entire job profiling and evaluation process.

## Occupational Health and Safety (OHS) programme

SANParks' priority areas for OHS in 2015/16 was the reduction of workplace incidents and ensuring that the workplace environment was made safer by reduction of injuries to improve worker safety which could lead to morale boosting. Legal compliance monitoring continued in line with the Occupational Health and Safety Act and the Compensation for Occupational Injuries and Diseases Act.

SANParks started moving away from the old concept of OHS management to a much more modern and sophisticated OHSAS 18001 management system in 2015. The benefits of the OHSAS 18001 are that they are best practice based and globally recognised.

The occupational health and safety policy has since been reviewed to incorporate environmental management and quality. A Safety, Health, Environment and Quality (SHEQ) framework has been developed and formulated to accommodate and streamline the implementation of the organisational integrated Safety, Health, Environment and Quality (SHEQ) management system.

SANParks is rolling out the OHSAS 18001 management system by incorporating the Integrated Management System (IMS). The IMS concept of the Safety, Health, Environment and Quality (SHEQ) management system seeks to establish the integration of Safety, Health, Environment and Quality (Safety, Health, Environment and Quality (SHEQ)) system where OHS, environmental management and quality management are meant to merge to align to ISO international standards i.e. OHSAS 18001, ISO 14001 and ISO 9001 respectively.

The integration is bringing with it a lot of positive benefits for the organisation in terms of best practice and global exposure:

- SANParks has continued with planned structured inspections and targeted audits to monitor progress and identify shortfalls thus aiding continuous improvement to the current systems and programs.
- Provided employees with the capabilities, knowledge and resources necessary to instil personal ownership and motivation to achieve OHS excellence through training.
- Maintained a secure work environment to protect workers, contractors and the organisation's assets from risks of injury, property loss or damage resulting from hostile acts.
- Analysis and monitoring of incident trends and legislative compliance monitoring across the organisation so that adequate advice and guidance is provided timeously.

### Workplace incidents that were reported during the period under review:

- Fatal incidents reported = one employee was accidentally shot by a colleague whilst on patrol when a buffalo charged at them and he got in the line of fire (fatal) incident
- Disabling injuries = 43
- Man-days lost due to injury = 438

	Actual 2014/15
Total Lost Time Accidents (LTA)	138
Total number of reported injury incidents	708
Work related deaths	1
Disabling Injuries (Over 3 Days off duty due to injury)	43





## Employee Wellness Programme

SANParks, as the caring organisation, prioritises safety and wellness of its employees. The programme is about promoting employee work-life balance, and in achieving that, a series of initiatives took place to ensure achievement of a healthy balance between emotional, physical, social and spiritual dimensions.

A myriad of education and awareness activities aimed at promoting healthy lifestyle took place during the year under review; this was done in collaboration with expert organisations, for example, cancer association for cancer awareness.

Psychosocial support/counselling services to employees and their family is outsourced to Metropolitan Health. There was a general slow start and underperformance by the Metropolitan contract and this affected the utilisation of personal support services. However, stringent contract and critical incident management strategies put in place led to marked improvement on service access and turnaround time, this is evident with the establishment of two onsite clinics in KNP (Mopani and Skukuza).

The year under review was plagued by family, relationships and money issues that happen to be interrelated. To remedy this, workshops were arranged across parks on financial management, and in some parks diversity and conflict management courses were recommended as a response plan to the Human Capital Management.

## Policy development

Legislative compliance, including adherence to international treaties and agreements, regional protocols, national legislation and organisational policies and procedures, is critical to good corporate governance. It underpins the organisations integrity and accountability, supports its principles and mandate linking these directly to the day-to-day business of the organisation. Legislative compliance, also affords the organisation certain rights and protection.

SANParks has established a Policy Management and Compliance Committee with representation nominations from all divisions, including Human Capital

Management, to serve as policy coordinators, to fulfil policy governance requirements in line with the approved framework. In 2015, the Department of Environmental Affairs (DEA) initiated a process of ensuring that all human resources policies of State Owned Entities that fall under its control are reviewed, developed and aligned.

The four DEA SOEs are:

- iSimangaliso Wetland Park Authority (iSimangaliso)
- South African National Biodiversity Institute (SANBI)
- South African National Parks (SANParks)
- South African Weather Service (SAWS).





**The human capital policies were subsequently reviewed and/or developed during the 2015/2016 financial year:**

- Leave Standard Operating Procedure
- Recruitment and Selection Policy and Procedure
- Disciplinary Policy and Procedures
- Job Evaluation Policy
- Performance Management Policy
- Skills Attraction and Retention Policy
- Pension / Provident Fund Policy
- Medical Aid Standard Operating Procedure
- Grievance Policy
- Employment Equity Policy
- Vehicle, Tool of Trade and Financing Policy
- Safety, Health, Environment and Quality Management Policy
- Integrated Wellness Policy
- Overtime Standard Operating Procedure





## Human Resource Oversight Statistics

The public entity must provide the following key information on human resources:

- All the financial amounts must agree to the amounts disclosed in the annual financial statements.
- Where considered appropriate, provide reasons for variances.

### REASONS FOR STAFF LEAVING:

Reason	Number	% of total no. of staff leaving
Death	22	10%
Resignation	106	50%
Dismissal	37	18%
Retirement	31	15%
Ill-health	11	5%
Expiry of contract	0	0%
Other - Absconded	4	2%

### EMPLOYMENT CHANGES

Salary Band	Employment at beginning period - 31 March 2015	Appointments	Terminations	Employment at the end of period - March 2016
Top management - F	5	2	1	6
Senior Management - E	54	4	8	50
Professional qualified - D	308	7	23	292
Skilled - C	551	17	45	523
Semi-skilled - B	1 708	66	85	1 689
Unskilled - A	1 420	70	49	1 441
<b>Total</b>	<b>4 046</b>	<b>166</b>	<b>211</b>	<b>4 001</b>







**Employment and vacancies per job category:**

Programme/ activity/objective	2015/2016	2015/16	2015/16	2015/16	% of vacancies
	No. of employees (Warm Bodies)	Approved posts	Filled posts	Vacancies	
Top Management - F	6	7	6	1	14,29
Senior Management - E	50	58	50	8	13,79
Professional Qualified D	292	315	292	23	7,30
Skilled - C	523	568	523	45	7,92
Semi-skilled - B	1 689	1 774	1 689	85	4,79
Unskilled - A	1 441	1 490	1 441	49	3,29
<b>Total</b>	<b>4 001</b>	<b>4 001</b>	<b>4 001</b>	<b>211</b>	<b>5,01</b>

**Personnel cost by salary band**

Level	Personnel Expenditure	% of personnel expenditure to total personnel costs	No. of employees	Average personnel cost per employee
Top Management	10 573 083.29	1,28%	7	1 510 440.47
Senior Management	57 338 541.47	6,94%	57	1 005 939.32
Professional Qualified	183 649 959.51	22,23%	317	579 337.41
Skilled	147 265 017.69	17,83%	577	255 225.33
Semi-Skilled	258 246 753.48	31,27%	1 783	144 838.34
Unskilled	168 888 939.59	20,45%	1 495	112 969.19



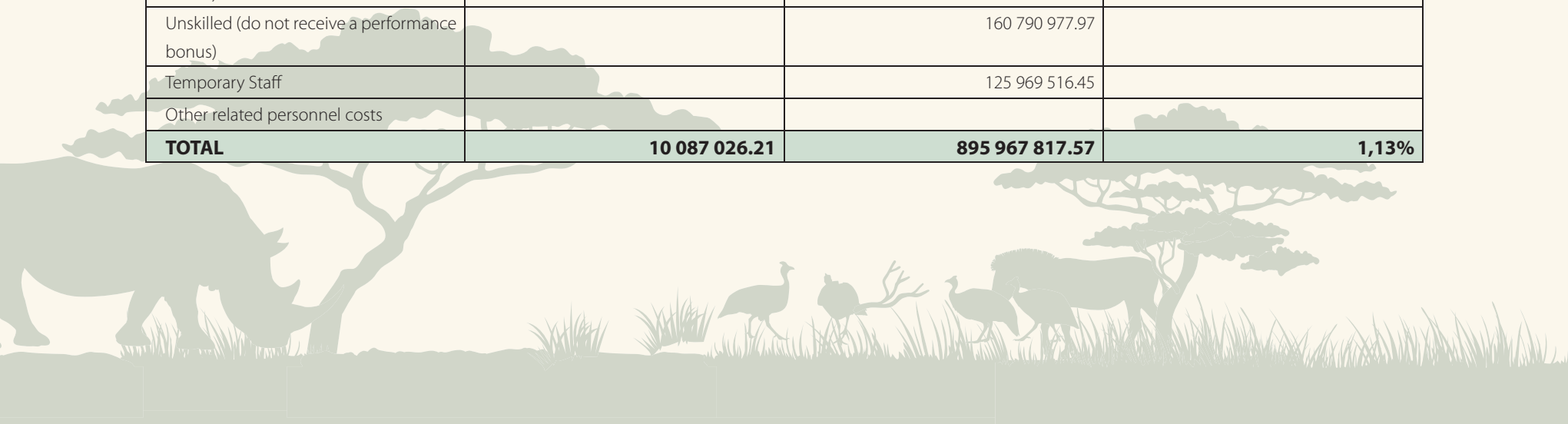


## Performance awards

Programme/ activity/ objective	Performance Rewards	Personnel Expenditure	% of performance rewards to total personnel costs
Top Management	391 313.22	10 573 083.29	3,70%
Senior Management	1 508 330.51	57 338 541.47	2,63%
Professional Qualified	4 871 751.00	183 649 959.51	2,65%
Skilled	3 315 631.48	147 265 017.69	2,25%
Semi-skilled and discretionary decision making (do not receive a performance bonus)		258 246 753.48	
Unskilled (do not receive a performance bonus)		168 888 939.59	
Temporary Staff		135,810,394.91	
Other related personnel costs			
<b>TOTAL</b>	<b>10 087 026.22</b>	<b>961 772 689.94</b>	<b>1,05%</b>

## Finances

Programme/ activity/ objective	Performance Rewards	Personnel Expenditure	% of performance rewards to total personnel costs
Top management	391 313.22	10 392 498.80	3,77%
Senior management	1 508 330.51	54 186 281.32	2,78%
Professional qualified	4 871 751.00	167 387 651.25	2,91%
Skilled	3 315 631.48	134 340 253.98	2,47%
Semi-skilled and discretionary decision making (do not receive a performance bonus)		242 900 637.80	
Unskilled (do not receive a performance bonus)		160 790 977.97	
Temporary Staff		125 969 516.45	
Other related personnel costs			
<b>TOTAL</b>	<b>10 087 026.21</b>	<b>895 967 817.57</b>	<b>1,13%</b>





# PART E: ANNUAL FINANCIAL REPORT



Spitskop Lookout in Garden Route National Park





## 5. PART E: ANNUAL FINANCIAL REPORT

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## South African National Parks

### Auditor General's Report on Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

## Report of the Auditor-General to Parliament on South African National Parks

### Introduction

1. I have audited the financial statements of the South African National Parks set out on pages 134 to 213, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

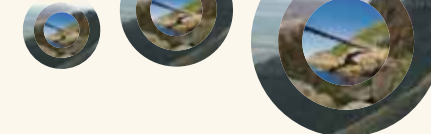
6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Parks as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standard of GRAP and the requirements of the PFMA.

## Report on Other Legal and Regulatory Requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following



## South African National Parks

### Auditor General's Report on Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:

- Objective 1: Optimised economic contribution through tourism and associated activities on pages 25 to 31.
  - Objective 2: Enhanced conservation and ecological integrity of National Parks system on pages 32 to 37.
  - Objective 3: Optimised socio-economic beneficiation on pages 38 to 43.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for any of the objectives selected as indicated in paragraph 8 above.

#### Additional matters

12. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

#### Achievement of planned targets

13. Refer to the annual performance report on pages 25 to 50 for information on the achievement of the planned targets for the year.

#### Adjustment of material misstatements

14. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Optimised Economic Contribution through Tourism and Associated Activities, Enhanced Conservation and Ecological Integrity of National Park System and Optimised Socio-Economic Beneficiation. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

#### Unaudited supplementary information

15. The supplementary information set out on page 52 to 131 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

#### Compliance with legislation

16. I performed procedures to obtain evidence that the public entity had compiled with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

#### Internal control

17. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor-General*  
Pretoria | 29 July 2016



AUDITOR-GENERAL  
SOUTH AFRICA



## South African National Parks

### Statement of Financial Position as at 31 March 2016

Annual Financial Statements for the year ended 31 March 2016

		2016	2015
	Note(s)	R'000	R'000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	30 755	33 958
Receivables from exchange transactions	3	36 682	39 404
Receivables from non-exchange transactions	4	19 562	1 000
Cash and cash equivalents	5	981 552	882 817
		<b>1 068 551</b>	<b>957 179</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	1 606 858	1 452 090
Intangible assets	7	36 155	34 591
Heritage assets	8	535 202	500 071
Receivables from exchange transactions	3	163 644	160 369
		<b>2 343 859</b>	<b>2 147 121</b>
<b>Total Assets</b>		<b>3 412 410</b>	<b>3 104 300</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	9	1 712	3 504
Finance lease obligation	10	4 123	3 287
Trade and other payables from exchange transactions	11	253 138	219 287
Liabilities from non-exchange transactions	12	405 725	476 030
Provisions	13	46 365	37 968
Reservation deposits	14	276 656	249 703
		<b>987 719</b>	<b>989 779</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	9	-	1 712
Finance lease obligation	10	3 071	3 011
Employee benefit obligation	15	486 196	456 647
Provisions	13	163 644	160 369
		<b>652 911</b>	<b>621 739</b>
<b>Total Liabilities</b>		<b>1 640 630</b>	<b>1 611 518</b>
<b>Net Assets</b>		<b>1 771 780</b>	<b>1 492 782</b>
Accumulated surplus		1 771 780	1 492 782





## South African National Parks

### Statement of Financial Performance

Annual Financial Statements for the year ended 31 March 2016

		2016	2015
	Note(s)	R'000	R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Tourism, Retail, Concession and Other	16	1 497 892	1 355 861
Sales - fauna and flora	17	48 791	31 368
Other operating income	18	37 134	26 324
Interest and royalties received	19	37 189	31 070
<b>Total revenue from exchange transactions</b>		<b>1 621 006</b>	<b>1 444 623</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and other funding	20	1 265 772	1341 169
Donations	21	16 936	12 644
<b>Total revenue from non-exchange transactions</b>		<b>1 282 708</b>	<b>1 353 813</b>
<b>Total revenue</b>		<b>2 903 714</b>	<b>2 798 436</b>
<b>Expenditure</b>			
Employee related costs	22	(907 600)	(871 215)
Depreciation and amortisation	23	(82 601)	(71 380)
Finance costs	24	(1 191)	(1 088)
Operating lease payments	28	(115 142)	(112 974)
Repairs and maintenance	25	(80 618)	(76 963)
Operating expenses	26	(1 434 360)	(1 373 875)
<b>Total expenditure</b>		<b>(2 621 512)</b>	<b>(2 507 495)</b>
<b>Operating surplus</b>		<b>282 202</b>	<b>290 941</b>
Loss on disposal of assets	29	(3 204)	(3 003)
<b>Surplus for the year</b>		<b>278 998</b>	<b>287 938</b>





