



05

"For to be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others." - Nelson Mandela

Nelson Mandela Bay Stadium,
Port Elizabeth, South Africa



Eastern Cape Parks and Tourism Agency
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)	2018	2017
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2 Inventories

Maintenance materials	1,708	2,744
Fuel	35	47
	1,743	2,791

3 Trade receivables

Trade debtors	1,426	153
Operating lease receivables	61	61
Rent receivable	423	294
Impairment allowance	(208)	(208)
	1,702	300

ECPTA considers that the carrying amount of trade and other receivables approximates their fair value. No trade and other receivables have been pledged as security.

Reconciliation of provision for impairment

Opening balance	208	208
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4 Other receivables

Grants receivable	698	4,078
Debts receivables (staff debts)	28	54
Poverty relief projects	7	165
Deposits	521	514
Prepaid expenses	374	429
Impairment allowance	(134)	(47)
	1,494	5,193

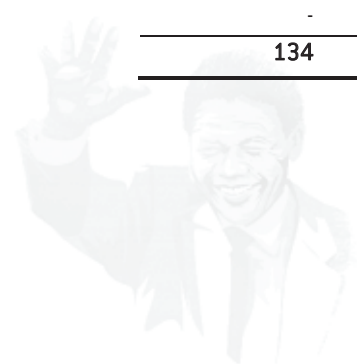
Included in poverty relief projects are amounts of R142 thousand due from DEA projects that have been offset against amounts due to DEA projects of R135 thousand giving a net amount of R7 thousand.

Grants receivable consist of funds receivable from the following funders:

The Eastern Cape Department of Public Works and Roads	-	3,831
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	698	247
	698	4,078

Reconciliation of provision for impairment

Opening balance	47	291
Provision for impairment	87	(40)
Amounts written off as uncollectable	-	(204)
	134	47





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

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Figures in Rand (thousand)	2018	2017
5 Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	64	64
Bank balances	35,832	27,095
Other cash and cash equivalents	2,171	1,422
	38,067	28,581

Other cash and cash equivalents relates to Special Projects. These bank balances are held by the ECPTA in its capacity as the implementing agent and are ring fenced for application to activities within those projects, refer to Note 16.

The entity's exposure to interest rate risk including risk to its financial assets and liabilities is disclosed in Note 40.

6 Game held for sale

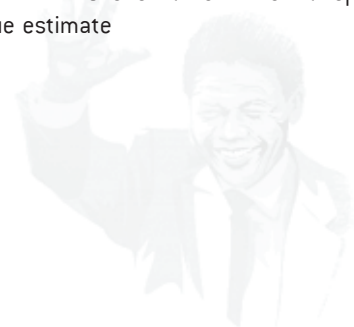
Game held for sale	8,638	14,979
A census to determine the current stocking rate and to ensure that the veld carrying capacity is not exceeded, in line with biodiversity best practices, is held over a 3 year cycle. Excess game are identified for sale in the following year and their fair value less estimated point of sale costs is anticipated to be as follows:		
Live game revised - 231 animals (2017: 328 animals)	2,894	8,816
Hunting game - 907 animals (2017: 853 animals)	2,805	2,392
External culling game - 2 822 animals (2017: 3 067 animals)	2,577	3,347
Internal culling game - 683 animals (2017: 663 animals)	362	424
	8,638	14,979
Live game estimated	6,285	8,816
Events after reporting date	(3,391)	-
	2,894	8,816

The number of animals for off-take (disposal) is approved by The ECPTA Board, and the value of game held for sale varies with the type of species identified for disposal. The Board has resolved at its board meeting during the year on the off-take figures for the current year.

The Board, in resolving the number of animals for the off-take, included animals for stimulating the transformation of the game and conservation industries, by nurturing emerging game farmers. The number of the animals included is 246 (2017: 266).

Subsequent to the entity submitting its annual financial statements for auditing, as required by the PFMA on 31 May 2018, the following events occurred (see note 46):

- The live game auction did not realise, significantly, the revenue as anticipated. An adjustment has been made of R3,4 million.
- Management in July 2018, in-line with delegated powers has re-allocated animals for off-take in-line with operational and strategic reasons and this is anticipated to meet the original revenue estimate





Notes to the Annual Financial Statements

Figures in Rand (thousand)

7 Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software licenses	3,488	(3,198)	290	3,442	(3,051)	391

Reconciliation of intangible assets - 31 March 2018

	Opening balance	Additions	Amortisation	Total
Computer software licenses	391	46	(147)	290

Reconciliation of intangible assets - 31 March 2017

	Opening balance	Additions	Amortisation	Total
Computer software licenses	612	10	(231)	391

8 Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	160	-	160	160	-	160
Buildings	182,397	(32,431)	149,966	192,905	(25,222)	167,683
Plant and machinery	8,915	(6,830)	2,085	8,659	(6,296)	2,363
Furniture and fixtures	18,397	(13,266)	5,131	18,239	(12,165)	6,074
Motor vehicles	34,498	(21,502)	12,996	33,360	(18,263)	15,097
Office equipment	5,058	(3,116)	1,942	4,669	(2,715)	1,954
IT equipment	11,877	(7,398)	4,479	11,525	(7,704)	3,821
Roads and storm water	370,940	(291,160)	79,780	369,375	(281,229)	88,146
Fencing	73,012	(52,161)	20,851	65,954	(49,983)	15,971
Building attachments	6,465	(2,916)	3,549	3,241	(2,358)	883
Field equipment	2,654	(833)	1,821	1,053	(520)	533
Electricity infrastructure	11,271	(5,527)	5,744	10,790	(5,236)	5,554
Sanitation infrastructure	7,284	(3,271)	4,013	6,860	(3,040)	3,820
Water supply infrastructure	23,619	(11,341)	12,278	23,286	(10,854)	12,432
Total	756,547	(451,752)	304,795	750,076	(425,585)	324,491



Eastern Cape Parks and Tourism Agency
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)

8 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2018

	Opening balance	Additions	Disposals	Reclassificat ions	Depreciation	Impairment Loss	Total
Land	160	-	-	-	-	-	160
Buildings	167,683	5,158	(123)	(15,294)	(5,822)	(1,636)	149,966
Plant and machinery	2,363	411	(53)	-	(636)	-	2,085
Furniture and fixtures	6,074	672	(121)	-	(1,494)	-	5,131
Motor vehicles	15,097	1,138	-	-	(3,239)	-	12,996
Office equipment	1,954	537	(27)	-	(522)	-	1,942
IT equipment	3,821	2,076	(27)	-	(1,391)	-	4,479
Roads and storm water	88,146	1,565	-	-	(9,931)	-	79,780
Fencing	15,971	7,058	-	-	(2,178)	-	20,851
Building attachments	883	3,224	-	-	(558)	-	3,549
Field equipment	533	1,601	-	-	(313)	-	1,821
Electricity infrastructure	5,554	482	-	-	(292)	-	5,744
Sanitation infrastructure	3,820	424	-	-	(231)	-	4,013
Water supply infrastructure	12,432	333	-	-	(487)	-	12,278
	324,491	24,679	(351)	(15,294)	(27,094)	(1,636)	304,795

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Notes to the Annual Financial Statements

Figures in Rand (thousand)

8 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2017

	Balance as previously reported	Cost restatement	Accumulated depreciation restatement	Additions as previously reported	Additions restatement	Disposals as Depreciation previously reported	Depreciation as previously restatement	Total
Land	160	-	-	-	-	-	-	160
Buildings	140,398	1,643	(269)	31,295	161	(334)	(5,148)	167,683
Plant and machinery	2,097	397	(379)	940	-	(20)	(628)	2,363
Furniture and fixtures	5,886	301	(146)	1,489	-	(140)	(1,295)	6,074
Motor vehicles	11,659	397	(350)	6,783	-	(418)	(2,974)	15,097
Office equipment	1,331	207	(11)	911	-	(24)	(445)	1,954
IT equipment	3,716	48	37	1,629	-	(12)	(1,592)	3,821
Roads and storm water	108,680	-	-	5,100	108	(216)	(25,526)	88,146
Fencing	15,534	-	-	5,344	-	(539)	(4,368)	15,971
Building attachments	921	124	(87)	268	-	(84)	(251)	883
Field equipment	160	8	(55)	466	-	-	(44)	533
Electricity infrastructure	4,796	-	-	1,034	-	-	(276)	5,554
Sanitation infrastructure	3,470	-	-	531	-	-	(181)	3,820
Water supply infrastructure	12,489	-	-	414	-	-	(471)	12,432
	311,297	3,125	(1,260)	56,204	269	(1,787)	(43,199)	324,491

Included in additions are donated assets of amount R3,379 million (2017: R19,885 million), refer to note 27.

