

Annual Financial Statements

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF FREEDOM PARK FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Freedom Park, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 71 to 97.

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 Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. 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.
5. 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 assessments, 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.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of Freedom Park as at 31 March 2010, and its financial performance and its cash flows for the year then ended in accordance with SA Standards of GRAP and in the manner required by the PFMA.

Emphasis of matter

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

Fruitless and wasteful expenditure

8. As disclosed in note 25 to the financial statements, the authority incurred fruitless and wasteful expenditure of R55 841 due to various reasons as reported in the AFS.

Report on other Legal and Regulatory Requirements

9. In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with the PFMA, Preferential Procurement Policy Framework Act (PPPFA) and financial management (internal control).

Predetermined objectives

Strategic plan

10. The accounting authority of Freedom Park did not ensure that the three-year strategic plan is prepared in the required format. A detailed breakdown of all targets has not been indicated on the strategic plan. Proper comparison between the strategic plan, the quarterly reports and the annual performance report is difficult to achieve and completeness of presentation cannot be assessed.

Compliance with laws and regulations

11. No matters to report.

Internal Control

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and PPPFA, but not for the purposes of expressing an opinion on the effectiveness of internal control.

Leadership

12. The accounting authority of the public entity did not monitor the compliance of the strategic plan with National Treasury requirements during compilation.

Auditor-General
Pretoria,
29 July 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	Notes	2010 R	2009 R
ASSETS			
Non current assets			
Property, plant and equipment	3	530,548,921	401,378,613
Intangible assets	4	10,671,035	3,121,855
		<u>541,219,956</u>	<u>404,500,468</u>
Current assets			
Trade and other receivables	5	1,534,942	896,740
Cash and cash equivalents	6	154,880,337	114,886,681
		<u>156,415,279</u>	<u>115,783,421</u>
TOTAL ASSETS		<u>697,635,235</u>	<u>520,283,889</u>
LIABILITIES			
Non-current liabilities			
Deferred income	7	163,604,172	111,210,099
Current Liabilities			
Trade and other payables	8	5,345,810	17,643,933
Provisions	9	435,385	159,256
		<u>5,781,195</u>	<u>17,803,189</u>
TOTAL LIABILITIES		<u>169,385,368</u>	<u>129,013,288</u>
Net assets			
Accumulated surplus		528,249,867	391,270,601
TOTAL NET ASSETS AND LIABILITIES		<u>697,635,235</u>	<u>520,283,889</u>

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 31 MARCH 2010

	Notes	2010 R	2009 R
Exchange revenue	10	339,567	170,729
Non exchange revenue	11	205,062,672	178,888,196
Employee costs	13	(31,969,263)	(25,343,123)
Operating expenses		(28,263,430)	(33,207,578)
Operating surplus		145,169,545	120,508,224
Interest received		9,209,436	14,232,757
Interest on fair value adjustment	14	(958,773)	(1,244,527)
Depreciation and amortisation	3	(16,403,946)	(7,604,480)
Finance costs		-	(1,778)
(Deficit) on the sale of assets		(36,989)	(3,534)
Surplus for the year		136,979,274	125,886,662

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDING 31 MARCH 2010

	Note	Accumulated Surplus R	Total net assets R
Balance at 1 April 2008		26,059,567	26,059,567
Change in accounting policy	26	239,324,372	239,324,372
Restated Balance as at 1 April 2008		265,383,939	265,383,939
Changes in net assets			
Surplus for the year		4,603,501	4,603,501
Change in accounting policy	26	121,283,161	121,283,161
Restated Balance at 1 April 2009		125,886,662	125,886,662
Surplus for the year		136,979,274	-
Balance at 31 March 2010		528,249,875	391,270,601

CASH FLOW STATEMENT
FOR THE YEAR ENDING 31 MARCH 2010

	Notes	2010 R	2009 R
Cash flow from operating activities			
Revenue from exchange and non exchange transactions		(235,335)	(222,890)
Revenue from non-exchange transactions: Grants		204,999,364	178,887,641
Deferred income		-	7,604,480
Interest income		9,209,436	14,232,757
Employee costs		(31,969,263)	(25,354,514)
Operating expenses and suppliers		(41,224,197)	(30,691,520)
Finance costs			(1,778)
Net cash from operating activities	17	140,760,005	144,454,176
Cash flows from investing activities			
Purchase of property, plant and equipment		(144,474,348)	(125,877,790)
Disposal of property, plant and equipment		178,647	25,910
Purchase of other intangible assets		(8,827,764)	(2,586,902)
Disposal of other intangible assets		32	5,474
Proceeds / deficit on disposal of assets		(36,989)	(3,534)
Net cash from investing activities		(153,160,422)	(128,436,842)
Cash flows from financing activities			
Movement in long-term liability		(154,015,364)	(128,916,153)
Capital grants received		206,409,437	155,250,000
Net cash from financing activities		52,394,073	26,333,847
Total cash movement for the year		39,993,656	42,351,181
Cash at the beginning of the year		114,886,681	72,535,500
Net increase / (decrease) in cash and cash equivalents		154,880,337	114,886,681