## South African National Parks

### Statement of Changes in Net Assets

Annual Financial Statements for the year ended 31 March 2016

Accumulated  
surplus  
R'000

**Balance at 1 April 2014**

**1 352 598**

Changes in net assets

Surplus for the year

287 938

Adjustments

Correction of errors

(147 754)

**Balance at 1 April 2015**

**1 492 782**

Changes in net assets

Surplus for the year

278 998

**Balance at 31 March 2016**

**1 771 780**





## South African National Parks

### Cash Flow Statement

Annual Financial Statements for the year ended 31 March 2016

	Note(s)	2016 R'000	2015 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from exchange transactions		1 586 541	1 440 594
Cash receipts from non-exchange transactions		1 193 841	579 083
Interest income		37 189	31 070
		<u>2 817 571</u>	<u>2 050 747</u>
<b>Payments</b>			
Employee costs		(878 051)	(823 317)
Suppliers		(1 553 249)	(852 704)
Finance costs		(363)	(567)
Finance costs on current borrowings		(828)	(521)
		<u>(2 432 491)</u>	<u>(1 677 109)</u>
<b>Net cash flows from operating activities</b>	32	<b><u>385 080</u></b>	<b><u>373 638</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(242 117)	(289 041)
Proceeds from sale of property, plant and equipment		1 072	3 906
Purchase of other intangible assets	7	(3 394)	(8 027)
Expenditure from conditional grants		(284 535)	(286 007)
Cash received from conditional grants		285 684	318 694
Purchases of heritage assets	8	(35 131)	(16 634)
Net movement in concession assets		-	(3 792)
<b>Net cash flows from investing activities</b>		<b><u>(278 421)</u></b>	<b><u>(280 901)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(3 504)	(3 504)
Finance lease payments		(4 420)	(1 639)
<b>Net cash flows from financing activities</b>		<b><u>(7 924)</u></b>	<b><u>(5 143)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>98 735</b>	<b>87 594</b>
Cash and cash equivalents at the beginning of the year		882 817	795 223
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>981 552</u></b>	<b><u>882 817</u></b>





## South African National Parks

### Statement of Comparison of Budget and Actual Amounts

Annual Financial Statements for the year ended 31 March 2016

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R '000	R '000	R '000	R '000	R '000
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Tourism, Retail, Concession and Other	1 434 401	-	<b>1 434 401</b>	1 497 892	<b>63 491</b>
Sales - fauna and flora	50 000	-	<b>50 000</b>	48 791	<b>(1 209)</b>
Other operating income	18 189	-	<b>18 189</b>	37 134	<b>18 945</b>
Interest and royalties received	18 564	-	<b>18 564</b>	37 189	<b>18 625</b>
<b>Total revenue from exchange transactions</b>	<b>1 521 154</b>	<b>-</b>	<b>1 521 154</b>	<b>1 621 006</b>	<b>99 852</b>
<b>Revenue from non-exchange transactions</b>					
<b>Transfer revenue</b>					
Government grants and other funding	519 280	-	<b>519 280</b>	1 265 772	<b>746 492</b>
Donations	5 687	-	<b>5 687</b>	16 936	<b>11 249</b>
<b>Total revenue from non-exchange transactions</b>	<b>524 967</b>	<b>-</b>	<b>524 967</b>	<b>1 282 708</b>	<b>757 741</b>
<b>Total revenue</b>	<b>2 046 121</b>	<b>-</b>	<b>2 046 121</b>	<b>2 903 714</b>	<b>857 593</b>
<b>Expenditure</b>					
Employee related costs	(903 417)	-	<b>(903 417)</b>	(907 600)	<b>(4 183)</b>
Depreciation and amortisation	(97 983)	-	<b>(97 983)</b>	(82 601)	<b>15 382</b>
Finance costs	(1 500)	-	<b>(1 500)</b>	(1 191)	<b>309</b>
Operating lease payments	(116 926)	-	<b>(116 926)</b>	(115 142)	<b>1 784</b>
Repairs and maintenance	(79 913)	-	<b>(79 913)</b>	(80 618)	<b>(705)</b>
Operating expenses	(615 803)	-	<b>(615 803)</b>	(1 434 360)	<b>(818 557)</b>
<b>Total expenditure</b>	<b>(1 815 542)</b>	<b>-</b>	<b>(1 815 542)</b>	<b>(2 621 512)</b>	<b>(805 970)</b>
<b>Operating surplus</b>	<b>230 579</b>	<b>-</b>	<b>230 579</b>	<b>282 202</b>	<b>51 623</b>
Loss on disposal of assets	-	-	-	(3 204)	<b>(3 204)</b>
<b>Surplus for the year before extraordinary items</b>	<b>230 579</b>	<b>-</b>	<b>230 579</b>	<b>278 998</b>	<b>48 419</b>
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>230 579</b>	<b>-</b>	<b>230 579</b>	<b>278 998</b>	<b>48 419</b>



## South African National Parks

### Statement of Comparison of Budget and Actual Amounts

Annual Financial Statements for the year ended 31 March 2016

R'000

#### Reconciliation between actual and budget statement of financial performance

##### Variances on Budget

##### Surplus as per the statement of financial performance

278 998

Revenue from exchange transactions is more than budget due to increased unit occupancy. The increase in unit occupancy is influenced by the two long weekends experienced in March 2016. The two weeks public school holidays during March 2016 had a positive impact as evidenced by the increase in visitor numbers.

(99 852)

Revenue from non-exchange transactions variance is due to the following:

(757 741)

- Infrastructure grant income is below budget as a result of less income realised than anticipated. Infrastructure grant income is realised in accordance with GRAP 23, which makes it challenging to accurately budget for the grant income that will qualify as revenue during the financial year.
- Special projects income is included in revenue from non-exchange transactions but is not budgeted for as it falls outside SANParks normal operations.
- Donations received are in excess of the budget as they are influenced by individual donors.
- Land grant income realised during the current financial year, which is a conditional grant that can only be realised once the conditions of the grant have been met.

86 624

(813 842)

(11 249)

(19 274)

Total expenditure variance results from the following:

805 970

- The main contributor to this negative variance is the special projects and infrastructure operational expenditure, which has been accounted for but not budgeted for. The reason for this is because these operating expenses fall outside of SANParks normal operating activities. When this expenditure is removed from normal operating activities, a saving in total expenditure is achieved.
- Saving on the normal operating expenses

841 954

(35 984)

Loss on disposal of assets not budgeted for

3 204

##### Net surplus/(deficit) per approved budget

**230 579**





## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

## 1. Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act No 1 of 1999).

The financial statements were prepared on the accrual basis of accounting and incorporated the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standard of GRAP accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 1.1 Underlying concepts and comparative figures

The financial statements are prepared on the going concern basis using accrual accounting.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so in which case they are applied prospectively.

### 1.2 Inventories

SANParks inventories include consumables, retail goods and fuel.

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 SANParks 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





## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

specific identification of the individual costs.

The cost of inventories is assigned using the first-in first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to SANParks.

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.

Inventories, which exclude fauna and flora are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business adjusted for any selling expenses. Cost is determined by the first-in-first-out method.

### 1.3 Financial instruments

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

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

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

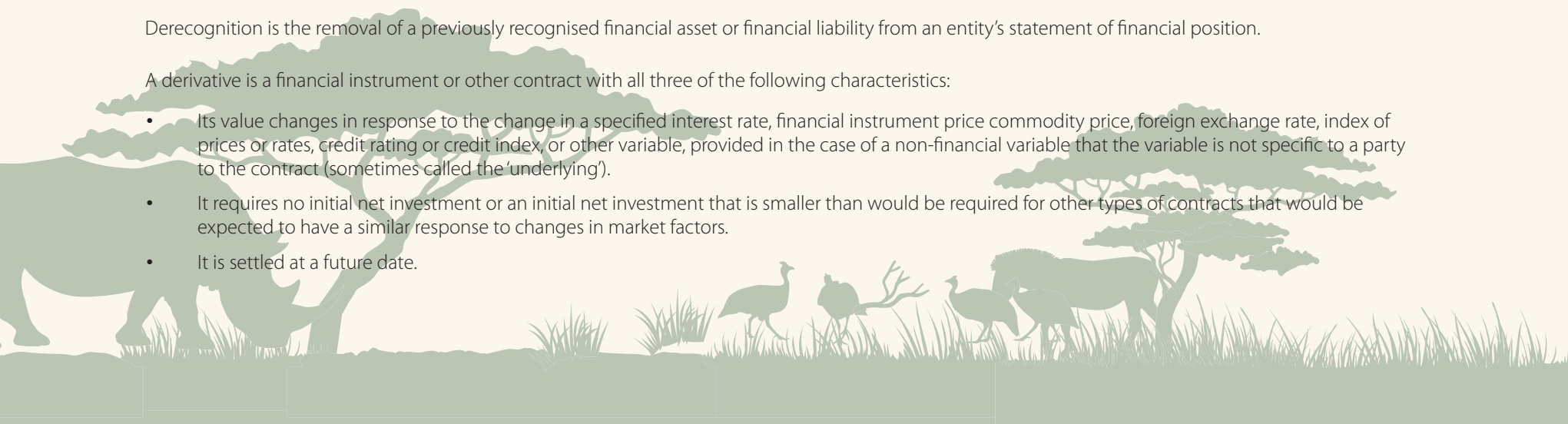
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

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





## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.3 Financial instruments (Continued)

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

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

A financial asset is:

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

A financial 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.

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

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

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

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

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

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

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

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



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

affecting all similar financial instruments traded in the market.

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

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

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

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

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

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

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

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

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

#### Classification

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

CLASS	CATEGORY
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at cost





## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.3 Financial instruments (Continued)

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

CLASS	CATEGORY
Post-retirement health benefit obligation	Financial liability measured at fair value
Long term borrowings	Financial liability measured at amortised cost
Long term liabilities from non-exchange liabilities	Financial liability measured at cost
Trade and other payables from exchange transactions	Financial liability measured at cost
Provisions	Financial liability measured at cost
Short term portion of long term liabilities	Financial liability measured at amortised cost
Reservation deposits held	Financial liability measured at cost
Liabilities from non-exchange transactions	Financial liability measured at cost

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

The fair value of a financial asset or a financial liability is the amount the asset could be exchanged and the liability settled between knowledgeable willing parties in an arm's length transaction.

Financial instruments at costs are financial assets and financial liabilities that do not have a quoted market, price in an active market and whose fair value cannot be reliably measured.

#### Initial recognition

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

#### Initial measurement of financial assets and financial liabilities

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

#### Subsequent measurement of financial assets and financial liabilities

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

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

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



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, SANParks establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available reference to the current fair value of another instrument that is substantially the same discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

#### Reclassification

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

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

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

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

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

#### Gains and losses

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

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

#### Impairment and uncollectibility of financial assets

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



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.3 Financial instruments (Continued)

##### Financial assets measured at amortised cost

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

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

##### Financial assets measured at cost

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

##### Derecognition

###### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

###### Financial assets

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.





## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset and the associated liability nor the revenue and the associated expenses are offset.

#### Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

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

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

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

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.4 Property, plant and equipment

##### **Property, plant and equipment are tangible items that:**

- are held for use in the production or supply of goods or services for rental to others or for administrative purposes; and
- are expected to be used during more than one reporting period.

##### **Recognition**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

##### **Measurement at recognition**

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

Where an asset is acquired at no cost or for a nominal cost, its cost shall be measured at its fair value as at the date of acquisition.

Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees, direct materials, labour and overhead expenses. Interest costs on borrowings to finance the construction of infrastructure are capitalised during the period of time that is required to complete and prepare the infrastructure for its intended use and form part of the cost of the asset.

##### **Elements of cost**

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

##### **Subsequent measurement**

SANParks chose to use the cost model as its accounting policy and applies this policy to the entire class of property, plant and equipment.

After initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

##### **Depreciation amount and depreciation period**

The depreciable amount of an asset has been allocated on a systematic basis over its useful life.

The residual value and the useful life of an asset has been reviewed at least annually and, if expectations differ from previous estimates, the change(s) have been accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

Where significant parts of an item have different useful lives or pattern in which future economic benefits are expected to be consumed, to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

ITEM	AVERAGE USEFUL LIFE
Buildings and infrastructure	Straight line over 20 to 50 years
Vehicles, machinery and mechanical equipment	Straight line over 5 to 8 years
Aircraft	Straight line over 5 to 20 years as componentised
Furniture, office equipment and computer software	Straight line over 3 to 10 years

Depreciation of these assets commences when the assets are ready for their intended use.

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

#### Derecognition

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

Land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter over the term of the relevant lease.

#### Impairment of property, plant and equipment

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

SANParks assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. No such indication existed at the end of the current financial reporting period.







## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

##### Recognition

An intangible asset is recognised when:

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

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.

##### Initial measurement

An intangible asset is measured:

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

##### Subsequent measurement

An intangible asset is measured:

- after initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses; and
- amortisation is calculated on a straight line basis and the useful life varies between 3 and 10 years and is reviewed annually.

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.

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.

##### Impairment of Intangible Assets

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

SANParks assesses at each reporting date whether there is any indication that the computer software may be impaired. No such indication existed at the end of the current financial reporting period.



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#### 1.6 Heritage assets

Heritage assets are assets, which have a cultural, environmental, historical, natural, scientific, technological, or artistic significance, and are held indefinitely for the benefit of present and future generations.

Classes of Heritage Assets include conservation areas such as national parks. This land is reflected as a heritage asset of SANParks.

Characteristics often displayed by heritage assets include the following:

- Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in monetary terms.
- Ethical, legal and/or statutory obligations may impose prohibitions or severe stipulations on disposal by sale.
- They are often irreplaceable.
- Their value may increase over time even if their physical condition deteriorates.
- They have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural, scientific, technological, artistic or historical significance.
- They are protected kept unencumbered, cared for and preserved.

#### Recognition

A heritage asset shall be recognised as an asset if, and only if:

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

SANParks holds heritage assets through conservation areas in national parks that are regarded as heritage assets. SANParks does not recognise heritage assets, which on initial recognition, do not meet the recognition criteria of a heritage asset because they cannot be reliably measured. Relevant and useful information about them has been disclosed in the notes to the financial statements.