Property, plant and equipment with carrying amount of R15,294 million (2017: Rnil), was reclassified to service concession assets, refer to note 9.

The prior year carrying amount of Property, plant and equipment was restated by R1,976 million, refer to note 45.

No property, plant and equipment is pledged as security for any transaction



Eastern Cape Parks and Tourism Agency

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Notes to the Annual Financial Statements

Figures in Rand (thousand)

9 Service concession assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	34,244	(992)	33,252	18,950	(504)	18,446
Plant and machinery	550	(211)	339	550	(126)	424
Electricity infrastructure	4,300	(230)	4,070	4,300	(126)	4,174
Sanitation infrastructure	375	(14)	361	375	(8)	367
Water supply infrastructure	3,001	(138)	2,863	3,001	(78)	2,923
IT equipment	1,021	(536)	485	1,021	(355)	666
Office equipment	454	(173)	281	454	(114)	340
Furniture and fittings	24	(8)	16	24	(5)	19
Total	43,969	(2,302)	41,667	28,675	(1,316)	27,359

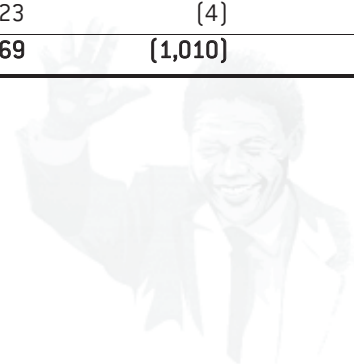
Reconciliation of service concession assets - 31 March 2018

	Opening balance	Additions	Depreciation	Total
Buildings	18,446	15,294	(488)	33,252
Plant and machinery	424	-	(85)	339
Electricity infrastructure	4,174	-	(104)	4,070
Sanitation infrastructure	367	-	(6)	361
Water supply infrastructure	2,923	-	(60)	2,863
IT equipment	666	-	(181)	485
Office equipment	340	-	(59)	281
Furniture and fittings	19	-	(3)	16
	27,359	15,294	(986)	41,667

Included in additions are assets reclassified from property, plant and equipment amounting to R15,294 million (2017: Rnil), refer to Note 8.

Reconciliation of service concession assets - 31 March 2017

	Opening balance	Depreciation	Total
Buildings	18,856	(410)	18,446
Plant and machinery	509	(85)	424
Electricity infrastructure	4,279	(105)	4,174
Sanitation infrastructure	373	(6)	367
Water supply infrastructure	2,983	(60)	2,923
IT equipment	917	(251)	666
Office equipment	429	(89)	340
Furniture and fittings	23	(4)	19
	28,369	(1,010)	27,359





Notes to the Annual Financial Statements

Figures in Rand (thousand)

9 Service concession assets (continued)

Concession service arrangements

Mthatha dam concession

The ECPTA entered into a concession agreement with Naritasan Koya Trading, trading as Mthatha dam amenities (the operator); whereby the entity has granted the operator the right during the concession period to generate, charge and collect revenues from the operation of Mthatha dam facilities at Luchaba Nature Reserve during the concession period of twenty (20) years effective from 01 December 2015, with no renewal option; and to use the concession facilities received as a donation from the National Department of Environmental Affairs for the purpose of this project.

Donated assets to the value of R56,238 million; and consisting of service concession assets (R27,176 million) and property, plant and equipment (R29,062 million) has been received from the National Department of Environmental Affairs by the entity for this project to date. Service concession assets are maintained by the operator during the concession period; and after expiry of the concession period, the facilities are to be operated by the local community identified as beneficiaries in partnership with the entity.

The concession payments, subject to annual review and payable by the operator are as follows:

- Fixed rental of R85 thousand per annum with escalation linked to the consumer price index payable to the ECPTA;
- Concession fee of four percent (4.00%) of net profit payable to the community development fund;
- Concession fee of four percent (4.00%) of net profit and fifty percent (50%) of gate takings profit payable to the ECPTA

Cape Morgan multi-purpose facility concession

The ECPTA entered into a concession agreement with Miarestate Wildlife (Pty) limited, (the operator); whereby the entity has granted the operator the right during the concession period to generate, charge and collect revenues from the operation of Cape Morgan multi-purpose conference centre facilities at East London Coast Nature Reserve during the concession period of ten (10) years effective from 14 December 2017 and to use the conference centre with a book value of R15,294 million for the purpose of this project.

The concession payments, payable by the operator in the event that the project becomes profitable are as follows:

- Concession fee of thirty five percent (35.00%) of net profit payable to the ECPTA ;
- The following expenses are for the account of the Concessionaire; insurance, municipal services and maintenance of concession assets





Notes to the Annual Financial Statements

Figures in Rand (thousand)

10 Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	22,991	-	22,991	22,991	-	22,991

Reconciliation of heritage assets 31 March 2018

	Opening Balance	Total
Land	22,991	22,991

Reconciliation of heritage assets 31 March 2017

	Opening Balance	Total
Land	22,991	22,991

Details of heritage assets

Included in the total heritage assets value of R22,991 million are various parks that were assigned to the former Eastern Cape Parks Board, with estimated area in hectares as listed below. For the heritage assets which were obtained from non-exchange transactions, ECPTA attempted to establish the value thereof using guidance from Directive 7: The Application of deemed cost issued by the Accounting Standards Board. Due to the nature of ECPTA's activities, ECPTA 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 ECPTA heritage assets acquired from non-exchange transactions could not be recognised in the annual financial statements

Land purchased by the former Eastern Cape Parks Board to the value of R 22,991 million was recognised as heritage assets at the fair value of the consideration paid on purchase by the entity.

The nature reserves, including land acquired subsequent to the transfer, comprise the following:





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

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10 Heritage assets (continued)

Reserve	Estimated area in hectares
Great Fish River Nature Reserve	45,022
Comprising of Sam Knott and Double Drift Nature Reserves	
Includes 1,605 hectares with fair value of R5,659 million	
Baviaanskloof Nature Reserve	211,171
Comprising of Baviaanskloof Wilderness Area, Stinkhoutberg and Cockscomb Nature Reserves	
Includes 18,160 hectares with fair value of R15,533 million	
Formosa Nature Reserve	25,490
Groendal Nature Reserve	44,877
The Island Nature Reserve	495
Thomas Baines Nature Reserve	2,588
Waters Meeting Nature Reserve	4,217
Tsolwana Nature Reserve	7,796
Mpofu Nature Reserve	10,931
Includes 827 hectares with fair value of R1,797 million	
Fort Fordyce Nature Reserve	2,970
East London Coast Nature Reserve	3,827
Hamburg Nature Reserve	1,466
Dwesa – Cwebe Nature Reserve	5,529
Hluleka Nature Reserve	4,665
Silaka Nature Reserve	400
Nduli – Luchaba Nature Reserve	518
Mkhambathi Nature Reserve	7,736
Ongeluksnek Nature Reserve	11,540
Oviston Nature Reserve	1,455
Commando Drift Nature Reserve	5,746
	398,439





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

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11 Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment Property	7,100	(1,060)	6,040	7,100	(932)	6,168

Reconciliation of investment property - 31 March 2018

	Opening Balance	Depreciation	Total
Investment property	6,168	(128)	6,040

Reconciliation of investment property - 31 March 2017

	Opening Balance	Depreciation	Total
Investment property	6,296	(128)	6,168

Details of property

Unit 2 Bhisho business village	936	956
Tourism House Phalo Avenue	5,104	5,212
	6,040	6,168

Unit 2 Bhisho business village:

The property consists of an office block situated in the Bhisho business village and transferred to the ECPTA as at 1 July 2010. The building is currently occupied by the Department of Local Government and Traditional Affairs.

Fair value of the investment property as determined by an independent valuer, P Lindstrom (Registration no 935/7 registered in terms of the Valuers Act No.47 of 2000) is R1,565 million (31 March 2017: R1,48 million).

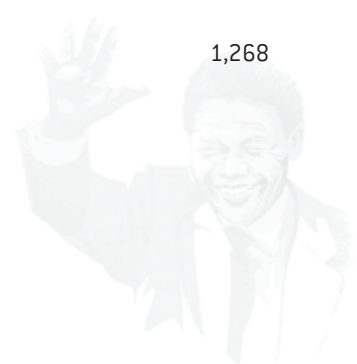
Tourism House Phalo Avenue:

The property consists of an office block situated in Phalo Avenue in Bhisho and transferred to the ECPTA as at 1 July 2010. It is currently being occupied by the National Prosecuting Authority (NPA).

Fair value of the investment property as determined by an independent valuer, P Lindstrom (Registration no 935/7 registered in terms of the Valuers Act No.47 of 2000) is R8,713 million (31 March 2017: R8,6 million)

Amounts recognised in surplus and deficit for the year

Rental revenue from investment property	1,268	1,169
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12 Infrastructure - work in progress

Capital projects	11,994	16,382
Work in progress relates to capital projects in progress at year end.		
Opening balance	16,382	15,319
Additions	10,233	21,284
Transfers to property, plant and equipment	(15,658)	(19,772)
Transfers from inventories	1,037	-
Amounts expended	-	(449)
	11,994	16,382

13 Finance lease obligation

Minimum lease payments due

- within one year	469	46
- in second to fifth year inclusive	664	-
	1,133	46
less: future finance charges	(133)	(1)
Present value of minimum lease payments	1,000	45

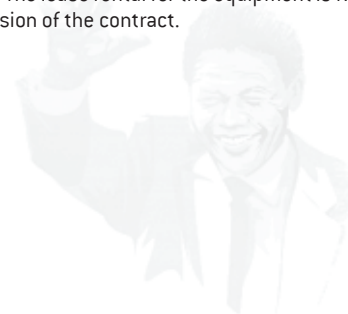
Present value of minimum lease payments due

- within one year	384	45
- in second to fifth year inclusive	616	-
	1,000	45

Non-current liabilities	616	-
Current liabilities	384	45
	1,000	45

The entity has considered the following leases as significant:

- Equipment located at the East London head office was leased from Konica Minolta South Africa for a period of three years ending 30 April 2017 at a lease rental of R22 thousand per month, with no escalation.
- A new lease for the equipment located at head office was entered into with Konica Minolta South Africa for a period of three years ending 31 August 2020. The lease rental for the equipment is R26 thousand per month, with no escalation.
- Equipment located at nature reserve offices was leased from Bytes Document Solutions for a period of three years ending 30 April 2017 at a lease rental of R23 thousand per month, with no escalation.
- A new lease for the equipment located at nature reserves was entered into with Bytes Document Solutions for a period of three years ending 31 August 2020 with an option to be extended at the sole discretion of the ECPTA for a maximum period of two years on same terms and conditions, except for a reduction in rental. The lease rental for the equipment is R13 thousand per month which shall be reduced by seventy five (75%) on extension of the contract.





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14 Trade payables

Trade creditors	5,453	13,953
Payments received in advance - contract in process	4,403	3,813
Accrued expense trade	2,114	3,059
Operating lease payables	367	178
Other trade payables	35	50
	12,372	21,053

ECPTA considers that the carrying amount of trade and other payables approximates their fair value. The entity's exposure to liquidity risk related to trade and other payables is disclosed in Note 40.

15 Employee related payables

Salaries and wages	804	708
Pension and provident	164	112
Skills development levy	122	117
Accrued leave pay	9,384	9,061
Workmen's compensation	85	121
SARS payable	6	27
Medical aid	868	753
	11,433	10,899

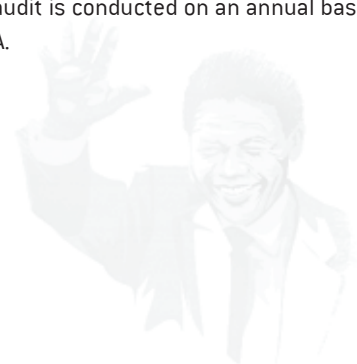
The ECPTA, as a schedule 3C PFMA entity, is required to surrender surplus cash resources to the Provincial Treasury. Historically, the ECPTA has not retained cash to fully back the accrued leave pay accrual in light of this. The Provincial Treasury does however allow a retention based on prior year trends. The cash back portion is equivalent to the prior payments to employees leaving the ECPTA amounting to R880 thousand (2017: R 549 thousand).

16 Poverty alleviation projects

Poverty alleviation projects	2,171	1,422
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Represents amounts available for poverty relief projects which are administered on behalf of the National Department of Environmental Affairs, refer to Note 5.

The ECPTA has been appointed as implementing agents for certain poverty alleviation initiatives which are funded directly by DEA. The project was initiated in 2005 and to date, funding to the extent of R108,518 million has been received. A separate set of financial records are maintained for this project and a separate independent audit is conducted on an annual basis. These expenses are submitted to DEA and are not consolidated into the records of ECPTA.





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17 Provisions

Legal proceedings	240	230
Performance bonus	8,436	6,800
	8,676	7,030

Reconciliation of provisions - 31 March 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	230	10	-	-	240
Performance bonus	6,800	8,436	(6,796)	(4)	8,436
	7,030	8,446	(6,796)	(4)	8,676

Reconciliation of provisions - 31 March 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	425	224	(196)	(223)	230
Professional fees	150	-	(150)	-	-
Performance bonus	7,820	6,800	(6,782)	(1,038)	6,800
	8,395	7,024	(7,128)	(1,261)	7,030

Legal proceedings provisions

The provision on legal proceedings represents management's best estimate of the entity's liability on legal costs relating to the following cases: resettlement of people residing on acquired land R20 thousand (2017: R20 thousand), eviction of former employees, R10 thousand (2017: R10 thousand), reclaiming of game R200 thousand (2017: R200 thousand) and public liability claim against employees R10 thousand (2017: Rnil). The actual amounts to be paid will depend on the nature and extent of work performed by the attorneys in the litigation process.

Professional fees provision

The provision on professional fees represents management's offer, in prior year, on the disputed claim on professional services rendered to the entity.

Performance bonus provision

The provision on performance bonus of R8,4 million (2017: R6,8 million) relates to management's estimate on possible performance payments in terms of the entity's performance management policy. The payments of such bonuses is subject to the availability of funds and dependent on the outcome of performance evaluations which are to be conducted after year end.





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18 Deferred revenue - game held for sale

Game held for sale

8,638

14,979

Deferred revenue - game held for sale relates to the corresponding revenue for large mammals which are identified through the game census process as being excess game, and have been recognised as "held for sale" for deferral until the sale has been concluded and the entity has discharged its responsibilities in terms of the sale agreement, refer to Note 6.

19 Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

The Department of Economic Development,
Environmental Affairs and Tourism (DEDEAT)

-

3,847

National Department of Tourism

19,602

-

South African Biodiversity Institute

88

461

African Wildlife Foundation

551

677

Buffalo City Metropolitan Municipality

-

200

United Nations Developmental Programme (Wild Coast)

-

181

South African National Parks

98

312

Green Trust

1

-

Commission on Restitution of Land Rights

600

-

20,940

5,678

Reconciliation of movement in grants

31 March 2018

	Balance unspent at start of year	Current year receipts	Transfers to revenue	Balance unspent at year end
DEDEAT	3,847	195,953	(199,800)	-
National Department of Tourism	-	19,802	(200)	19,602
South African National Biodiversity Institute	461	852	(1,225)	88
Department of Environmental Affairs	-	138	(138)	-
African Wildlife Foundation	677	-	(126)	551
Buffalo City Metropolitan Municipality	200	220	(420)	-
United Nations Developmental Programme (Wild Coast)	181	-	(181)	-
South African National Parks	312	3,433	(3,647)	98
Sarah Baartman District Municipality	-	220	(220)	-
Umzimvubu Local Municipality	-	220	(220)	-
First National Bank	-	20	(20)	-
Green Trust	-	289	(288)	1
Commission on Restitution of Land Rights	-	600	-	600
	5,678	221,747	(206,485)	20,940





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

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Figures in Rand (thousand)

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19 Unspent conditional grants and receipts (continued)

31 March 2017

	Balance unspent at start of year	Current year receipts	Transfers to revenue	Balance unspent at year end
DEDEAT	18,508	196,205	(210,866)	3,847
CATHSSETA	871	889	(1,760)	-
South African National Biodiversity Institute	-	1,373	(912)	461
Marine and Coastal Management	222	3,000	(3,222)	-
African Wildlife Foundation	252	807	(382)	677
Buffalo City Metropolitan Municipality	-	200	-	200
United Nations Developmental Programme (Wild Coast)	-	1,361	(1,180)	181
South African National Parks	-	2,643	(2,331)	312
	19,853	206,478	(220,653)	5,678

20 Employee benefit obligations

Defined benefit plan

The ECPTA has unfunded defined benefit plans that relates to long service awards and post-retirement medical aid benefits.

An actuarial valuation was performed using generally accepted actuarial principles.