#### Initial measurement

A heritage asset that qualifies for recognition as an asset, shall be measured at its cost. When it is acquired through a non-exchange transaction, it will be measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

SANParks assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, SANParks estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset. The transfer will be made at the carrying value of the heritage asset.



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#### Derecognition

SANParks derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

#### 1.7 Impairment of cash-generating assets

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

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

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

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

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

Depreciation and/or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

#### Identification

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

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

Irrespective of whether there is any indication of impairment, SANParks 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

The 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, SANParks estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and SANParks applies the appropriate discount rate to those future cash flows.

#### Basis for estimates of future cash flows

In measuring value in use SANParks:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence





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- base cash flow projections on the most recent approved financial budgets/forecasts but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used unless a higher rate can be justified.

#### 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.

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

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

#### Reversal of impairment loss

SANParks 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.

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

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

#### Impairment of cash-generating assets

allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of 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.



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#### 1.8 Impairment of non-cash generating units

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

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

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

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

Depreciation and/or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

At each reporting date, a review is carried out to determine whether there are any indications that any non-cash generating assets and non-cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or non-cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost and recognised in the revaluation reserve in respect of assets at revalued amounts.

##### Identification

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

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

##### Value in use

The 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, SANParks estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and SANParks applies the appropriate discount rate to those future cash flows.

##### 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.



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The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the SANParks would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized 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.

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.

#### Recognition and measurement

SANParks assess 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.

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

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.

Any impairment loss of a revalued non-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 non-cash-generating asset to which it relates, SANParks recognises a liability only to the extent that is a requirement in the Standards of GRAP.

#### 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.





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#### 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.

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

Finance leases as per the GRAP 13 refers to a contract that transfers the risk's rewards rights and obligations incident to ownership, and is recorded as a purchase of equipment by means of long-term borrowings. All other leases are classified as operating leases.

##### 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 to produce a constant periodic rate on the remaining balance of the liability.

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

A finance lease gives rise to a depreciation expense for depreciable assets and finance expense for each accounting period. The depreciation policy for depreciable-leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standard of GRAP on Property, Plant and Equipment and on Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

##### Operating leases - lessee

Assets acquired under leases where all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term or another basis if more representative of the time pattern of the user's benefit. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Where an operating lease is terminated before the lease expiry date, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

#### 1.10 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

##### Recognition

Provisions are recognised when:



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- SANParks 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 SANParks settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of SANParks.

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



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#### 1.10 Provisions and contingencies (Continued)

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 asset is a possible asset, which arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because;
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

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.

SANParks 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 SANParks 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 SANParks considers that an outflow of economic resources is probable, SANParks recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and



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- the amount of the fee initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

#### 1.11 Employee benefits

Employee benefits are all forms of consideration given by SANParks in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of SANParks, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to SANParks' own creditors (even in liquidation) and cannot be paid to SANParks, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to SANParks to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- SANParks decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits and to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice published policies or a sufficiently specific current statement, an entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-Term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 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 social security 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 12 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 12 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 free or subsidised goods or services such as housing, cars and cellphones) for current employees.





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#### 1.11 Employee benefits (Continued)

When an employee has rendered service to the entity during a reporting period the entity recognise 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, SANParks 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. SANParks 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 recognise the expected cost of bonus incentive and performance related payments when SANParks 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.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which SANParks provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise of expense adjustments (other than non-transferable financial instruments issued by the reporting entity) that are held by



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an entity (a fund) that is legally separate from the reporting entity, and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation) and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation, which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit, liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains and losses on the plan assets less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay the employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly; and
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate, which reflects the time value of money.



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#### 1.11 Employee Benefits (Continued)

Adjustments arising from the limit above are recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset.

- Current service cost
- Interest cost
- The expected return on any reimbursement right
- Actuarial gains and losses
- Past service cost
- The effect of any curtailments or settlements
- The effect of applying the limit on a defined benefit asset (negative defined benefit liability)

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit /years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined obligations and the related current service cost and, where applicable, past service cost an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service), or until
- the date when further service by the employee will lead to no material amount of further benefits under the plan other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment and settlement occurs. The gain or loss on curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement the entity re-measures the obligation (and the related plan asset, if any) using current actuarial assumptions (including current market interest rates and other current market prices).



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When it is virtually certain that another party will re-imburse some or all 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 planned assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net amount recognised for reimbursement.

The entity offsets an asset relating to one plan against the liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle the obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### Post-Employment Benefits: Defined Benefit Plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability SANParks recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting SANParks) that are held by SANParks (a fund) that is legally separate from the reporting SANParks, and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting SANParks' own creditors (even in liquidation) and cannot be returned to the reporting SANParks, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or SANParks; or
- the assets are returned to SANParks to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation, which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.





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### Accounting Policies

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#### 1.11 Employee benefits (Continued)

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from SANParks informal practices. Informal practices give rise to a constructive obligation where SANParks has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in SANParks informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). SANParks measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

SANParks determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

SANParks recognises the net total of the following amounts in surplus or deficit except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- Current service cost
- Interest cost
- The expected return on any plan assets and on any reimbursement rights
- Actuarial gains and losses
- Past service cost
- The effect of any curtailments or settlements and
- The effect of applying the limit on a defined benefit asset (negative defined benefit liability)

SANParks uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and where applicable past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable past service cost, SANParks shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years SANParks shall attribute benefit on a straight-line basis from:



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- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

SANParks recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, SANParks re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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 not presented as the net of the amount recognised for a reimbursement.

SANParks offsets an asset relating to one plan against a liability relating to another plan when SANParks has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations at the reporting date for the period over which the obligations are to be settled.

The rates used to discount post-employment benefit obligations reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history or other reliable evidence indicates that those state benefits will change in some predictable manner for example in line with future changes in general price levels or general salary levels.

Assumptions about medical costs, take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.



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#### 1.11 Employee benefits (Continued)

##### Other post retirement obligations

SANParks 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 amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

SANParks shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- Current service cost
- Interest cost
- The expected return on any plan assets and on any reimbursement right recognised as an asset
- Actuarial gains and losses which shall all be recognised immediately
- Past service cost which shall all be recognised immediately and
- The effect of any curtailments or settlements

##### Termination benefits

SANParks recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.
- SANParks is demonstrably committed to a termination when the SANParks has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
  - the location, function, and approximate number of employees whose services are to be terminated;
  - the termination benefits for each job classification or function; and
  - the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.



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In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

#### 1.12 Service Concession Arrangements

Service Concession Arrangements arise from the service concession agreements that SANParks has with different Public Private Partnerships (PPP). These arrangements give the operator the right to build and operate an infrastructure asset within the national park. The operator also has to pay SANParks a concession fee as agreed upon in the specific PPP agreement. These transactions give rise to assets (infrastructure and other movable assets), liabilities and revenues that are accounted for in the manner outlined below:

##### Assets

##### Recognition

The grantor shall recognise an asset provided by the operator and an upgrade to an existing asset of the grant or as a service concession asset if:

- the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them and at what price;
- the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the asset at the end of the term of the arrangement.

##### Initial Measurement

The grantor shall initially measure a new service concession asset that meets the concession asset recognition criteria, at its fair value.

Where an existing asset meets the conditions of a concession asset, the grantor shall reclassify the asset as a concession asset. The reclassified service concession asset shall be initially measured and accounted for, in accordance with the Standards of GRAP on Investment Property, (GRAP 16) Property Plant and Equipment (GRAP 17), Intangible Assets (GRAP 31), or Heritage Assets (GRAP 103), as appropriate.

##### Subsequent measurement

After initial recognition or reclassification, service concession assets shall be initially measured and accounted for (in all respects), in accordance with the Standards of GRAP on Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17), Intangible Assets (GRAP 31), or Heritage Assets (GRAP 103), as appropriate.

##### Liability

##### Recognition

Where the grantor recognises a service concession asset, the grantor shall also recognise a liability. The grantor shall not recognise a liability where an existing asset of the grantor is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

##### Initial Measurement

Where the grantor has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the grantor shall account for the liability recognised as a financial liability.

The liability arising from concession asset recognition shall be initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration (e.g. cash) from the grantor to the operator or from the operator to the grantor.





## South African National Parks

### Accounting Policies

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#### 1.12 Service Concession Arrangements (Continued)

##### Subsequent Measurement

##### The Financial Liability Model

Subsequent to initial measurement, the Standard of GRAP on Financial Instruments (GRAP 104) applies to the financial liability recognised above.

The grantor shall allocate the payments to the operator and account for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charges and charges for services provided by the operator in a service concession arrangement shall be accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the grantor to the operator shall be allocated by reference to the relative fair values of the service concession asset and the services. Where the asset and service components are not separately identifiable, the service component of payments from the grantor to the operator is determined using estimation techniques.

##### Grant of a Right to the Operator Model

Where the grantor does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the grantor shall account for the liability, as the unearned portion of the revenue arising from the exchange of assets between the grantor and the operator.

The grantor shall recognise revenue and reduce the liability recognised, according to the substance of the services concession arrangement.

##### Other Liabilities

The grantor shall account for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the Standard of GRAP on Provisions, Contingent Assets (GRAP 19) and Financial Instruments (GRAP 104).

##### Other Revenues

The grantor shall account for revenues from a service concession arrangement, other than those specified under Grant of a right to the operator model in accordance with the Standard of GRAP on Revenue from Exchange Transactions (GRAP 9).

##### Derecognition

Service Concession Arrangements are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of service concession arrangements is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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



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### Accounting Policies

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#### 1.13 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.

Applying the Probability Test on Initial Recognition of Revenue

This Interpretation of the Standards of GRAP provides guidance on how an entity applies the probability test on initial recognition of revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction and uncertainty exists about the entity's ability to collect such revenue based on past history or because discretion about collectability is exercised subsequently.

This interpretation of Standards of GRAP is applicable to SANParks based on experience where less than 100% of the revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction is expected.

SANParks recognises the full amount of exchange and non-exchange revenue based on the terms of the arrangement with each debtor, notwithstanding its knowledge based on experience.

Consideration is given to whether there is objective evidence that an impairment loss has been incurred when making the impairment assessment for subsequent measurement of the receivables at the reporting date.

SANParks derives revenue from exchange and non-exchange transactions. 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. Examples of exchange transactions include:

- The rendering of services, revenue from tourism, retail, and concession fees;
- the sale of goods and services, the sales of fauna and flora; and
- interest from investment income.

#### Rendering of services

Where 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 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.

- Accommodation income is accrued on a daily basis.



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#### 1.13 Revenue from exchange transactions (Continued)

- Conservation levies are recognised on a daily basis and other tourist related activities are recognised upon commencement of the activity.
- Wild Card sales are amortised over the validity period of the Wild Card.

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales are recognised upon delivery of the products and customer acceptance.

##### Interest and royalties received

Revenue arising from the use by others of SANParks assets yielding interest is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the amount of revenue can be measured reliably.

Interest is recognised using the effective interest rate method on a time proportion basis.

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

##### Measurement of revenue from exchange transactions

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

At the time of initial recognition, it is inappropriate to assume that the collectability of amounts owing to SANParks by individual recipients of goods or services will not occur because SANParks has an obligation to collect all revenue.

##### Exchange transactions

The following is included in revenue from exchange transactions:

- Tourism, retail, concession and other.

##### Concession income

Income from concessions granted to operators to build, operate and transfer lodges, and from rental of facilities to operators is recognised as it accrues over the period of the agreement.



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#### Management fees

Management fees for managing special projects are recognised on a monthly basis, based on the services performed.

#### Rent received

Rent received is accrued on a daily basis in accordance with the substance of the relevant agreements.

#### 1.14 Revenue from non-exchange transactions

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

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

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, 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 entity.

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

As SANParks 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 recognise an amount of revenue equal to that reduction.

#### 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.





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### Accounting Policies

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#### 1.14 Revenue from non-exchange transactions (Continued)

##### Measurement

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

The following are the major classes of revenue from non-exchange transactions, the basis on which the fair value of inflowing resources has been measured:

- **Operational** grants received: Revenue from operational grants received shall be measured at the amount of the increase in net assets which in this case will be the net proceeds received from DEA;
- **Land infrastructure grant:** Revenue from Land Infrastructure Grant shall be measured at the amount of the increase in net assets which in this case will be the net proceeds received from the DEA. If conditions are attached to the grant, a liability will be recognised and shall be the best estimate of the amount required to settle the present obligation at the reporting date. When a liability is subsequently reduced because a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue;
- **Donations received:** Revenue from donations received shall be measured at the amount of the increase in net assets which in this case will be the net proceeds received from the various donors; and
- **Special projects grant:** Revenue from special projects grant shall be measured at the amount of the increase in net assets which in this case will be the net proceeds received from the DEA and other funders. If conditions are attached to the grant, a liability will be recognised and shall be the best estimate of the amount required to settle the present obligation at the reporting date. When a liability is subsequently reduced because a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

##### Assets arising from non-exchange transactions

##### Recognition

An inflow of resources from a non-exchange transaction, other than services in kind, that meets the definition of an asset shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- the fair value of the asset can be measured reliably. SANParks recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

##### Initial measurement

An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

##### Subsequent measurement

The assets arising from a non-exchange transaction are subsequently measured in terms of the respective standard that the asset relates to.

##### Liabilities arising from non-exchange transactions

##### Recognition

A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when and only when:

- it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation. Apart from Services in kind which are not recognised SANParks 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.

##### Initial measurement

The amount recognised as a liability shall be the best estimate of the amount required to settle the present obligation at the reporting date.



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### Subsequent measurement

The liabilities arising from a non-exchange transaction are subsequently measured in terms of the respective standard that the liability relates to.

#### Stipulations

Assets may be transferred with the expectation and/or understanding that they will be used in a particular way and, therefore, that the recipient entity will act or perform in a particular way. Where laws, regulations or binding arrangements with external parties impose terms on the use of transferred assets by the recipient, these terms are stipulations as defined in this Standard of GRAP. A key feature of stipulations as defined in this Standard, is that an entity cannot impose a stipulation on itself, whether directly or through an entity that it controls.

#### 1.15 Revenue recognition

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.

#### Applying the Probability Test on Initial Recognition of Revenue

This Interpretation of the Standards of GRAP provides guidance on how an entity applies the probability test on initial recognition of revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction and uncertainty exists about the entity's ability to collect such revenue based on past history or because discretion about collectability is exercised subsequently.

This interpretation of Standards of GRAP is applicable to SANParks based on experience where less than 100% of the revenue where credit is extended for the settlement of an exchange or non-exchange revenue transaction, is expected.