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

Carrying value

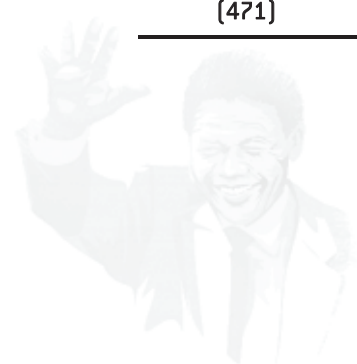
Long service award	2,162	2,304
Medical aid benefit	21,140	21,788
	23,302	24,092

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	24,092	24,208
Benefits paid	(319)	(346)
Net expense recognised in the statement of financial performance	(471)	230
	23,302	24,092

Net expense recognised in the statement of financial performance

Current service cost	980	1,021
Interest cost	2,544	2,518
Actuarial gains	(3,995)	(3,309)
	(471)	230





Notes to the Annual Financial Statements

Figures in Rand (thousand)	2018	2017
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20 Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	9.25 %	9.75 %
Discount rates used	10.65 %	10.71 %
Expected rate of return on assets	7.30 %	8.20 %
Medical cost trend rates	9.14 %	10.16 %
Expected pension increases	7.64 %	8.66 %

The discount rate has been determined with reference to market yields at the date of the valuation using the yield curve determined by the Bond Exchange of South Africa.

No ill-health retirement assumption was made and it was assumed that all staff will retire at average age 63 (2017: 63 years). The results of the valuation are sensitive to the assumptions chosen.

The ECPTA, as a schedule 3C PFMA entity, is required to surrender surplus cash resources to the Provincial Treasury. Historically, the ECPTA has not retained cash to fully back the employee benefit obligation in light of this. In addition, the Provincial Treasury does not allow a retention of cash for this obligation. The entity, therefore, does not cash back employee benefit obligation.

21 Wildlife income

Culling revenue	3,770	2,089
Hunting and fishing income	2,319	2,289
Live game sales	6,576	10,172
Venison sales	176	119
Other sales	1	-
	12,842	14,669

"Sale of goods" has been renamed to "Wildlife income" to enhance the presentation of financial statements.

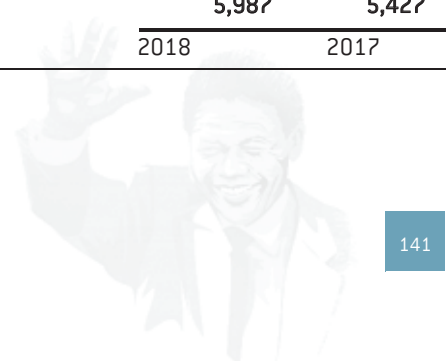
22 Rendering of services

Entrance fees and day tours	1,303	1,020
Hiking trails, game guides and game drives	131	87
Other services	104	42
	1,538	1,149

23 Accommodation revenue

General accommodation	4,863	4,606
Camping income	1,032	821
Catering income	92	-
	5,987	5,427

Figures in Rand (thousand)	2018	2017
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Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

24 Other income

Concession income	28	365
Commission	62	45
Ecological services income	22	115
Insurance proceeds	300	796
Implementers fees	319	301
Sale of tender documents	45	33
Sundry income	138	146
	914	1,801

25 Finance income

Bank interest	1,295	2,572
Trade and other receivables interest	35	-
	1,330	2,572

26 Grants and subsidies

The Department of Economic Development, Environmental Affairs and Tourism	199,800	210,866
National Department of Tourism	200	-
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	1,814	2,006
South African National Biodiversity Institute	1,225	912
Marine and Coastal Management	2,857	3,222
African Wildlife Foundation	126	382
Department of Environmental Affairs	138	-
United Nations Developmental Programme (Wild Coast)	181	1,180
South African National Parks	3,647	2,331
The Eastern Cape Department of Roads and Public Works	-	3,831
Buffalo City Metropolitan Municipality	420	-
Sarah Baartman District Municipality	220	-
Umzimvubu Local Municipality	220	-
First National Bank	20	-
Green Trust	288	-
	211,156	224,730





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)

2018

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27 Donations received

Property, plant and equipment	3,379	19,885
Repairs and maintenance	-	500
	3,379	20,385

The following are details of donations received:

Property, plant and equipment

Buildings	1,256	9,120
Plant and machinery	158	-
Motor vehicles	-	248
Office equipment	9	-
IT equipment	18	18
Roads and storm water	1,528	5,100
Fencing	-	5,000
Building attachments	35	-
Field equipment	375	399

Repairs and maintenance

Roads and storm water	-	500
	3,379	20,385

The donations above were received from the following donors:

The South African National Roads Agency Limited (Provincial Treasury)	1,528	-
National Department of Environmental Affairs	-	19,720
Wildlife Protection	237	-
Simunye Developers	33	-
Endangered Wildlife Trust	18	-
International Rhino Foundation	1,563	399
Wilderness Foundation	-	266
	3,379	20,385





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

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Figures in Rand (thousand)

2018

2017

27 Donations received (continued)

Donations in kind

The entity has been granted the use of assets and resources for conservation activities. The assets and resources are reflected below at cost as provided by the listed donors:

National Department of Environmental Affairs - Salaries for interns	1,030	-
Stop Rhino Poaching - aircraft, office equipment, training, research	60	877
Wilderness Foundation - motor vehicle, computer, training, research and consulting	816	885
Endangered Wildlife Trust - IT equipment	20	-
Other donors* animal costs, staff welfare, training	-	23
	1,926	1,785

* Other donors consist of Chipembere Rhino Foundation, Hills, Merial, and Save Rhino Foundation.

28 Personnel related costs

Basic salary	98,662	92,222
Performance bonus	8,432	5,763
Medical aid contributions	10,594	9,905
Unemployment insurance fund	883	787
Skills development levy	122	117
Leave pay provision charge	1,474	2,097
Defined contribution plans	14,200	13,243
Overtime payments	3,373	3,488
Car allowance	408	650
Other allowances	2,363	2,645
Workmen's compensation	1,419	913
	141,930	131,830

The employee contributions on medical aid were re-classified from basic salary to medical aid contributions. The prior year amount of R9,905 million for medical aid contributions has been adjusted to include both employee and company contributions, refer to Note 45.





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)	2018	2017
29 Depreciation and amortisation		
Intangible assets	147	231
Property, plant and equipment	27,097	43,357
Service concession assets	986	1,009
Investment property	128	128
	28,358	44,725

Change in estimate - change in economic useful lives

During the year an assessment for remaining useful lives was conducted for non-current assets. The remaining useful lives of items of property, plant and equipment were revised with the following effect on depreciation and amortisation:

	As per revised useful lives	As per original useful lives	Change in estimate
Intangible assets	147	(236)	(89)
Property, plant and equipment	27,097	(34,312)	(7,215)
Service concession assets	986	(1,008)	(22)
Investment property	128	(129)	(1)
	28,358	(35,685)	(7,327)

30 Impairment loss

Property, plant and equipment	1,636	-
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31 Finance costs

Employee benefit obligation	2,544	2,518
Finance lease obligation	67	30
	2,611	2,548

32 Repairs and maintenance

Property, plant and equipment	4,379	6,398
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Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

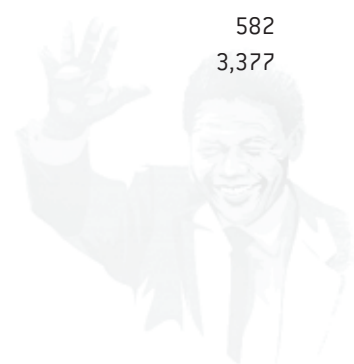
Figures in Rand (thousand)

2018

2017

33 Operating expenses

Advertising and marketing	10,916	9,978
Animal costs	389	424
Assessment rates & municipal charges	5	73
Auction expenses	2,807	3,505
Auditors remuneration	2,908	2,446
Bank charges	265	215
Board expenses	2,192	2,197
Chemicals	412	546
Cleaning	980	919
Community projects	10	56
Compliance and law enforcement	1,241	1,876
Computer expenses	149	54
Conferences and seminars	2,244	2,905
Consulting and professional fees	4,632	5,760
Consumables	1,029	1,389
Electricity	4,196	4,438
Entertainment	58	39
Fleet	3,339	2,903
Fuel and oil	536	720
Game management	2,028	1,847
Hiring expenses	686	881
Insurance	1,923	1,484
Internal audit fees	1,187	1,104
Lease rentals on operating lease	6,728	5,987
Levies	183	214
Medical expenses	191	19
Placement fees	167	890
Postage and courier	117	197
Printing and stationery	1,069	1,370
Profit & loss on foreign exchange	-	29
Protective clothing	81	72
Refuse	159	128
Research and development costs	70	189
Royalties and license fees	2,653	3,129
Security	1,566	921
Staff welfare	376	379
Subscriptions and membership fees	582	471
Telephone and fax	3,377	4,234





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)

2018

2017

33 Operating expenses (continued)

Tourism development	868	621
Training	2,437	2,802
Travel - motor car, accommodation and subsistence	2,671	3,057
Travel - local	7,403	8,585
Travel - overseas	927	1,486
Uniforms	891	1,607
	76,648	82,146

34 Auditors' remuneration

Included in Note 33 is External audit fees of:

2,908

2,446

Auditors' remuneration includes audit fees for projects amounting to R39 thousand (2017: R -).

35 Cash generated from operations

(Deficit) surplus	(13,539)	6,076
Adjustments for:		
Depreciation and amortisation	28,358	44,725
Loss on disposal of assets	336	1,766
Donations	(3,379)	(19,885)
Impairment loss	1,636	-
Debt impairment	86	-
Movements in employee benefit obligations	(790)	(116)
Movements in provisions	1,646	(1,365)
Changes in working capital:		
Inventories	11	(1,201)
Trade receivables	(1,488)	(82)
Other receivables	3,699	(3,985)
Trade payables	(8,681)	3,721
Employee related payables	534	1,925
Unspent conditional grants and receipts	15,262	(14,175)
	23,691	17,404





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)

2018

2017

36 Operating leases

Operating leases as the lessee:

Minimum lease payments due

- not later than one year	4,970	5,440
- in second to fifth year inclusive	2,650	7,404
	7,620	12,844

The entity has considered the following leases as significant, where it rents office space:

- Romac Properties CC in Port Elizabeth at number 20, 4th Avenue, Newton Park. The lease contract was for a period of thirty six (36) months commencing on 01 April 2014 and ending on 31 March 2017. The rental per month was R26 thousand with an escalation of eight percent (8.00 %) per annum. The lease was subsequently extended for three months at R33 thousand rental per month.
- Rio Ridge 1061 CC in Mthatha at Savoy Shopping, Nelson Mandela Drive. The lease contract is for a period of thirty six (36) months commencing on 01 April 2014 and ending on 31 March 2017. The rental per month was R41 thousand with an escalation of eight percent (8.00 %) per annum. The lease was subsequently extended for three months at R51 thousand rental per month.
- Hemipac Investments (Pty) Ltd, a division of SKG Properties Group in East London, at number 17-25 Oxford Street, Central Business District. The lease contract is for a period of thirty six (36) months commencing on 04 October 2016 and is renewable for a further twenty four (24) months. The rental per month is R 362 thousand including parking with an escalation of eight percent (8,00 %) per annum. Subsequent to the procurement process, there were variations on the building. These variations amounted to a once-off payment of R2,2 million and R113 thousand per month payable over twelve (12) months.
- Kazin Trading 5 CC in Mthatha for parkhomes at Nduli Nature Reserve. The lease contract was for a period of six (6) months commencing on 01 July 2017 with an option to extend to a month-to-month basis for a period not exceeding six (6) months. The rental per month was R47 thousand. The lease was subsequently extended on a month-to-month at R33 thousand rental per month.
- Khusel'indalo South Africa trading as Conservation South Africa in Matatiele, at number 112 Main Street. The lease contract is for a period of thirty three (33) months commencing on 01 April 2017 and is renewable for a period not exceeding eight (8) months on a month-to-month basis or for a fixed period of twelve (12) months. The rental per month was R4 thousand with an escalation of 10 percent (10.00 %) per annum.

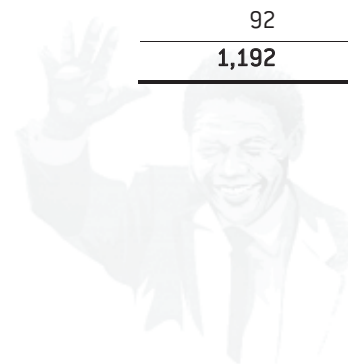
The entity has considered the following leases as significant, where it rents equipment:

Sanitary equipment located at Head office in East London is leased from Red Alert for a period of three years commencing on 01 October 2017 at a lease rental of R4 thousand per month, with an escalation of 6.7% and 8.3% after the first and second year respectively.

Operating leases as the lessor:

Minimum lease payments due

- not later than one year	1,100	1,208
- in second to fifth year inclusive	92	1,192
	1,192	2,400





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)

2018

2017

36 Operating leases (continued)

The entity has considered the following leases as significant, where it rents equipment:

- Sanitary equipment located at Head office in East London is leased from Red Alert for a period of three years commencing on 01 October 2017 at a lease rental of R4 thousand per month, with an escalation of 6.7% and 8.3% after the first and second year respectively

Operating leases as the lessor:

Minimum lease payments due

- not later than one year

1,100

1,208

- in second to fifth year inclusive

92

1,192

1,192

2,400

The entity has considered the following leases as significant, where it rents out office space:

- National Prosecuting Authority (NPA) at Tourism House, in Phalo avenue in Bhisho. The contract is a thirty six (36) months lease commencing on 01 May 2016 with 13 months remaining at 31 March 2018. The rental is R82 thousand per month with an eight percent (6.00 %) escalation rate on renewal of the lease.
- The Department of Roads and Public Works at Erf 292, Unit 02, Business Village in Bhisho. The contract is a twenty four (24) months lease commencing on 01 January 2016 and ending on 31 December 2017. The commencement rental is R18 thousand per month with a seven percent (7.00 %) escalation rate at the end of each lease year.





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

37 Emoluments

Members

2018

	Members' fees	Other benefits *	Total
Mr S Mgxaji - (Acting Chairperson of the Board)	145	2	147
Ms V Zitumane - (Chairperson of the Board) - Resigned on 31 August 2017	95	3	98
Mr SFW Ncume - (Board Member) - Appointed on 1 March 2015	198	6	204
Dr A Muir - (Board Member) - Appointed on 1 June 2012	148	3	151
Ms T Tsengiwe - (Board Member) - Resigned on 16 August 2017	45	-	45
Ms P Yako - (Board Member) - Appointed on 1 December 2015	145	2	147
Ms T Putzier - (Board Member) - Appointed 01 September 2017	83	63	146
Mr ZL Fihlani - (Board Member) - Appointed on 15 August 2017	43	1	44
	902	80	982

* Other benefits includes stakeholder engagements and cellphone allowances.

2017

	Members' fees	Other benefits	Total
Ms V Zitumane - (Chairperson of the Board) - Appointed on 1 June 2012**	293	37	330
Mr SFW Ncume - (Board Member) - Appointed on 1 March 2015**	185	16	201
Dr A Muir - (Board Member) - Appointed on 1 June 2012**	110	3	113
Ms T Tsengiwe - (Board Member) - Appointed on 1 June 2012**	107	11	118
Mr S Mgxaji - (Board Member) - Appointed on 1 June 2012**	87	2	89
Ms P Yako - (Board Member) - Appointed on 1 December 2015	115	3	118
	897	72	969

** Re-appointed by the Member of the Executive Council with effect from 1 December 2015 for a period of 3 years.





Eastern Cape Parks and Tourism Agency

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Notes to the Annual Financial Statements

Figures in Rand (thousand)

37 Emoluments (continued)

Audit Committee

2018

	Committee fees	Other benefits ***	Total
Mr C Sparg - (Chairperson) - Appointed on 1 April 2017	108	6	114
Mr S Dzengwa - (Member) - Appointed on 1 April 2017	50	3	53
Ms T Semane - (Member) - Appointed on 1 April 2017	50	1	51
	208	10	218

*** Other benefits includes reimbursed expenses

2017

	Committee fees	Total
Mr C Sparg (Member) Appointed on 1 April 2015	48	48
Ms T Mahlati - (Chairperson) - Appointed on 1 April 2014	113	113
Mr ZL Fihlani - (Member) - Appointed on 1 April 2014	29	29
	190	190

Executive Directors

2018

	Salary	Other benefits	Retirement fund contribution	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer)	1,946	89		314	2,349
Mr J Jackson - (Chief Financial Officer)	1,377	47	197	241	1,862
Dr N Songelwa - (Chief Operations Officer)	1,765	30	-	256	2,051
Ms N Mxunyelwa - (Chief Marketing Officer)	1,025	26	146	172	1,369
Ms L Gower - (Executive Director: Corporate Services)	1,360	39	-	211	1,610
Ms X Mapoma - (Legal Advisor and Board Secretary)	959	24	139	118	1,240
	8,432	255	482	1,312	10,481