SANParks recognises the full amount of exchange and non-exchange revenue based on the terms of the arrangement with each debtor, notwithstanding its knowledge based on experience.

Consideration is given to whether there is objective evidence that an impairment loss has been incurred when making the impairment assessment for subsequent measurement of the receivables at the reporting date.

#### 1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including:

- this Act; or
- the State Tender Board Act 1968 (Act No. 86 of 1968) or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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



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#### 1.16 Irregular expenditure (Continued)

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

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

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

#### 1.17 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 correction of error 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 correction of error.

#### 1.18 Commitments

Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date. These amounts are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance as the annual financial statements are prepared on the accrual basis and prior delivery no accrual can be recognised. These items are, however, disclosed as part of the disclosure notes.

The commitments disclosed in the disclosure note are the aggregate amount of capital and current expenditure approved and contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements.

Material contracts entered into after the reporting date but prior to the approval of the financial statements will be disclosed under subsequent events in the report of the Accounting Authority. Other commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note if both the following criteria are met:

- non-cancellable contracts or only cancellable at significant cost contracts; and
- contracts that related to something other than the routine, steady, state business of the entity were taken into consideration.

In calculating commitments, the following was taken into account pertaining to tenders awarded:

- the period of the tender awarded;
- amounts already paid pertaining to that tender/contract;
- amounts for which invoices have been received and which are therefore included in accruals should be deducted; commitments loaded on the procurement systems;



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

- commitments not loaded on the procurement system.

A distinction was made between capital and current commitments and between approved and contracted commitments and approved but not yet contracted for commitments.

Approved and contracted commitments are where the expenditure has been approved and the contract has been awarded at the reporting date.

Approved but not yet contracted commitments are where the expenditure has been approved and the contract is awaiting finalisation at the reporting date.

#### 1.19 Taxation

##### Income Tax

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act 1962 (Act No. 58 of 1962).

##### Value Added Tax (VAT)

SANParks accounts for VAT on the invoice basis as stipulated in Section 15 of the VAT Act regulating that every vendor shall account for VAT on the invoice basis unless differently approved by the SARS.

#### 1.20 Accounting policies, estimates and errors

##### Change in accounting estimate

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of a period consumption of an asset, the results from the assessment of the present status, of and expected future benefits and obligations associated with assets and liabilities. Change in accounting estimate result from new information and new developments and are not correction of errors.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- the period of the change if the change affects that period only; or
- the period of the change and future periods if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net assets, it shall be recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

##### Prior period errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use or misuse of reliable information that:

- was available when financial statements for that period were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of the error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period).





## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.20 Accounting policies, estimates and errors (Continued)

When it is impracticable to determine the cumulative effect at the beginning of the current period the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

##### Change in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

An entity shall change an accounting policy only if the change:

- is required by a standard of GRAP; or
- results in the financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

A change in accounting policy shall be applied retrospectively, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

When is it impracticable to determine the period-specific effects of changing an accounting policy on comparative information of one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of the assets and liabilities as at the beginning of the earliest period of which retrospective application is practicable, which may be the current period, and shall make a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect at the beginning of the current period of applying a new accounting policy to all prior periods, the entity shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable.

#### 1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others), a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control;
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified above; and
- a person identified as a related party has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

SANParks does not disclose the value of transactions with other public sector entities as the transactions were concluded within normal operating procedures and on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person.

### 1.22 Segment reporting

Consolidated Financial Statements (segment consolidation) provide an overview of assets, liabilities, revenues and costs of an entity. Public entities control significant public resources and provide a wide variety of goods and services in different geographic areas, with different socio-economic conditions. Segment reporting was thus introduced to enable users to have information about the different segments that make up the composite financial statements. The objective of segment reporting is therefore to provide information about the specific operational objectives and major activities of an entity and the resources devoted to and costs of these objectives and activities in the different socio-economic or geographical areas that the entity operates in.

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

SANParks shall therefore report separately, information about each segment that has been identified. SANParks shall disclose the geographical areas in which it operates, that are relevant for decision-making purposes as segments.

### Disclosure

An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates. To give effect to that principle, an entity shall disclose the following:

- general information;
- information about reported segment surplus or deficit including specified revenues and expenses included in reported segment surplus or deficit, segment assets, segment liabilities and the basis of measurement; and
- reconciliations of the totals of segment revenues, reported segment surplus or deficit, segment assets, segment liabilities and other material segment items to corresponding entity amounts.

### General Information

An entity shall disclose the following general information:

- factors used to identify the entity's reportable segments including the basis of organisation;
- whether segments have been aggregated and the basis of the aggregation;
- types of goods and/or services delivered by each segment; and



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

#### 1.22 Segment reporting (Continued)

- Information about surplus or deficit assets and liabilities.

##### Information about surplus or deficit, assets and liabilities

An entity shall report a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management. An entity shall also disclose the following about each reportable segment if the specified amounts are included in the measure of segment surplus or deficit reviewed by management, or are otherwise regularly provided to management, even if not included in that measure of segment surplus or deficit:

- external revenue from non-exchange transactions;
- external revenue from exchange transactions;
- interest revenue;
- interest expense; and
- depreciation and amortisation.

##### Reconciliations

An entity shall provide reconciliations of all of the following:

- The total of the reportable segments' revenues to the entity's revenue.
- The total of the reportable segments' measures of surplus or deficit to the entity's surplus or deficit before discontinued operations.
- The total of the reportable segments' assets to the entity's assets.
- The total of the reportable segments' liabilities to the entity's liabilities.
- The total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity.

Where the totals of such revenues, expenditures, surplus or deficits, segment assets and segment liabilities reported on the segments can be referenced to the exact amounts in the annual financial statements, performance of the above reconciliation will not be necessary.

#### 1.23 New standards and interpretations

##### Standards and interpretations effective and adopted in the current year

The following standards of GRAP have been approved by the Minister and the effective date has been determined as the current financial year, are as follows:

GRAP 18: Segment reporting - This standard of GRAP is applicable to SANParks and has been accounted for in the preparation of the Annual Financial Statements.

GRAP 105: Transfers of functions between entities under common control - This standard of GRAP is not applicable to SANParks.

GRAP 106: Transfers of functions between entities not under common control - This standard of GRAP is not applicable to SANParks.

GRAP 107: Mergers - This standard of GRAP is not applicable to SANParks.

The following standards of GRAP have been approved, but for which the Minister of Finance has not determined the effective date. SANParks has not applied any of these standards. The impacts of these standards on SANParks when they do become effective are as follows:



## South African National Parks

### Accounting Policies

Annual Financial Statements for the year ended 31 March 2016

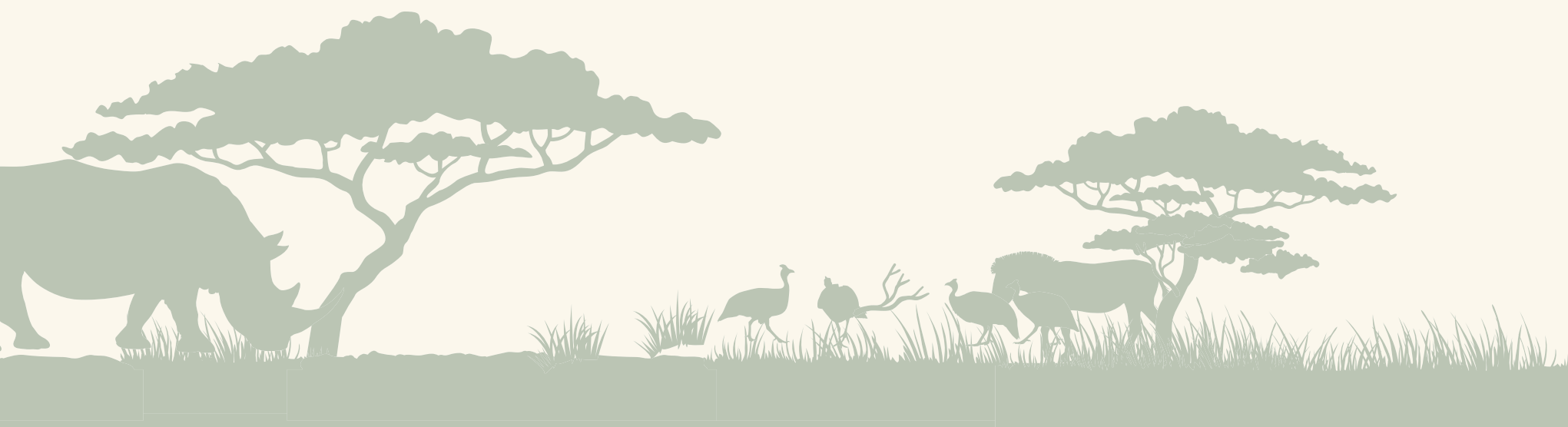
GRAP 108: Statutory Receivables– Unlikely to have an impact on SANParks.

GRAP 109: Accounting by Principals and Agents. Unlikely to have an impact on SANParks.

The following standards have been approved, but are not yet effective. These standards were used to formulate an accounting policy:

GRAP 32: Service Concession Arrangements: Grantor - The potential impact is that concession assets may be recognised by SANParks once the standard becomes effective.

GRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset - The potential impact is that concession assets may be recognised by SANParks once the standard becomes effective.







## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>2. Inventories</b>		
Raw materials	223	-
Consumable	16 979	18 636
Retail goods and fuel	13 553	15 322
	<b>30 755</b>	<b>33 958</b>
<b>3. Receivables from exchange transactions</b>		
<b>Current assets</b>		
Trade receivables	29 007	15 406
Prepayments	297	1 746
Debtors control - other	10 353	20 405
Provision for doubtful debts	(2 975)	(1 874)
VAT receivable	-	3 721
	<b>36 682</b>	<b>39 404</b>
<b>Trade debtors age analysis</b>		
Current (0-30 days)	15 383	8 490
31 - 60 days	3 767	3 224
61 - 90 days	1 839	1 286
91 - 120 days	1 009	408
Over 120 days	7 009	1 998
	<b>29 007</b>	<b>15 406</b>
<b>Reconciliation of provision for doubtful debts</b>		
Opening balance	(1 874)	(230)
Amount provided	(1 101)	(1 644)
	<b>(2 975)</b>	<b>(1 874)</b>
<b>Non-current assets - Receivables from exchange transactions</b>		
Opening balance	160 369	156 577
Increase in provision	3 275	3 792
	<b>163 644</b>	<b>160 369</b>





# South African National Parks

## Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>4. Receivables from non-exchange transactions</b>		
<b>Special projects receivables</b>		
Opening balance	(1 000)	1 161
Opening balance - transfer from note 12	51 469	-
Special projects grants received	(617 921)	(11 350)
Interest received	(9 001)	-
Grant amount utilised	696 953	11 189
	<b>19 562</b>	<b>1 000</b>
<b>Working for Water</b>		
Opening balance	(51 051)	-
Grant income	(585 471)	-
Interest received	(7 469)	-
Grant amount utilised	662 437	-
	<b>18 446</b>	<b>-</b>
<b>EPWP</b>		
Opening balance	(418)	-
Grant income	(31 450)	-
Interest received	(1 532)	-
Grant amount utilised	34 516	-
	<b>1 116</b>	<b>-</b>
<b>Other</b>		
Opening balance	1 000	1 161
Special projects grants received	(1 000)	(11 350)
Grant amount utilised	-	11 189
	<b>-</b>	<b>1 000</b>

SANParks receives conditional grants from different funders. Normally SANParks contracts with the funder over the budget for which the special project the grant is funded. For projects whose lifespan exceeds one reporting period, SANParks will contract with the funder to receive the funds in stages. It so happens that sometimes SANParks will incur the expenditure for the projects and receive the funds/cash at a later stage. The closing balance for this account therefore represents cash receivable from the special projects for expenses incurred to date, which are within the allocated funds of the projects.



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>5. Cash and cash equivalents</b>		
Cash on hand	356	345
Bank balances	719 211	598 040
Short term investments	261 985	284 432
	<b>981 552</b>	<b>882 817</b>
<b>Bank balances per institution</b>		
First National Bank	719 199	597 850
Standard Bank	12	190
	<b>719 211</b>	<b>598 040</b>
<b>Short term investments</b>		
Notice Account: First National Bank	51 520	58 985
Notice Account: Investec Bank	106 390	99 634
Notice Account: ABSA Bank	91 854	82 293
Notice Account: Standard Bank	12 221	43 520
	<b>261 985</b>	<b>284 432</b>

First National Bank was appointed as bankers for SANParks by tender process and is used for all SANParks activities.

Standard Bank was appointed in accordance with the conditions of the Howard G Buffett Foundation Grant.

## 6. Property, plant and equipment

	2016		2015		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Cost / Valuation R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000
<b>Buildings and infrastructure</b>	1 538 787	(300 732)	1 238 055	1 328 956	(267 668)
<b>Vehicles and mechanical equipment</b>	178 797	(112 605)	66 192	159 497	(102 769)
<b>Furniture and office equipment</b>	185 509	(113 531)	71 978	156 413	(95 387)
<b>Aircraft</b>	103 605	(29 371)	74 234	103 189	(23 736)
<b>Assets under construction</b>	158 399	-	158 399	193 595	-
<b>Total</b>	<b>2 165 097</b>	<b>(556 239)</b>	<b>1 608 858</b>	<b>1 941 650</b>	<b>(489 560)</b>



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### Reconciliation of property, plant and equipment 31 March 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Buildings and infrastructure	1 061 288	34 688	(710)	176 227	(33 437)	1 238 055
Vehicles and mechanical equipment	56 728	20 492	(1 801)	5 560	(14 787)	66 192
Furniture and office equipment	61 026	32 500	(1 914)	2 414	(22 048)	71 978
Aircraft	79 453	-	-	416	(5 635)	74 234
Assets under construction	193 595	154 437	-	(189 633)	-	158 399
	<b>1 452 090</b>	<b>242 117</b>	<b>(4 425)</b>	<b>5 016</b>	<b>(75 907)</b>	<b>1 608 858</b>

#### Reconciliation of property, plant and equipment - 31 March 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Buildings and infrastructure	984 909	5 376	(588)	100 801	(29 210)	1 061 288
Vehicles and mechanical equipment	50 527	28 620	(782)	(8 530)	(13 107)	56 728
Furniture and office equipment	48 535	34 987	(1 643)	(148)	(20 375)	61 026
Aircraft	-	71 905	(104)	8 678	(1 026)	79 453
Assets under construction	164 871	129 525	-	(100 801)	-	193 595
	<b>1 248 842</b>	<b>270 083</b>	<b>(3 117)</b>	<b>-</b>	<b>(63 718)</b>	<b>1 452 090</b>

Included in movable assets are assets that serve as security for long term borrowings and assets that are held under finance leases:

#### Assets as security for a notarial bond in favour of IDC as detailed in note 9

Cost	178 935	154 761
Accumulated depreciation	(122 716)	(108 588)
	<b>56 219</b>	<b>46 173</b>

#### Assets that serve as security under finance leases as detailed in note 10

Cost	25 227	28 041
Accumulated depreciation	(20 535)	(22 613)
	<b>4 692</b>	<b>5 428</b>





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>6. Property, plant and equipment (Continued)</b>		
<b>Reconciliation of property, plant and equipment 31 March 2016</b>		
<b>Vehicles:</b>		
Cost	4 353	4 823
Accumulated depreciation	(3 717)	(4 496)
	<b>636</b>	<b>327</b>
<b>Furniture, office equipment and computer software:</b>		
Cost	20 874	23 218
Accumulated depreciation	(16 818)	(18 117)
	<b>4 056</b>	<b>5 101</b>

The register containing details of land and buildings is available for inspection at the Head Office of SANParks. The Board is of the opinion that the market value of land and buildings substantially exceeds its book value.