2017

	Salary	Retirement fund contribution	Other contributions	Performance incentive bonus	Total
Mr V Dayimani - (Chief Executive Officer)	1,830				
Mr J Jackson - (Chief Financial Officer)	1,312	189	53	237	1,791
Dr N Songelwa - (Chief Operations Officer)	1,680	-	29	170	1,879
Ms N Mxunyelwa - (Chief Marketing Officer)	960	138	59	149	1,306
Ms L Gower - (Executive Director: Corporate Services)	1,287	-	38	218	1,543
Ms X Mapoma - (Legal Advisor and Board Secretary)	877	131	56	132	1,196
	7,946	458	297	1,211	9,912





Eastern Cape Parks and Tourism Agency

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Notes to the Annual Financial Statements

Figures in Rand (thousand)

38 Contingencies

Contingent assets:

Contingent assets comprising of damage claims are as follows:

ECPTA v Medbury Farm:

This matter relates to the recovery of animals that crossed over to the neighbouring farm. The ECPTA is demanding the return of the animals, alternatively, payment of the sum of R4 million being the reasonable market value of the animals. Judgement in favour of the ECPTA has been received from the Supreme Court of Appeal and the defendant was ordered to pay the plaintiff legal costs. The legal costs paid amount to R1,460 million.

Contingent liabilities:

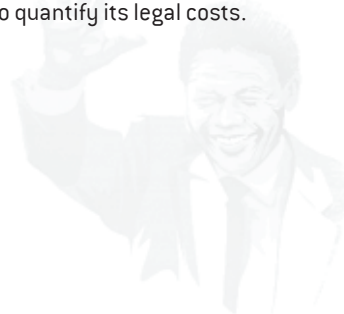
The entity's management is cognisant of the pervasive nature of the claims below, especially those relating to fire claims. The entity is a Schedule 3C Public Entity in terms of the Public Finance & Management Act. This status of the entity is such that its shareholder being The Provincial Government is ultimately the guarantee and funder of any claims that may arise. This is also underscored by the fact that the entity is not permitted to retain funds to build up reserves to mitigate future claims.

Management has therefore, not seen the need to pass any doubt on the entity's ability to continue as a going concern.

Contingent liabilities comprising of damage claims are as follows:

Damage claims

- **Mr and Mrs Gallop (Farm Spree River No 170) v ECPTA:**
This is a fire claim against the ECPTA. The capital involved amount to R652 thousand. The matter is dormant and the ECPTA is defending it through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.
- **Alibiprops 1005 cc t/a Indlovu Thatch v ECPTA:**
This matter relates to a contractual dispute between the Plaintiff and the ECPTA. The capital amount is R369 thousand. The matter is dormant and the prospects of success are more favourable to the ECPTA. The estimated legal costs at reporting date amount to R631 thousand.
- **Eurodrain Technology (Pty) Ltd v ECPTA:**
This matter relates to a contractual dispute between the ECPTA and the Plaintiff. The total remaining balance amounts to R326 thousand. The matter is dormant and the prospects of success are more favourable to the ECPTA. The estimated legal costs at reporting date amount to R120 thousand.
- **Khayaletu Geelbooi v ECPTA:**
This is a claim for personal injuries. The ECPTA was served with a letter of demand in which the claimant is claiming R500 thousand for damages. No summons has been issued as yet. The ECPTA will defend the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.
- **Andre Prinsloo v ECPTA:**
This matter relates to a buffalo attack which took place on the Baviaanskloof Nature Reserve on 13 June 2015. The ECPTA is being sued for damages to the amount of R3,089 million. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.





Notes to the Annual Financial Statements

Figures in Rand (thousand)

38 Contingencies (continued)

- **MTO Forestry (Pty) Ltd v ECPTA**

This matter relates to a claim on damages caused by a fire alleged to have originated in or around the Baviaanskloof Nature Reserve and spread across to a neighbouring plantation. The estimated cost of the damages is R236,134 million. The ECPTA is defending the matter through the attorneys appointed by its insurers and is accordingly not in a position to quantify its legal costs.

- **Old Mutual Insure v ECPTA**

This matter relates to a claim on damages caused by a fire alleged to have originated in or around the Baviaanskloof Nature Reserve and spread across to a neighbouring plantation and from there to several other properties. The claimant is claiming R223,647 million for damages. A claim has been submitted to the ECPTA insurers, and the outcome is still awaited.

- **Sobabini cc / Cypherfontein 379 (Pty) Ltd and Mr Clive Ingram v ECPTA**

This matter relates to a claim on damages caused by a fire alleged to have been sparked by an electrical fault in the Baviaanskloof Nature Reserve and spread across to a neighbouring property. The claimant is claiming R31,207 million for damages. A claim has been submitted to the ECPTA insurers, and the outcome is still awaited.

- **Rough Diamonds v ECPTA**

This matter relates to a claim on repairs and maintenance costs to a building in East London which was occupied by the ECPTA in terms of a written lease agreement which ended in 2016 with Rough Diamonds (Pty) Ltd. The claimant allege to have incurred costs to reinstate the property into good order after the ECPTA vacated the premises. The amount claimed is R636 thousand for damages and cost of repairs

39 Related party disclosures

Related parties:

The ECPTA operates in an economic sector whereby it interacts with other entities within the national and provincial sphere of government. Such entities are considered to be related parties. Key management is defined as individuals who are key decision makers within the entity with a responsibility and authority to direct and control the activities of the entity. The Board, Audit Committee, Executive Management as well as the Legal Advisor / Board secretary are considered to be key management per the definition of the financial reporting standard. Close family members of key management personnel are considered to be those family members who may be expected to influence or to be influenced by key management.

During the period under review the Eastern Cape Parks and Tourism Agency (ECPTA) recorded various transactions with the following related parties:

Relationships

Controlling entity

National government departments

- The Department of Economic Development, Environmental Affairs and Tourism
- The National Department of Environmental Affairs
- The Department of Water and Sanitation
- The National Department of Tourism
- The Department of Public Works
- The Department of Environmental Affairs





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

39 Related party disclosures (continued)

Provincial government departments	- Provincial Treasury
	- The Eastern Cape Department of Education
	- The Eastern Cape Department of Roads and Public Works
Local government municipal entities	- Buffalo City Metropolitan Municipality
	- Nelson Mandela Bay Metropolitan Municipality
	- Sarah Baartman District Municipality
	- Umzimvubu Local Municipality
Entities with co management agreements	- The Dwesa / Cwebe Land Trust
	- The Mkhambathi Land Trust
	- Marine and Coastal Management
Strategic partnership entities	- Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority
	- South African National Biodiversity Institute
	- South African National Parks
	- The South African National Roads Agency Limited
	- Commission on Restitution of Land Rights

Related party balances

Amounts included in trade and other receivables regarding related parties

The Department of Economic Development, Environmental Affairs and Tourism	208	208
The Department of Public Works and Roads	-	3,831
The Eastern Cape Department of Roads and Public Works	42	18
The Department of Public Works	174	69
Buffalo City Metropolitan Municipality	163	-
Department of Environmental Affairs	7	165
Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	698	247

Related party transactions

Transfer payments received from related parties

The Department of Economic Development, Environmental Affairs and Tourism	195,953	196,205
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Amounts received from related parties for tourism development programmes

National Department of Tourism (Tourism infrastructure)	19,802	-
Buffalo City Metropolitan Municipality (2018: Indaba, 2017: Lilizela awards)	220	200
Sarah Baartman District Municipality (Indaba)	220	-
Umzimvubu Local Municipality (Indaba)	220	-





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

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39 Related party disclosures (continued)

Amounts received from related parties for biodiversity conservation projects

Marine and Coastal Management	3,000	3,000
African Wildlife Foundation (Stop rhino poaching)	-	807
South African National Biodiversity Institute	853	1,373
South African National Parks	3,647	2,643
Commission on Restitution of Land Rights	600	-

Amounts received from related parties for skills development programmes

Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority	1,363	889
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Donations received from related parties

The National Department of Environmental Affairs (Donation of assets)	-	19,720
The South African National Roads Agency Limited	1,528	-

Rent received from related parties

The Department of Public Works	1,038	1,032
The Eastern Cape Department of Roads and Public Works	231	219
The Eastern Cape Department of Education	-	16

40 Risk management

General

The entity's 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.