SANParks assesses at each reporting date whether there is any indication that the property, plant and equipment may be impaired.

## 7. Intangible assets

	2016			2015		
	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
Rights	20 200	-	20 200	20 200	-	20 200
Computer software	45 437	(29 482)	15 955	41 176	(26 785)	14 391
<b>Total</b>	<b>65 637</b>	<b>(29 482)</b>	<b>36 155</b>	<b>61 376</b>	<b>(26 785)</b>	<b>34 591</b>

### Reconciliation of intangible assets - 31 March 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Transfer received R'000	Amortisation R'000	Total R'000
Rights	20 200	-	-	-	-	20 200
Computer software	14 391	3 394	(150)	5 016	(6 696)	15 955
	<b>34 591</b>	<b>3 394</b>	<b>(150)</b>	<b>5 016</b>	<b>(6 696)</b>	<b>36 155</b>



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### Reconciliation of intangible assets - 31 March 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Adjustments R'000	Amortisation R'000	Total R'000
Rights	20 200	-	-	-	-	20 200
Computer software	13 730	8 027	(20)	315	(7 661)	14 391
	<b>33 930</b>	<b>8 027</b>	<b>(20)</b>	<b>315</b>	<b>(7 661)</b>	<b>34 591</b>

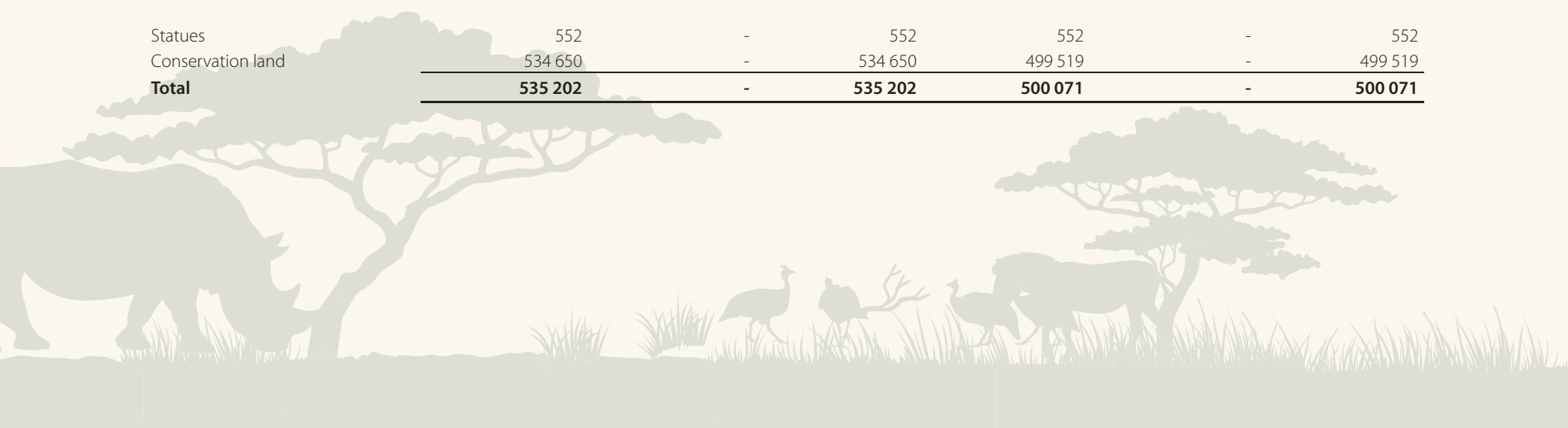
SANParks purchased rights over immovable property to graze and stock water. SANParks have full access to the purchased rights from signature date to infinity, thus making the rights an intangible asset with an indefinite useful life. As the right has an indefinite useful life, it has not been amortised. The useful life of the right has been reviewed for the reporting period under review to determine whether events and circumstances continue to support an indefinite useful life assessment for the rights. Furthermore, through an assessment conducted, it was noted that no conditions existed at year end that might be indicative that rights are impaired.

The computer software useful life used in the calculation of amortisation of software is between three-years and 10 years. SANParks assesses at each reporting date whether there is any indication that the computer software may be impaired, or that the useful life is still appropriate. No such indication existed at the end of the current financial reporting period.

## 8. Heritage assets

Items that qualify as Heritage Assets for which SANParks can determine the historical costs associated with these items, SANParks performed an asset count and allocated costs for each such item and these have been recognised on the Annual Financial Statements. The following items were identified:

	2016			2015		
	Cost / Valuation R'000	Accumulated impairment losses R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated impairment losses R'000	Carrying value R'000
Statues	552	-	552	552	-	552
Conservation land	534 650	-	534 650	499 519	-	499 519
<b>Total</b>	<b>535 202</b>	<b>-</b>	<b>535 202</b>	<b>500 071</b>	<b>-</b>	<b>500 071</b>





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 8. Heritage assets (Continued)

##### Reconciliation of heritage assets - 31 March 2016

	Opening balance R'000	Additions R'000	Total R'000
Statues	552	-	552
Conservation land	499 519	35 131	534 650
	<b>500 071</b>	<b>35 131</b>	<b>535 202</b>

##### Reconciliation of heritage assets - 31 March 2015

	Opening balance R'000	Additions R'000	Total R'000
Statues	-	552	552
Conservation land	483 437	16 082	499 519
	<b>483 437</b>	<b>16 634</b>	<b>500 071</b>

##### Heritage assets which fair values cannot be reliably measured

A significant value of SANParks Heritage assets were obtained through non-exchange transactions from various state-owned organisations. For Heritage assets obtained from non-exchange transactions SANParks attempted to establish the value thereof using guidance from Directive 7 issued by the Accounting Standards Board. Due to the nature of SANParks activities, SANParks could not establish neither a fair value /deemed cost nor a replacement cost for its Heritage assets acquired from non-exchange transactions. For that reason, SANParks Heritage assets acquired from non-exchange transactions could not be recognised in the Annual Financial Statements. However, information pertaining to such assets has been disclosed below.

SANParks assesses at each reporting date whether there is any indication that the heritage assets may be impaired. No such indication existed at the end of the current financial reporting period.





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### Names of National Parks

Kruger National Park  
Kalahari Gemsbok National Park  
Addo Elephant National Park  
Mountain Zebra National Park  
Bontebok National Park  
Golden Gate Highlands National Park  
Augrabies Falls National Park  
Groenkloof National Park  
Karoo National Park  
West Coast National Park  
Tankwa Karoo National Park  
Richtersveld National Park  
Marakele National Park  
Mapungubwe National Park  
Table Mountain National Park  
Agulhas National Park  
Namaqua National Park  
Camdeboo National Park  
Mokala National Park  
Garden Route National Park  
Vaalbos National Park

#### Size in Hectares

1 962 362  
960 029  
163 297  
27 900  
2 432  
34 062  
58 699  
7  
84 082  
47 026  
138 570  
162 445  
60 865  
15 311  
33 010  
20 415  
130 641  
18 946  
29 414  
137 796  
4 575

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**4 091 884**

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#### Other Heritage Assets

##### Location

Table Mountain National Park  
Table Mountain National Park  
Table Mountain National Park  
Table Mountain National Park  
Kruger National Park  
Kruger National Park  
Kruger National Park  
Kruger National Park  
Kruger National Park  
Kruger National Park  
Mapungubwe National Park  
Groenkloof National Park

Rhodes Memorial Monument  
Cecil John Rhodes  
Bronze Man on Horse  
Bronze Cast Lion x8  
Thulamela Dry Stone Walls  
Skukuza Museum  
Masorini Rock Art Sites  
Kruger Statue  
Kruger Rock Art  
Nombolo Mdluli Statue  
Mapungubwe Collections  
Kudu Sculptures x2





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>9. Other financial liabilities</b>		
<b>Designated at fair value</b>		
IDC Loan	1 712	5 216
<p>The commercial development IDC long-term loan was entered into for development of new infrastructure to a total value of R35 million.</p> <p>The loan is repayable in 119 equal monthly instalments of R0,292 million, which commenced 1 October 2006 with a final instalment of R0,252 million on 1 August 2016. The loan bears interest at prime less 2,5%. At 31 March 2016 the interest rate was 7,75% (2015 -7,5%) subject to a minimum rate of 7,5%.</p>		
Long term portion: non-current liability	-	1 712
Short term portion: current liabilities	1 712	3 504
<b>10. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	4 587	3 609
- in second to fifth year inclusive	3 277	3 125
- later than five years	-	-
	7 864	6 734
less: future finance charges	(670)	(436)
<b>Present value of minimum lease payments</b>	<b>7 194</b>	<b>6 298</b>
Non-current liabilities	3 071	3 011
Current liabilities	4 123	3 287
	<b>7 194</b>	<b>6 298</b>

It is SANParks policy to lease IT equipment under finance leases.

The average lease term was 3 - 5 years and the average effective borrowing rate was 9% (2015: 7%).

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

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 6.



# South African National Parks

## Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016	2015
	R'000	R'000
<b>11. Trade and other payables from exchange transactions</b>		
Trade payables	135 425	107 937
Payments received in advanced	31 331	26 594
VAT payable	16 317	-
Other accrued expenses	62 711	77 895
Deposits received	245	212
Other payables	7 109	6 649
	<b>253 138</b>	<b>219 287</b>

### Trade Payables Age Analysis

Current (0 - 30 days)	119 465	97 327
31 - 60 days	108	(5)
61 - 90 days	(2 914)	9 762
91 - 120 days	5 503	(9 193)
Over 120 days	13 263	10 046
	<b>135 425</b>	<b>107 937</b>

## 12. Liabilities from non-exchange transactions

### Unspent conditional grants comprise:

#### Unspent conditional grants and receipts

Infrastructure grant	269 775	200 499
Special projects	130 930	251 237
Land grant	5 020	24 294
	<b>405 725</b>	<b>476 030</b>

#### Movement during the year

Infrastructure opening balance	200 499	124 161
Infrastructure grants received during the year	257 946	284 240
Grant amount utilised during the year	(199 244)	(207 902)
Interest received during the year	10 574	-
Infrastructure closing balance	<b>269 775</b>	<b>200 499</b>
Land grant opening balance	24 294	25 170
Land grant received during the year	15 856	15 159
Land grant amount utilised during the year	(35 130)	(16 035)
Land grant closing balance	<b>5 020</b>	<b>24 294</b>
Special projects opening balance	251 237	221 804
Special projects opening balance transferred to note 4	(51 469)	-
Special project grant received during the year	47 932	765 437



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016	2015
	R'000	R'000
<b>12. Liabilities from non-exchange transactions (Continued)</b>		
<b>Movement during the year (Continued)</b>		
Interest received	119	-
Special projects amount utilised during the year	(116 889)	(736 004)
Special projects closing balance	130 930	251 237
Special projects are detailed below:		
<b>(i) Nature Conservation Trust - HGBF</b>		
Opening balance	43 713	54 440
Grant income	3	76 741
Grant amount utilised	(41 730)	(87 468)
	<b>1 986</b>	<b>43 713</b>
<b>(ii) Working for Water</b>		
Opening balance	-	6 513
Grant income	-	497 349
Grant amount utilised	-	(452 811)
	<b>-</b>	<b>51 051</b>
<b>(iii) Limpopo Transfrontier Park</b>		
Opening balance	897	295
Grant income	877	2 689
Grant amount utilised	(1 248)	(2 087)
	<b>526</b>	<b>897</b>
<b>(iv) Mellon Foundation</b>		
Opening balance	12 696	13 760
Grant income	700	705
Grant amount utilised	(1 619)	(1 769)
	<b>11 777</b>	<b>12 696</b>
<b>(v) Theta</b>		
Opening balance	14 345	13 308
Grant income	1 616	1 483
Grant amount utilised	(2 571)	(446)
	<b>13 390</b>	<b>14 345</b>





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>(vi) EPWP</b>		
Opening balance	-	1 634
Grant income	-	39 486
Grant amount utilised	-	(40 702)
	<b>-</b>	<b>418</b>
<b>(vii) Other</b>		
Opening balance	128 117	131 854
Grant income	44 736	146 984
Interest received	119	-
Grant amount utilised	(69 721)	(150 721)
	<b>103 251</b>	<b>128 117</b>

### 13. Provisions

#### Reconciliation of provisions - 2016

	Opening Balance R'000	Incurred during the year R'000	Total R'000
Concessionaires provision	160 369	3 275	163 644
Leave liability	37 968	8 397	46 365
	<b>198 337</b>	<b>11 672</b>	<b>210 009</b>

#### Reconciliation of provisions - 2015

	Opening Balance R'000	Incurred/(Utilised) during the year R'000	Total R'000
Concessionaires provision	156 577	3 792	160 369
Leave liability	39 427	(1 459)	37 968
	<b>196 004</b>	<b>2 333</b>	<b>198 337</b>
Non-current liabilities		163 644	160 369
Current liabilities		46 365	37 968
		<b>210 009</b>	<b>198 337</b>

The lodge concessions entail allowing private operators to build and operate tourism facilities within the national parks on the basis of a defined period usually over a 20 year concession contract. Investors take over and upgrade specified existing lodge facilities or builds new ones. The contractual mechanism is a concession contract, which enables the private operator to use a defined area of land, plus any building that may already exist on that land over a specific time period in return for payment of concession fees. Against these rights of occupation and commercial use of facilities there is a set of obligations on the part of the concessionaire regarding financial terms, environmental management, social objectives, empowerment and other factors. Infringement of these requirements carries specified penalties, underpinned by performance bonds and finally termination of the contract. The assets will revert to SANParks at a consideration equal to the residual value of the asset at the date of transfer. The provision arose as a result of the liability payable at the termination date of the





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

concessionaire contract.