The ECPTA has a risk management policy, risk management framework and audit and risk management committee in place which meets on a quarterly basis and reviews the strategic and operational risk registers. The risk management committee comprises of executive and senior management and reports to the audit committee which in turn reports to the board.

Classification of financial instruments

31 March 2018

Financial assets

	At fair value	At amortised cost	At cost	Total
Trade receivables	-	1,702	-	1,702
Other receivables	-	1,494	-	1,494
Cash and cash equivalents	-	38,067	-	38,067

Financial liabilities

Trade payables	-	(12,372)	-	(12,372)
Employee related payables	-	(11,433)	-	(11,433)
Poverty alleviation projects	-	-	(2,171)	(2,171)
Provisions	-	(8,676)	-	(8,676)
Finance lease obligation	-	(1,000)	-	(1,000)
Employee benefit obligation	-	(23,302)	-	(23,302)
	-	(15,520)	(2,171)	(17,691)



Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

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40 Risk management (continued)

31 March 2017

	At fair value	At amortised cost	At cost	Total
Financial assets				
Trade receivables	-	300	-	300
Other receivables	-	5,193	-	5,193
Cash and cash equivalents	-	28,581	-	28,581
Financial liabilities				
Trade payables	-	(21,053)	-	(21,053)
Employee related payables	-	(10,899)	-	(10,899)
Poverty alleviation projects	-	-	(1,422)	(1,422)
Provisions	-	(7,030)	-	(7,030)
Finance lease obligation	-	(45)	-	(45)
Employee benefit obligation	-	(24,092)	-	(24,092)
	-	(29,045)	(1,422)	(30,467)

Credit risk

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. The ECPTA only deposits cash and invests funds with the major banks with high quality credit standing. The risk on cash and cash equivalents is thus low. The entity does not operate on a credit basis with customers and a significant portion of trade receivables relate to specific amounts receivable through agreed projects and agreements. A small portion relates to staff debts but this has been mitigated through the creation of an impairment allowance.

Analysis by credit quality of financial assets:

Neither past due nor impaired

Cash and cash equivalents	38,067	28,581
Trade and other receivables	2,727	5,038
	40,794	33,619

Past due and not impaired

Trade and other receivables	204	26
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Past due and impaired

Trade and other receivables	342	255
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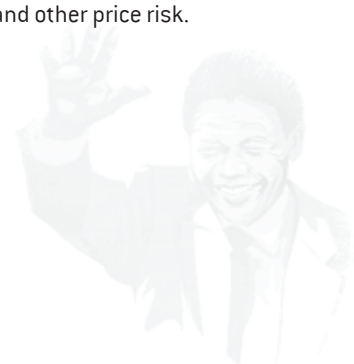
The ageing of amounts past due but not impaired is as follows:

Past due and not impaired

- 6 months to within 1 year past due	204	26
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Market risk:

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.





Eastern Cape Parks and Tourism Agency

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40 Risk management (continued)

Currency risk:

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. The only foreign currency transactions which the entity is exposed to is the accommodation revenue received from overseas customers. The amounts received are not significant so the currency risk of the entity is regarded as being low.

Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The nature of our business is on a cash basis for revenue received and for expenditure incurred it is all short term trades relating only to the relevant financial year. As a result the impact of market price fluctuations does not impact on the entity.

Capital risk management:

The ECPTA's objectives when managing capital is to safeguard the entity's ability to continue as a going concern. The entity does not enter into any high risk financial instruments and reviews its cash flows on a quarterly basis to ensure that it maintains its ability to operate as a going concern. The mandate of the ECPTA is largely driven by the constitution and by the PGDP and we are thus assured of funding from DEDEAT for biodiversity conservation.

Liquidity risk:

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.

A significant percentage of the ECPTA's liabilities consist of trade creditors. This relates to goods and services obtained during the normal course of business and is budgeted for. Quarterly cash flow forecasts and expenditure analysis reports enables the entity to ensure that adequate cash will be available to meet its obligations. Liquidity risk is regarded as being low.

Contractual maturities of financial liabilities

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2018

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	12,372	-	-	12,372
Employee related payables	11,433	-	-	11,433
Poverty alleviation projects	2,171	-	-	2,171
Provisions	8,676	-	-	8,676
Finance lease obligation	384	616	-	1,000
Employee benefit obligation	-	-	23,302	23,302
	35,036	616	23,302	58,954





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Figures in Rand (thousand) 2018 2017

40 Risk management (continued)

At 31 March 2017

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	21,053	-	-	21,053
Employee related payables	10,899	-	-	10,899
Poverty alleviation projects	1,422	-	-	1,422
Provisions	7,030	-	-	7,030
Finance lease obligation	45	-	-	45
Employee benefit obligation	-	-	24,092	24,092
	40,449	-	24,092	64,541

Interest risk

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. As the ECPTA has no significant interest bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. All interest bearing assets are included under cash and cash equivalents. These are all short term as they relate to mainly to the transfer payments received from DEDEAT as part of our budgeted grants to be used for operational expenditure.

The sensitivity analysis below has been determined on financial instruments exposure to interest rates at reporting date, assuming the amount of the instrument outstanding is outstanding for the whole year. The analysis, as detailed in the table below was determined by management and indicate a reasonable estimate of the increase / (decrease) on surplus from an increase in interest rates by 100 basis points. There were no changes from the prior year in the methods and assumptions used in preparing the sensitivity analysis:

Cash and cash equivalents	381	271
Employee benefit obligation	(233)	(241)
Increase on surplus	148	30

41 Irregular expenditure

Opening balance	-	2,473
Less: Amounts condoned	-	(2,473)
	-	-

The Board reviewed the circumstances around the Irregular expenditure incurred by the entity in 2014/15. Consequence management, as contemplated by the prescripts, was carried out by the Board in the 2014/15 financial year. This included, amongst others, disciplinary action against employees of the entity. The expenditure was condoned by the Board in a meeting in May 2016.





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)	2018	2017
42 Commitments		
Capital expenditure - approved and contracted	1,766	2,888
Capital expenditure - approved and not yet contracted	-	590
Goods and services - approved and contracted	-	600
	1,766	4,078

The committed expenditure relates to outstanding expenditure orders at period end and will be financed from available resources within a year, as follows:

- Own Revenue: R 1,552 million (2017: R -);
- DEDEAT: R - (2017: R3,847 million);
- The Eastern Cape Department of Roads and Public Works: Rnil - (2017: R231 thousand); and
- Other funders: R214 thousand (2017: R -).

43 Explanation of material differences between the budget and actual amounts

The Annual Financial Statements are prepared on an accrual basis of accounting while the budget is on a cash basis. The amounts in the Annual Financial Statements were recalculated from the accrual to cash basis. A reconciliation between the budget and the actual amounts in the statement of financial performance is presented on a comparable basis in the face of the statement of comparison of budget and actual amounts for the period ended 31 March 2018.

Detailed below are explanations of material differences between the budget and actual amounts on a comparable basis. The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

Revenue from exchange transactions:

The under-collection of R1,589 million relates to under collection on financial income and rental income.

Other grants:

The over-collection of R18,379 million refers mainly to funds for tourism development projects that were received late during the year.

Grants and subsidies:

The variance of R3,847 million relates to the amount for capital expenditure rolled over from the previous financial year.

Compensation of employees:

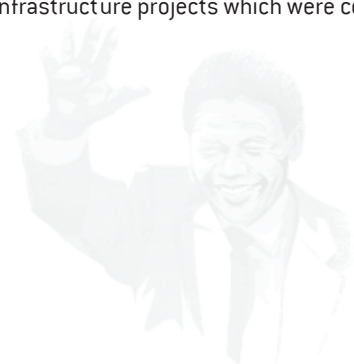
The underspending of R4,883 million is attributable to the increase in provision for performance bonus, leave pay and employee benefit obligations.

Goods and services:

The overspending amount of R5,816 million relates to prior year payables and accruals.

Capital expenditure:

The variance of R1,617 million on capital expenditure is attributable to prior year infrastructure projects which were completed in the current year.