	2016	2015
	R'000	R'000
<b>14. Reservation deposits</b>		
Opening balance	249 703	216 424
Current year deposits	287 158	287 873
Deposits utilised during the year	(260 205)	(254 594)
	<b>276 656</b>	<b>249 703</b>

### 15. Employee benefit obligation

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation: wholly unfunded	(456 647)	(408 758)
Interest cost	(39 763)	(36 374)
Current service cost	(8 129)	(7 377)
Actual employer benefit payments	17 712	16 569
Actuarial gain/(loss) recognised during the year	631	(20 707)
	<b>(486 196)</b>	<b>(456 647)</b>

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

Current service cost	8 129	7 377
Interest cost	39 763	36 374
Actuarial (gains) losses	(631)	20 707
	<b>47 261</b>	<b>64 458</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,10%	9,00%
Medical cost trend rates	7,90%	7,80%
Net effect discount rate	(0,45)%	(0,50)%

#### Mortality pre-retirement

Male	SA 85 - 90 (light)
Female	SA 85 - 90 (light) down by three-years

#### Mortality post retirement

Male	PA90 male - rated down by one year
Female	PA90 female - rated down by one year

#### Sensitivity analysis

Effect of 1% increase and decrease in the health care cost inflation rate is as follows:



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	Valuation basis R '000	1% increase R '000	1% decrease R '000
Employer's accrued liability	486 196	559 088	426 066
Actuarial (gain) / loss	(631)	72 262	(60 760)

## 16. Tourism, retail, concession and other

### Retail activities

Shops and restaurant	60 578	64 427
Filling station sales	168 783	173 278
	<u>229 361</u>	<u>237 705</u>

### Tourism

Accommodation	636 295	566 798
Drive Fees	47 784	40 593
Trail Fees	30 854	28 394
Other tourism related activities	25 880	22 749
	<u>740 813</u>	<u>658 534</u>

### Concession fees

Facilities Rental	37 232	32 419
Concession Fees Received	66 016	53 084
	<u>103 248</u>	<u>85 503</u>

### Conservation and entrance fees

Wild Card Income	61 653	55 137
Conservation Fees	334 104	290 428
Entrance Fees	6 868	6 528
	<u>402 625</u>	<u>352 093</u>

### Other

Rent Received	13 724	14 435
Services Rendered	8 121	7 591
	<u>21 845</u>	<u>22 026</u>
	<b><u>1 497 892</u></b>	<b><u>1 355 861</u></b>

## 17. Sales - fauna and flora

Sales - fauna and flora	48 791	31 368
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The sale of fauna and flora is used for bio-diversity and related expenses to expand the national park system.



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 18. Other operating income

Sales - non-retail	1 690	1 641
Fines	3 313	1 461
Course fees	1 260	1 298
Commission received	3 462	847
Water and electricity	8 406	7 111
Rebates received	-	2 649
Location fee for filming right	2 614	1 747
Other income	16 389	9 570
	<b>37 134</b>	<b>26 324</b>

#### 19. Interest and royalties received

##### Interest revenue

Interest and royalties received	37 189	31 070
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#### 20. Government grants and other funding

Roads	11 671	19 277
Conservation	405 129	559 716
Land acquisition	35 130	16 034
Special projects income	813 842	746 142
	<b>1 265 772</b>	<b>1 341 169</b>

#### 21. Donations

Donations	16 936	12 644
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Non-specific donations form a minor part of the funding of conservation and people and conservation programs of SANParks. Due to the varying nature of such funding and the direct allocation thereof to identifiable projects, it is not deemed part of normal operations.

#### 22. Employee related costs

Salaries and wages	692 025	660 263
Social contributions	92 476	86 079
Other salary related costs	75 428	60 415
Post-retirement benefits	47 671	64 458
	<b>907 600</b>	<b>871 215</b>

Included in employee related costs are related parties transactions pertaining to key management personnel remuneration as detailed in note 35.



## South African National Parks

# Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

### SANParks Pension Fund

Contributions by the employer and the employees are allocated to the SANParks Pension Fund. The fund is a defined contribution plan, which is controlled by the Pension Funds Act, 1956 and administered by a financial institution. During the year SANParks contributed an amount of R35,8 million for 2 096 employees (2015 - R34,1 million for 2 148 employees) to the retirement fund.

### SACCAWU National Provident Fund

The fund is a defined contribution plan, which is controlled by the Pension Funds Act, 1956 and administered by a financial institution. Retirement benefits are based on the accumulated credits as contributed by both employer and employee. During the year SANParks contributed an amount of R20,6 million for 1 914 employees (2015 - R19,2 million for 1 904 employees).

	2016 R'000	2015 R'000
<b>23. Depreciation and amortisation</b>		
Furniture and office equipment	22 047	20 375
Buildings and infrastructure	33 437	29 210
Vehicle and mechanical equipment	14 788	13 108
Aircraft	5 635	1 026
Intangible assets - amortisation	6 694	7 661
	<b>82 601</b>	<b>71 380</b>
<b>24. Finance costs</b>		
Finance leases	828	521
Current borrowings	363	567
	<b>1 191</b>	<b>1 088</b>
<b>25. Repairs and maintenance</b>		
Property and buildings	57 554	55 767
Machinery and equipment	6 342	6 268
Office and computer equipment	652	541
Consumables utilised in maintenance programs	16 070	14 387
	<b>80 618</b>	<b>76 963</b>
<b>26. Operating expenses</b>		
Assessment rates and municipal charges	53 016	46 648
Auditors remuneration (Note 27)	6 719	9 361
Bank charges	21 293	20 344
Consulting and professional fees	17 486	21 750
Consumables	47 344	50 393
Insurance	8 301	30 749
IT expenses	12 747	12 247
Motor vehicle expenses	20 525	16 021



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016 R'000	2015 R'000
<b>26. Operating expenses (Continued)</b>		
Promotions	13 710	11 893
Software expenses	7 260	6 933
Subsistence allowance	48 469	47 838
Telephone and fax	22 938	23 386
Other operating expenses	179 844	202 378
Special projects expenses	786 643	673 934
Cost of retail operations	188 065	200 000
	<b>1 434 360</b>	<b>1 373 875</b>
<b>27. Auditors' remuneration</b>		
Internal audit fees	1 282	3 627
External audit fees	5 437	5 734
	<b>6 719</b>	<b>9 361</b>
<b>28. Operating lease payments</b>		
Rent paid vehicles	103 175	101 075
Rent other	11 967	11 899
	<b>115 142</b>	<b>112 974</b>
<b>29. Loss on disposal of assets</b>		
Loss on disposal of assets	3 204	3 003
<b>30. Irregular expenditure</b>		
Opening balance	126	-
Condoned	(126)	-
Irregular expenditure incurred	1 734	126
<b>Balance carried forward not condoned</b>	<b>1 734</b>	<b>126</b>

During the year under review, services were procured from suppliers after the original contracts had expired. The deviations were not approved in accordance with SANParks' Delegation Framework.

Upon discovery of these deviations, SANParks embarked on an internal investigation in order to ascertain the full nature of the irregular expenditure. The results of the investigations are as follows:

- The irregular expenditure was not the result of fraudulent corrupt and/or criminal activities.
- Value for money was derived from the services rendered as both contracts relate to services that are essential for SANParks operations.





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016	2015
	R'000	R'000
• The transactions, conditions and events have not resulted in SANParks suffering a financial loss. Therefore, the irregular expenditure is not recoverable from an employee.		
• Due to the fact that no employee is liable for this transaction, no receivables were raised to account for this transaction. The expenditure incurred was thus left in the expense account and is included as part of operational expenses in the Statement of Financial Performance.		

Subsequently, a process was initiated to regularise the irregular expenditure through SANParks' SCM processes.

### 31. Fruitless and wasteful expenditure

Interest on overdue creditors	117	52
Penalties paid to SARS for the late payments	-	3
Cash embezzlement in Golden Gate Highlands National Park	-	1 583
Stock losses	-	1 313
Cash losses in Tsitsikamma National Park	75	-
	<b>192</b>	<b>2 951</b>

Interest on overdue creditors relates to interest charged for late payments to suppliers. Subsequently, management has reviewed internal controls around payment terms for creditors.

Cash collected by the security company in Tsitsikamma National Park (a part of the Garden Route National Park) was never accounted for by the bank as received. Forensic investigations are under way regarding this incident.

### 32. Cash generated from operations

Surplus	278 998	287 938
<b>Adjustments for:</b>		
Depreciation and amortisation	82 601	71 380
Loss on sale of assets	3 204	3 003
Finance costs	1 191	1 088
Movements in retirement benefit liabilities	29 549	47 889
Movements in provisions	11 672	2 333
Other non-cash items	-	(166 136)
<b>Changes in working capital:</b>		
Inventories	3 203	2 562
Receivables from exchange transactions	(2 722)	(8 535)
Other receivables from non-exchange transactions	(18 562)	161
Trade and other payables from exchange transactions	33 853	(6 219)
Liabilities from non-exchange transactions	(70 304)	104 895
Reservation deposits	26 953	33 279
	<b>385 080</b>	<b>373 638</b>



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

### 33. Risk management

#### Financial risk management

SANParks activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

SANParks overall risk management program focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on SANParks financial performance. Risk management is carried out under policies approved by the Accounting Authority. The Accounting Authority provides principles for overall risk management and policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment.

#### Liquidity risk

SANParks is exposed to liquidity risk as a result of the funds available to cover future commitments. SANParks manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and borrowing facilities are monitored.

#### Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. SANParks only deposits cash with major banks with high quality credit standing.

Cash deposits and cash equivalents: SANParks minimises its credit risk, which is the risk of loss due to the failure of the security issuer by using banks with an A1+ or A1 grading according to the Fitch IBCA and similar grading reports. These banks are registered in South Africa and approved by the National Treasury.

Trade debtors: Sales to retail customers are settled in cash or using major credit cards. No credit is allowed unless backed by tender or agreement whereby risk control assesses the credit worthiness of the customer, taking into account its financial position past experience and other factors.

The financial assets carried at cost exposes the entity to credit risk. The values of the maximum exposure to credit risk are as follows for each class of financial asset at cost.

Financial instrument	2016 R'000	2015 R'000
Cash and cash equivalents	981 552	882 817
Receivables from exchange transactions	41 944	39 404

#### Concentration of Credit Risk

Potential concentrations of credit risk consist mainly of short-term cash, cash equivalent investments and trade debtors.

SANParks limits its counter party exposure from its money market investment operations by only dealing with well-established financial institutions of high quality standing. The credit exposure to any one counter party is managed by setting transaction/exposure limits, which are reviewed annually.



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

Trade debtors comprise a large number of customers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Trade debtors are presented net of doubtful debts.

#### Concentration of credit risks

Cash and cash equivalents  
Short term investments

2016 R'000	2015 R'000
Exposure R'000	Percentage of total exposure
719 567	73%
261 985	27%
<b>981 552</b>	<b>100%</b>

#### Capital Risk Management

SANParks objectives, when managing capital, are to safeguard their ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure.

The capital structure of SANParks consists of debt, which includes borrowings and cash and cash equivalents.

#### Interest rate risk

SANParks has no significant interest-bearing assets, SANParks income and operating cash flows are substantially independent of changes in market interest rates.

SANParks interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose SANParks to cash flow interest rate risk. Borrowings issued at fixed rates will expose the entity to fair value interest rate risk.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date together with the cash flow interest rate risk.

2016	Within one year R'000	Later than one year and not later than five years R'000	Current interest rate
Gross finance lease obligation	4 587	3 277	8,5%
Borrowings	1 712	-	Prime - 2,5%
Trade and other payables	254 811	-	
Reservation deposits	276 656	-	
Post-retirement health benefit obligation	486 196	-	
Liabilities from non-exchange transactions	405 725	-	



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

### 33. Risk management (Continued)

2015	Within one year R'000	Later than one year and not later than five years R'000	Current interest rate
Gross finance lease obligations	3 609	3 125	7%
Borrowings	3 504	1 712	Prime - 2,5%
Trade and other payables	219 287	-	
Reservation deposits	249 703	-	
Post-retirement health benefit obligation	456 647	-	
Liabilities from non-exchange transactions	476 030	-	

These amounts best represent maximum exposure to credit risk at the end of the reporting period without taking into account any credit enhancements.

#### Interest Rate Risk sensitivity analysis

The susceptibility of South African National Park's financial performance to changes in interest rates can be illustrated as follows:

Effect of 1% change in the interest rate	Current interest rate	Value 31 March 2016 R'000	Discounted value at current rate R'000	Discounted value at Current rate (+1%) R'000	Discounted value at Current rate (-1%) R'000
Trade and other receivables from exchange transactions	12,25%	41 944	47 082	47 552	46 611
Trade and other payables from exchange transactions	9,25%	254 811	278 381	281 165	275 597
Cash in current banking institution	6,6%	719 211	767 058	774 254	759 863
Call investment deposits	7,05%	261 985	280 455	283 075	277 835

The sensitivity analysis was based on the assumption that a 1% increase or decrease in the interest rate could occur. The method used to prepare the sensitivity analysis was based on the discounted value of the respective cash flow for one year using the respective current interest rate in order to determine the effect of applicable market risk of a 1% increase or decrease in the interest rate.

#### Financial assets pledged as security

The following financial assets were pledged as security for liabilities

Description of financial asset	Line item financial asset is included in	Value of the balance pledged as security - R'000	Details of the liability that it was pledged as security for
Mechanical and office equipment	property, plant and equipment	56 219	A notarial bond in favour of the IDC borrowing
Vehicles, furniture and office equipment and computer software	property, plant and equipment and intangible assets	4 692	Serves as security under finance leases



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

### 34. Related Parties

Relationships

Controlling entity: DEA

SANParks does not have control or significant influence over any other entity. SANParks is a statutory organisation governed by the National Environmental Management Protected Areas Act, no. 57 of 2003, and a national public entity as listed under Schedule 3A of the PFMA No. 1 of 1999 as amended.

SANParks is not required to disclose the value of transactions with other public sector entities as the transactions were concluded within normal operating procedures and on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person.

#### Key Management Personnel Remuneration

##### 2016

	Emoluments	Uniform allowance	Bonuses and incentives	Total
	R'000	R'000	R'000	R'000
Mr F Mketeni - CEO	1 866	1	-	1 867
Mr R Mahabeer - CFO	1 771	1	-	1 772
Mr G Phillips - ME KNP	1 628	1	276	1 905
Ms w mkutshulwa - ME Corporate Services	1 575	1	71	1 647
Dr N Songelwa - ME Parks (Resigned 31 August 2015)	607	1	258	866
Ms L McCourt - COO (Appointed 01 June 2015)	1 273	2	-	1 275
	<b>8 720</b>	<b>7</b>	<b>605</b>	<b>9 332</b>

##### 2015

	Emoluments	Uniform allowance	Bonuses and incentives	Total
	R'000	R'000	R'000	R'000
Dr MD Mabunda - CEO (Resigned 31 March 2014)	14	-	52	66
Mr A Sibiya - ME KNP (Resigned 30 November 2014)	925	1	481	1 407
Dr DT Magome - ME Conservation Services (Resigned 28 February 2015)	1 631	1	568	2 200
Mr L Mavuso - ME Human Resources (Resigned 28 February 2015)	1 350	1	500	1 851
Mr G Phillips - ME Tourism	1 522	1	141	1 664
Ms w mkutshulwa - ME Corporate Services	1 613	1	-	1 614
Dr N Songelwa - ME Parks	1 472	1	129	1 602
Mr RT Mabilane - CFO (Resigned 30 April 2014)	156	1	-	157
Mr R Mahabeer - CFO (Appointed 1 Feb 2015)	296	1	-	297
Mr F Mketeni - CEO (Appointed 1 December 2014)	660	1	-	661
	<b>9 639</b>	<b>9</b>	<b>1 871</b>	<b>11 519</b>





## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 34. Related Parties (Continued)

##### Board Members and Attendance at Meetings, Remuneration And Associated Costs 2016

	Board meetings and workshops	Conservation and tourism committee meetings	Audit and risk committee meetings	Human capital management committee meetings	Remuneration R	Subsistence and travel allowance R
Ms J Yawitch	6	-	-	-	46 268	3 537
Ms K Njobe	6	3	-	5	71 358	-
Mr ET Khumalo (Resigned 09 November 2015)	1	-	-	-	-	-
Dr CG Olver	5	-	6	-	39 276	5 805
Ms F Futwa	4	-	6	-	45 372	4 073
Ms B Ferguson	6	-	-	5	67 806	1 181
Mr M India	5	4	-	-	31 356	1 417
Mr L Zita	6	4	6	-	67 380	646
Dr M Matlou	5	4	1	4	66 780	5 329
Mr M Mokono (Resigned 23 March 2016)	3	3	3	-	35 724	-
Dr N Mzilikazi	4	2	-	-	-	-
Ms T Semane	6	-	3	2	51 972	4 499
Ms H Schoeman	3	-	4	5	-	-
					<b>523 292</b>	<b>26 487</b>

##### 2015

	Board meetings and workshops	Conservation and tourism committee meetings	Audit and risk committee meetings	HR and remuneration committee meetings	Remuneration R	Subsistence and travel allowance R
Mr KD Dlamini	12	-	-	-	-	-
Dr Z Lees	12	6	3	3	76 200	7 846
Mr S Mbanga	2	-	-	2	1 524	354
Prof G Swan	13	6	1	-	60 960	3 260
Prof G Kerley	13	6	-	-	60 960	32 044
Ms R Kalidass	6	-	3	-	21 168	23 989
Dr GC Dry	13	6	6	10	45 720	35 422
Ms B Kunene	9	-	5	-	7 620	1 148
Ms N Mteto	3	-	3	-	7 620	-
Ms L McCourt	8	-	-	5	-	-
CEOs	12	6	5	6	-	-
CFOs	12	-	7	-	-	-
					<b>281 772</b>	<b>104 063</b>

Dr. N Mzilikazi and Ms. H Schoeman are government employees, they are therefore not eligible to receive remuneration payable to members for attending meetings.



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	2016	2015
	R'000	R'000
<b>35. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Commitments in respect of capital expenditure</b>		
• Approved and contracted for	781 744	722 720
• Approved but not yet contracted for	1 645 525	679 28
<b>Total capital commitments</b>	<b>2 427 269</b>	<b>1 402 006</b>
• Commitments represent goods/services that have been ordered, but no delivery has taken place at 31 March 2016. These amounts are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are only disclosed in this note. Majority of SANParks capital commitments are funded by grants from the DEA. Approved and contracted for capital commitments pertain to existing contracts with external parties for the construction of SANParks infrastructure. Approved but not yet contracted for capital commitments, represent agreements for funding of specific capital projects between SANParks and the DEA. Other commitments are funded by SANParks operational grant, and pertain to operational orders that were not delivered as at 31 March 2016.		
<b>Commitments in respect of operational leases</b>		
<b>Already contracted for but not provided for</b>		
• Within one year	36 016	60 019
• Between two and five years	52 141	30 162
	<b>88 157</b>	<b>90 181</b>

This committed expenditure relates to vehicles, buildings and equipment, and will be financed by funds internally generated.

## 36. Contingencies

### Contingent liabilities

#### Land Claims

The Department of Rural Development and Land Reform did not award any land rights or land managed by SANParks to any claimant person or communities in the current financial year. SANParks is still supportive of the process of appropriate redress for persons or communities who unjustly lost rights or ownership of land as a result of it being declared a national park. No significant financial obligations are placed on SANParks in consequence of this process. However, the co-management framework with successful claimant communities and the attendant beneficent scheme will exert financial strain on SANParks once the land has been restored to the claimants.

#### Municipal Property Rates

National Parks constitute rateable property in terms of the Local Government: Municipal Property Rates Act, No. 6 of 2004 (the Rates Act) which came into effect on 2 July 2005. The Rates Act started applying to National Parks as from 2 July 2009.

SANParks made a submission to the Minister of Environmental Affairs in March 2011 whereby the Minister was requested to make a formal submission on behalf of SANParks to the Minister of Co-operative Governance and Traditional Affairs requesting:

- a total exemption of all National Parks from the application of the Property Rates Act; or



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 36. Contingencies (Continued)

- to consider prescribing a National Rates framework that can be applied to all National Parks to bring about consistence to the application of the Rates Act by all municipalities to ensure that national parks afford the prescribed rates; and
- in the interim all national parks that are rateable, be exempted from payment of Property Rates until such time that the Minister of Co-operative Governance and Traditional Affairs has made a decision in respect of the paragraphs above.

#### Contingent assets

SANParks incurred a cash loss at the Tsitsikamma National Park (a part of the Garden Route National Park) and has submitted an insurance claim for the loss of R75 000. The probability of receiving the insurance claim remains at 50%.

#### 37. Public Private Partnership Programme - PPP Fee Income

##### Lodge Concession PPP Fees

The lodge concessions entail allowing private operators to build and operate tourism facilities within the national parks on the basis of a defined period usually over a 20-year concession contract. Investors take over and upgrade specified existing lodge facilities or builds new ones. The contractual mechanism is a concession contract which enables the private operator to use a defined area of land plus any building that may already exist on that land over a specific time period in return for payment of concession fees.

##### Lodge Concession PPP Fees

Against these rights of occupation and commercial use of facilities, there is a set of obligations on the part of the concessionaire regarding financial terms, environmental management, social objectives, empowerment and other factors. Infringement of these requirements carries specified penalties underpinned by performance bonds and finally termination of the contract with the assets reverting to SANParks.

The annual concession fee payable by the concessionaire to SANParks for any given concession year shall be the higher of a minimum rental as determined by the agreement for the concession year or a calculated annual concession fee based on the bid percentage of gross revenue for the concession year.

At the end of the concession period, the concessionaires shall hand over the concession area, the camp, all concession assets and its rights or interest in the developments to SANParks free of charges, liens, claims or encumbrances of any kind whatsoever and free of any liabilities in good condition fair wear and tear excepted. The concessionaire shall not, other than as provided for in respect of the residual value, be entitled to payment of any compensation in connection therewith.

Performance bonds were provided to SANParks by the concessionaires that are operative from the effective dates. The concessionaires will maintain valid performance bonds from the effective dates until 90 business days after the expiry or earlier termination of the concession contracts. The amounts to be guaranteed by the performance bonds shall be equal to R250 000 at effective date and increased every three years by CPI per Concession Area.

The calculated annual concession fee is based on the bid percentage of actual gross revenue for that concession year. The specific obligations per concession are detailed in the schedule below:



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

National Park - Concession Area	Concession holder	Commissioning date	Termination date	Percentage of Gross Revenue
Addo - Gorah Elephant Camp	Hunter Hotels (Pty) Ltd	1 January 2001	31 December 2025	5% - 12.5%
Kruger - Mutlumuv	Rhino Walking Safaris (Pty) Ltd	1 July 2002	30 June 2022	5% - 8%
Kruger Mpanamana	Shishangeni Lodge (Pty) Ltd	1 January 2002	31 December 2021	10% - 20%
Kruger - Jakkalsbessie	Jakkalsbessie Lodge (Pty) Ltd	1 January 2002	31 December 2021	10% - 15%
Kruger - Jock of the Bushveld	Mitomeni River Lodge (Pty) Ltd	1 July 2001	30 June 2021	11.5% - 22%
Kruger - Lwakahle	Lukimbi Safari Lodge (Pty) Ltd	1 November 2001	31 October 2021	5% - 25%
Kruger - Mluwati	Imbali Safari Lodge (Pty) Ltd	1 January 2002	31 December 2021	10% - 25%
Kruger - Nwanetsi	Singita Lebombo (Pty) Ltd	1 March 2002	31 December 2032	12.3%
Table Mountain - Roundhouse	Roundhouse (Pty) Ltd	1 August 2002	31 July 2027	4% - 5%
Table Mountain - Koeël Bay	Koeël Bay Hospitality (Pty) Ltd	1 January 2004	31 December 2023	3.5% - 10%
West Coast - Houseboats	Kraalbaai Houseboats (Pty) Ltd	15 December 2014	31 May 2016	10% - 20%

#### Public Private Partnership Programme: Retail and Restaurant Facility Rental Income

The concession contracts for retail and restaurant operations entail allowing private operators to operate SANParks' existing facilities on the basis of a medium-term operating agreement. Investors manage and upgrade existing retail and restaurant facilities (it should be noted that as part of the most recent tender process SANParks undertook refurbishments to some facilities, which included upgrading to electricity, refrigeration, roofs, floors and tiling). The agreements enable the operators to use a defined area over a pre-determined term in return for payment of concession fees. Funding for the refurbishment of ageing infrastructure is for the Concessionaires account. Against the right of occupation and commercial use of facilities, there are set obligations on the part of the concessionaire regarding financial terms, environmental management, social objectives empowerment and other factors. Infringement of these requirements carries specified penalties including termination of the contract with the assets reverting to SANParks.

The monthly rental payable for the facilities by the private operator to SANParks for any given month shall be the higher of the fixed monthly rental as defined by the agreements escalating on an annual basis; or the rental based on actual gross revenue realised, expressed as a percentage of gross revenue.

The private operators have provided SANParks with Performance Bonds equivalent to three months fixed rental in the form of Performance Guarantees that secure the operators performance under the Operating Agreement on the basis set out in the Facilities Rental Agreement.

The following schedule summarises the potential income receivable from the various operators for the various sites:

Retail and Restaurant	Commissioning date	Termination date	Annual Minimum rental (R)	Percentage of gross revenue
The Park Shop North (Tigers Eye KNP)	1 February 2013	31 January 2023	10 670 000	12%
The Park Shop South (Tigers Eye - Addo and Tsitsikamma)	1 February 2013	31 January 2023	1 402 000	12%
Jobojali cc t/a Salt and Pepper Restaurant (Karoo)	1 December 2013	30 November 2023	144 900	5%
Geelbek Restaurant	1 March 2013	28 February 2018	60 000	5%
Tindlovu JV cc	1 December 2012	30 November 2022	144 900	7,5%
Astrorail 145 cc (Augrabies - Shop and Restaurant)	15 November 2012	14 November 2022	249 200	7%
Goedeten (Pty) Ltd - (Mugg and Bean - Lower Sabie)	1 March 2014	28 February 2024	415 722	7%
Tourvest Holdings (Pty) Ltd Cattle Baron Restaurant Skukuza	1 October 2014	30 September 2024	426 815	5%-8%



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 37. Public Private Partnership Programme - PPP Fee Income (Continued)

Retail and Restaurant	Commissioning date	Termination date	Annual Minimum rental (R)	Percentage of gross revenue
Select Events and Venues cc	1 December 2013	30 November 2023	193 295	7%
Ringgold 470 (Pty) Ltd (Mugg and Bean - Letaba)	14 April 2014	13 April 2024	236 459	7%
Quay 4 Knysna	28 March 2008	27 March 2023	609 472	6%-10%
Tourvest Holdings (Pty) Ltd - Cattle Baron Restaurant Tsitsikamma	01 August 2013	31 July 2024	342 555	8%
Tourvest Holdings (Pty) Ltd Cattle Baron Restaurant Addo	1 April 2014	31 March 2024	283 047	8%
Ringgold 474 (Pty) Ltd (Mugg and Bean - Olifants)	3 April 2014	2 April 2024	202 460	7%
Ringgold 477 (Pty) Ltd (Mugg and Bean - Satara)	11 March 2014	10 March 2024	363 635	7%
Eysbos (Pty) Ltd - (Mugg and Bean - Pretoriuskop)	25 March 2014	24 March 2024	175 858	7%

#### Public Private Partnership Programme: Retail and Restaurant Facility Rental Income

Activities	Contracting Party	Commissioning Date	Termination Date	Percentage of gross revenue
Kruger National Park	Skukuza Airport Management Co	1 June 2014	31 May 2024	10%
Cape Point Lease and TMACC	Cape Point - Concor	1 May 1995	30 June 2021	10%
	Table Mountain Aerial Company	26 November 2006	25 November 2025	12.5%
	Rhodes Memorial	1 October 2010	30 September 2018	10%
Tsitsikamma Forest Income	Adventures Out There	24 October 2013	24 October 2018	8%
	Storms River Adventures Tree Top	1 April 2013	30 April 2016	R25pp
	Tours and Woodcutter Trail Cadeau Hiking Trail	1 September 2011	30 September 2016	8%
Tsitsikamma Rest Camp	Untouched Adventures	1 Jan 2015	31 December 2020	10%
	Segway Bike Tours	1 December 2013	30 November 2018	6%
Farleigh Forest	Goudveld Tea Garden	1 December 2013	30 November 2016	R21 600 p.a.
Wilderness Segways	Segway Bike Tours	1 November 2015	31 March 2017	R42 000 p.a.