Notes to the Annual Financial Statements

Figures in Rand (thousand)

44 Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of four major functional areas: head office, biodiversity and heritage cluster, game management and recreation cluster and marine and coastal cluster. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Head office

Biodiversity and heritage cluster

Game management and recreation cluster

Marine and coastal cluster

Goods and/or services

Corporate services

Biodiversity and heritage management

Game management and recreation services

Tourism and coastal conservation management

Segment surplus or deficit, assets and liabilities

31 March 2018

Revenue

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Revenue from exchange transactions	7,565	7,324	8,886	4,103	27,878
Grants and subsidies	120,488	37,217	22,377	31,074	211,156
Donations received	-	1,817	-	1,562	3,379
Fines, penalties and forfeits	-	12	-	20	32
Total segment revenue	128,053	46,370	31,263	36,759	242,445
Entity's revenue					242,445





Eastern Cape Parks and Tourism Agency

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Figures in Rand (thousand)

44 Segment information (continued)

31 March 2018

Expenditure

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Operating expenses	63,549	6,068	2,370	4,661	76,648
Repairs and maintenance	1,802	874	621	1,082	4,379
Personnel related costs	70,026	29,809	16,957	25,138	141,930
Depreciation and amortisation	28,358	-	-	-	28,358
Impairment loss	1,636	-	-	-	1,636
Debt impairment	86	-	-	-	86
Finance costs	2,611	-	-	-	2,611
Loss on disposal of assets	122	4	11	199	336
Total segment expenditure	168,190	36,755	19,959	31,080	255,984
Total segmental surplus / (deficit)					(13,539)

Assets

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Inventories	1,188	70	476	9	1,743
Game held for sale	-	2,519	5,856	263	8,638
Trade receivables	1,702	-	-	-	1,702
Other receivables	1,494	-	-	-	1,494
Service concession assets	-	-	-	41,667	41,667
Investment property	6,040	-	-	-	6,040
Property, plant and equipment	10,498	104,895	101,278	88,124	304,795
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	290	-	-	-	290
Total segment assets	21,212	123,018	115,067	130,063	389,360
Cash and cash equivalents					38,067
Infrastructure - work in progress					11,994
Total assets as per Statement of financial Position					439,421





Eastern Cape Parks and Tourism Agency

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand (thousand)

44 Segment information (continued)

31 March 2018

Liabilities

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Deferred revenue - game held for sale	-	2,519	5,856	263	8,638
Finance lease obligation					1,000
Trade payables					12,372
Employee related payables					11,433
Poverty alleviation projects					2,171
Provisions					8,676
Employee benefit obligation					23,302
Unspent conditional grants and receipts					20,940
Total liabilities as per Statement of financial Position					88,532

The assets and liabilities which have been reported in aggregate are not directly attributable nor can be reasonably allocated to segments. Segmented amounts for these assets and liabilities are not regularly provided to management for the purpose of assessing performance and making decisions about how future resources will be allocated to the various activities of the entity.

31 March 2017

Revenue

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Revenue from exchange transactions	8,584	8,906	8,586	4,118	30,194
Grants and subsidies	89,111	53,829	30,683	51,107	224,730
Donations received	-	665	14,820	4,900	20,385
Fines, penalties and forfeits	86	10	2	42	140
Debt impairment	40	-	-	-	40
Total segment revenue	97,821	63,410	54,091	60,167	275,489
Entity's revenue					275,489





Eastern Cape Parks and Tourism Agency

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Notes to the Annual Financial Statements

Figures in Rand (thousand)

44 Segment information (continued)

31 March 2017

Expenditure

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Operating expenses	61,758	9,317	4,780	6,291	82,146
Repairs and maintenance	1,901	2,028	813	1,656	6,398
Personnel related costs	30,935	44,467	23,403	33,025	131,830
Depreciation and amortisation	44,725	-	-	-	44,725
Finance costs	2,548	-	-	-	2,548
Loss on disposal of assets	166	159	1,387	54	1,766
Total segment expenditure	142,033	55,971	30,383	41,026	269,413
Total segmental surplus/(deficit)					6,076

Assets

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Inventories	1,188	1,100	465	38	2,791
Game held for sale	-	5,805	9,104	70	14,979
Trade receivables	300	-	-	-	300
Other receivables	5,193	-	-	-	5,193
Service concession assets	-	-	-	27,359	27,359
Investment property	6,168	-	-	-	6,168
Property, plant and equipment	24,606	99,171	96,804	103,910	324,491
Heritage assets	-	15,534	7,457	-	22,991
Intangible assets	391	-	-	-	391
Total segment assets	37,846	121,610	113,830	131,377	404,663
Cash and cash equivalents					28,581
Infrastructure - work in progress					16,382
Total assets as per Statement of financial Position					449,626





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Figures in Rand (thousand)

44 Segment information (continued)

31 March 2017

Liabilities

	Head office	Biodiversity and heritage	Game management and recreation	Marine and coastal	Total
Deferred revenue - game held for sale	-	5,805	9,104	70	14,979
Finance lease obligation					45
Trade payables					21,053
Employee related payables					10,899
Poverty alleviation projects					1,422
Provisions					7,030
Employee benefit obligation					24,092
Unspent conditional grants and receipts					5,678
Total liabilities as per Statement of financial Position					85,198

The assets and liabilities which have been reported in aggregate are not directly attributable nor can be reasonably allocated to segments. Segmented amounts for these assets and liabilities are not regularly provided to management for the purpose of assessing performance and making decisions about how future resources will be allocated to the various activities of the entity.

45 Prior period adjustments

The correction of errors and the restatement of prior year amounts resulted in prior year adjustments as follows:

Statement of financial position	Note	Amount as previously reported	Prior period error	Restated amount
Property, plant and equipment	8	322,515	1,976	324,491
Trade payables	14	(20,783)	(270)	(21,053)
Employee related payables	15	(10,909)	10	(10,899)
		290,823	1,716	292,539





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Figures in Rand (thousand)

45 Prior period adjustments (continued)

Statement of financial performance	Note	Amount as previously reported	Prior period error	Restated amount
Personnel related costs	28	(98,831)	6,609	(92,222)
• Basic salary				
• Medical aid contributions	28	(3,305)	(6,600)	(9,905)
Depreciation and amortisation		(44,567)	(158)	(44,725)
		(146,703)	(149)	(146,852)

Errors

Property, plant and equipment

It was discovered in the current financial year that there were items of property, plant and equipment erroneously omitted from the recognition of pre-merger assets and items wrongly classified. This resulted in the understatement of asset cost by R3,125 million, accumulated depreciation by R1,260 million, accumulated surplus by R1,865 million and depreciation by R158 thousand.

During the year, an error was identified whereby the retention fee relating to completed capital projects amounting to R269 thousand was not included in the cost of property, plant and equipment. This resulted in the understatement of property, plant and equipment and the understatement of Trade payables by R270 thousand.

Over all, the carrying amount of property, plant and equipment was understated by R1,976 million. The prior year financial statements have been adjusted accordingly.

Trade payables

During the year, an error was identified whereby the retention fee payable for completed capital projects amounting to R268 thousand was not included in Trade payables and in the cost of property, plant and equipment. This resulted in the understatement of Trade payables by R268 thousand.

Personnel related costs and Employee related payables

During the year an error was identified relating to the amount owing on bonus. This resulted in employee related payables being overstated by R10 thousand and personnel related costs being overstated by the same amount in the prior year.

Medical aid - employee contributions amounting to R6,6 million was re-classified from basic salary to medical aid - contributions. The prior year amount for medical aid - company contributions is included in medical aid - contributions.

Over all, the correction of the errors and the restatement of the amounts has the following effect on accumulated surplus:





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45 Prior period adjustments (continued)

Statement of changes in net assets

	Capitalisation reserve	Accumulated surplus	Total
Balance at 01 April 2016, as previously reported	39,304	317,183	356,487
- Adjustments to the statement of financial position	-	1,865	1,865
Balance at 01 April 2016, as restated	39,304	319,048	358,352
- Surplus for the year, as previously reported	-	6,225	6,225
- Adjustments to surplus for the year	-	(149)	(149)
Balance at 01 April 2017, as restated	39,304	325,124	364,428

Over all, the correction of the errors and the restatement of the amounts the following effect on the statement of cash flows:

Statement of cash flows

	Amount as previously reported	Prior period error	Restated amount
Cash flows from operating activities	(86,139)	269	(85,870)
• Payments to suppliers			1,865
Cash flows from investing activities	(36,318)	(269)	(36,587)
• Purchase of property, plant and equipment			
Balance at 01 April 2017, as restated	(122,457)	-	(122,457)

46 Events after the reporting date

The entity has no adjusting events after the reporting date, except for the following:

The animals identified for off-take and the methods of this off-take is significant and is detailed in note 6.





*“There is no passion to be found playing
small - in settling for a life that is less than
the one you are capable of living.” - Nelson Mandela*



Eastern Cape Parks and Tourism Agency
17 - 25 Oxford Street, East London, 5201
P.O. Box 11235, Southernwood, East London, 5213
+27 43 492 0881
info@ecpta.co.za

www.visiteasterncape.co.za