Contractual Parks	Contracting Party	Commissioning Date	Termination Date	Percentage of gross revenue
Addo Nyati Section	Riverbend Country Lodge	1 June 2004	31 May 2054	3.5%-7.5%
Marakele	Marakele (Pty) Ltd	2 November 2000	1 December 2030	4%-8%
Addo	Kuzuko Lodge	99 year lease	99 year lease	4%
West Coast National Par	Duinepos Chalets	1 March 2009	1 March 2019	5%
Kgalagadi National Park	Ixhaus Lodge	1 May 2007	30 April 2027	5%-10%
Tankwa Karoo National Park	Gannaga / Tankwa Lodge	1 April 2010	Revised every 3 years	6%





## South African National Parks

# Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

### 38. Prior period errors

#### Cash flow statement note

Nature: SANParks cash flow statement disclosure note 32 cash generated from operations was incorrectly calculated. The finance charges as disclosed on note 32 are incomplete. Only the portion relating to finance lease finance charges was accounted for and the long-term loan finance charges were excluded. As a result of the error SANParks understated the finance charges and other non-cash items. Other non-cash items relate to fixed assets adjustment as detailed in the previous financial year. The error has been corrected and comparative amounts restated accordingly. The effects of the change in prior year's Annual Financial Statements are as follows:

	2016 R'000	2015 R'000
<b>Cash Flow Statement</b>		
Increase in finance charges	-	567
Increase in other non-cash items	-	(567)
Effect on cash flow statement	-	-

#### Statement of Financial Position

#### Asset adjustment and corrections

Nature: During an extensive fixed asset review that was conducted, SANParks established that property, plant and equipment was overstated. the error was rectified and the effect of the correction in the prior year's annual financial statement is as follows:

Decrease in property, plant and equipment	-	(147 754)
Decrease in retained earnings	-	147 754

### 39. Biological assets

#### Non-Financial information

SANParks main purpose is the conservation of a representative system of biodiversity, landscape, encompassing fauna, flora, geological structures and unique scenery within the national park under its management authority. SANParks can intervene in ecosystems responsibly and sustainably, but it focuses management on complementing natural processes (e.g. floods, fires, and disease outbreaks) under a minimum interference philosophy. SANParks does not manage for the reproduction of biodiversity, but for biodiversity representivity and complementarity that promote resilience and ensure ecosystem integrity. SANParks acquired the majority of biodiversity at no cost to SANParks.

SANParks major source of revenue comprise retail, tourism and concession with tourism (in the form of accommodation and conservation fees) being the most significant revenue source. SANParks management is involved in the biological transformation of fauna and flora primarily as a service to the public for the purpose of a recreational activity, rather than for sale.

SANParks performs wildlife censuses from time-to-time on animals that can easily be counted from the air and for specific sections of national parks where after the results of such counts are extrapolated to estimate the total number of animals in the national park. SANParks is not able to measure accurately the



## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 39. Biological assets (Continued)

quality and/or quantity of all their faunal and floral biological diversity within the national park. SANParks does not perform counts on small animals, insects, birds, marine and freshwater biodiversity.

SANParks does not measure the quantities of biological assets, as they are not of a nature that can be easily counted and the Parks can't keep up with births and deaths and migrations of wild life although the Parks undertake an annual game census. As the biological assets cannot be counted it is impossible to calculate gains and losses in biological assets during the year.

This is a significant judgement by management.

#### 40. Initial application of a new GRAP standard

The annual financial statements have been prepared in accordance with GRAP standards on a basis consistent with the prior year except for the following:

During the year under review, SANParks adopted GRAP 18: Segment Reporting, which became effective for public entities. Therefore, the current year is SANParks initial application of this standard. Upon review of SANParks environment, the available financial information allowed us to segment SANParks into three different categories namely: Corporate, Kruger and Parks.

The application of this standard does not have any financial impact on the figures recognised in the Annual Financial Statements, as the standard is only for disclosure purposes.

The standard has been applied retrospectively. Comparative amounts were disclosed as if this accounting policy had always been applied. The disclosure note will reflect a summary of the Statement of Financial Performance and Statement of Financial Position split, into the three SANParks segments as mentioned above.

#### 41. Segment reporting

SANParks' activities are very broad and are undertaken in a wide range of different geographical areas with different socio-economic characteristics. To enable efficient and effective delivery on the strategy, the Executive Management structure sub-divided SANParks into three categories namely; Kruger, Parks and Corporate. In establishing the segments to report on, management organised the financial information according to the three existing Executive Management existing structures.

Each of the three categories was identified to meet the definition of segments as it was noted that each

- generates economic benefits or service potential;
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Management opted to combine Parks operations into a single segment as the Parks have similar economic characteristics and share a majority of the aggregation criteria stipulated below:

- the nature of the goods and/or services delivered is more or less similar;
- the type or class of customer or consumer to which goods and services are delivered are similar;

## South African National Parks

### Notes to the Annual Financial Statements

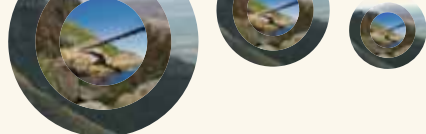
Annual Financial Statements for the year ended 31 March 2016

- the methods used to distribute the goods or provide the services is almost identical; or
- the nature of the regulatory environment that applies to the segment (NEMPAA).

The segments were structured such that the totals of revenues, reported segment surplus or deficit, segment assets, segment liabilities and other material segment items corresponds to figures recognised in the Annual Financial Statements. Therefore, a reconciliation of the segment figures to the Annual Financial Statements is not necessary.

#### Segment Reporting Statement of Financial Performance as at 31 March 2016

	Corporate R'000	Kruger R'000	Parks R'000	Total R'000
<b>Revenue from Exchange Transaction</b>				
Tourism, Retail, Concession and Other	78 227	879 469	540 196	1 497 892
Sales - fauna and flora	48 791	-	-	48 791
Other operating income	14 788	18 553	3 794	37 134
Interest and royalties received	37 073	22	93	37 189
<b>Total revenue from exchange transactions</b>	<b>178 879</b>	<b>898 044</b>	<b>544 083</b>	<b>1 621 006</b>
<b>Revenue from non-exchange transactions</b>				
<b>Transfer revenue</b>	<b>1 266 388</b>	<b>13 202</b>	<b>3 118</b>	<b>1 282 708</b>
<b>Total revenue</b>	<b>1 445 267</b>	<b>911 246</b>	<b>547 201</b>	<b>2 903 714</b>
<b>Expenditure</b>				
Employee related costs	(226 403)	(395 551)	(285 646)	(907 600)
Depreciation and amortisation	(13 630)	(28 485)	(40 486)	(82 601)
Finance costs	(920)	(109)	(162)	(1 191)
Operating lease	(2 926)	(66 497)	(45 719)	(115 142)
Repairs and maintenance	(1 205)	(33 279)	(46 134)	(80 618)
Operating expenses	(973 726)	(302 832)	(157 802)	(1 434 360)
<b>Total expenditure</b>	<b>(1 218 810)</b>	<b>(826 753)</b>	<b>(575 949)</b>	<b>(2 621 512)</b>
<b>Operating surplus</b>	<b>226 458</b>	<b>84 493</b>	<b>(28 749)</b>	<b>282 202</b>
Loss on disposal of assets	(363)	(1 543)	(1 298)	(3 204)
<b>Surplus/(Deficit) for the year</b>	<b>226 095</b>	<b>82 950</b>	<b>(30 047)</b>	<b>278 998</b>
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	2 399	23 308	5 048	30 755
Receivables from exchange transactions	30 950	371	5 361	36 682
Receivables from non-exchange transactions	19 562	-	-	19 562
Cash and cash equivalents	677 417	20 445	283 690	981 552
<b>Total Current Assets</b>	<b>730 328</b>	<b>44 124</b>	<b>294 099</b>	<b>1 068 551</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	179 392	612 020	817 446	1 608 858
Intangible assets	8 072	51	28 032	36 155



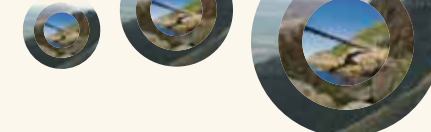
## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

#### 41. Segment reporting (Continued)

	Corporate R'000	Kruger R'000	Parks R'000	Total R'000
Heritage assets	2 039	552	532 611	535 202
Receivables from exchange transactions	163 644	-	-	163 644
<b>Total Current Assets</b>	<b>353 147</b>	<b>612 623</b>	<b>1 378 089</b>	<b>2 343 859</b>
<b>Total Assets</b>	<b>1 083 475</b>	<b>656 747</b>	<b>1 672 189</b>	<b>3 412 410</b>
<b>Current Liabilities</b>				
Other financial liabilities	1 712	-	-	1 712
Finance lease obligation	4 123	-	-	4 123
Trade and other payables from exchange transactions	229 004	5 575	18 560	253 139
Liabilities from non-exchange transactions	3 435 350	(217 389)	(2 812 236)	405 725
Provisions	46 365	-	-	46 365
Reservation deposits	276 105	-	551	276 656
<b>Total Current Liabilities</b>	<b>3 992 659</b>	<b>(211 814)</b>	<b>(2 793 125)</b>	<b>987 720</b>
<b>Non-Current Liabilities</b>				
Finance lease obligation	3 071	-	-	3 071
Employee benefit obligation	486 196	-	-	486 196
Provisions	163 644	-	-	163 644
<b>Total Non-Current Liabilities</b>	<b>652 911</b>	<b>-</b>	<b>-</b>	<b>652 911</b>
<b>Total Liabilities</b>	<b>4 645 570</b>	<b>(211 814)</b>	<b>(2 793 125)</b>	<b>1 640 831</b>
<b>Net Assets</b>	<b>(3 562 095)</b>	<b>868 561</b>	<b>4 465 314</b>	<b>1 771 780</b>
<b>Accumulated Surplus/(Deficit)</b>	<b>(3 562 095)</b>	<b>868 561</b>	<b>4 465 314</b>	<b>1 771 780</b>
<b>Revenue from Exchange Transaction</b>				
Tourism, Retail, Concession and Other	70 351	811 815	473 695	1 355 861
Sales - fauna and flora	31 368	-	-	31 368
Other operating income	3 638	19 999	2 688	26 324
Interest and royalties received	30 971	48	50	31 070
<b>Total revenue from exchange transactions</b>	<b>136 328</b>	<b>831 862</b>	<b>476 433</b>	<b>1 444 623</b>
<b>Revenue from non-exchange transactions</b>				
<b>Transfer revenue</b>	<b>1 271 710</b>	<b>79 731</b>	<b>2 372</b>	<b>1 353 813</b>
<b>Total revenue</b>	<b>1 408 038</b>	<b>911 593</b>	<b>478 805</b>	<b>2 798 436</b>
<b>Expenditure</b>				
Employee related costs	(235 473)	(369 972)	(265 770)	(871 215)
Depreciation and amortisation	(8 590)	(29 786)	(33 003)	(71 380)
	<b>Corporate R'000</b>	<b>Kruger R'000</b>	<b>Parks R'000</b>	<b>Total R'000</b>
Finance costs	(552)	(228)	(308)	(1 088)
Operating lease	(4 251)	(66 153)	(42 570)	(112 974)



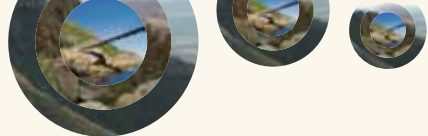
## South African National Parks

### Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 31 March 2016

	Corporate R'000	Kruger R'000	Parks R'000	Total R'000
Repairs and maintenance	(1 250)	(36 719)	(38 995)	(76 963)
Operating expenses	(910 686)	(308 251)	(154 938)	(1 373 875)
<b>Total expenditure</b>	<b>(1 160 802)</b>	<b>(811 109)</b>	<b>(535 584)</b>	<b>(2 507 495)</b>
<b>Operating surplus/(deficit)</b>	<b>247 236</b>	<b>100 484</b>	<b>(56 779)</b>	<b>290 941</b>
Loss on disposal of assets	(266)	(1 277)	(1 460)	(3 003)
<b>Surplus/(Deficit) for the year</b>	<b>246 970</b>	<b>99 207</b>	<b>(58 239)</b>	<b>287 938</b>
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	2 510	26 536	4 912	33 958
Receivables from exchange transactions	37 434	1 809	161	39 404
Receivables from non-exchange transactions	1 000	-	-	1 000
Cash and cash equivalents	575 065	9 574	298 178	882 817
<b>Total Current Assets</b>	<b>616 009</b>	<b>37 919</b>	<b>303 251</b>	<b>957 179</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	216 772	501 003	734 315	1 452 090
Intangible assets	10 588	5	23 998	34 591
Heritage assets	2 039	552	497 480	500 071
Receivables from exchange transactions	160 369	-	-	160 369
<b>Total Current Assets</b>	<b>389 768</b>	<b>501 560</b>	<b>1 255 793</b>	<b>2 147 121</b>
<b>Total Assets</b>	<b>1 005 777</b>	<b>539 479</b>	<b>1 559 044</b>	<b>3 104 300</b>
<b>Current Liabilities</b>				
Other financial liabilities	3 504	-	-	3 504
Finance lease obligation	3 287	-	-	3 287
Trade and other payables from exchange transactions	193 809	8 624	16 854	219 287
Liabilities from non-exchange transactions	2 996 155	(167 763)	(2 352 362)	476 030
Provisions	37 968	-	-	37 968
Reservation deposits	248 543	-	1 160	249 703
<b>Total Current Liabilities</b>	<b>3 483 266</b>	<b>(159 139)</b>	<b>(2 334 348)</b>	<b>989 779</b>
<b>Non-Current Liabilities</b>				
Other financial liabilities	1 712	-	-	1 712
Finance lease obligation	3 011	-	-	3 011
Employee benefit obligation	456 647	-	-	456 647
Provisions	160 369	-	-	160 369
<b>Total Non-Current Liabilities</b>	<b>621 739</b>	<b>-</b>	<b>-</b>	<b>621 739</b>
<b>Total Liabilities</b>	<b>4 105 005</b>	<b>(159 139)</b>	<b>(2 334 348)</b>	<b>1 611 518</b>
<b>Net Assets</b>	<b>(3 099 228)</b>	<b>698 618</b>	<b>3 893 392</b>	<b>1 492 782</b>
<b>Accumulated Surplus/(Deficit)</b>	<b>(3 099 228)</b>	<b>698 618</b>	<b>3 893 392</b>	<b>1 492 782</b>





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## Contact details

### Head Office

Tel: +27 (0)12 426 5000

### Central Reservations

Tel: +27 (0)12 428 9111

Fax: +27 (0)12 343 0905

E-mail: [reservations@sanparks.org](mailto:reservations@sanparks.org)

### Travel Trade

Tel: +27 (0)12 426 5025

Fax: +27 (0)12 343 2006

E-mail: [traveltrade@sanparks.org](mailto:traveltrade@sanparks.org)

Website: [www.sanparks.org](http://www.sanparks.org)

You can find us on:

 [South.African.National.Parks](https://www.facebook.com/South.African.National.Parks)

 <http://twitter.com/SANParks>

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