Epoch 6: Nationalisms and Struggle

The Nationalisms and Struggle epoch focuses on the contesting forces of white state formation and the struggle for a democratic society as the backdrop to the birth of the new South Africa. The creation and consolidation of white power was not a uniform or straightforward process. The pact between Boer and Brit, between white capital and the racist white government, matured slowly through spirited political debate, protracted negotiations and concessions which paved the way for apartheid and the South Africa that took shape in 1948.

Annual Financial Statements

Freedom Park is a place of memory, a place that allows us to remember without rancour, and quietly to celebrate the noble achievements of the human spirit. It is an island of peace that invites us to reflect and contemplate, allowing us to descend this hill refreshed, ready further to contribute to a future in which humanism is the very core of the abiding prayer of all South Africans and Africans.

Former President Thabo Mbeki on the occasion of the ceremony to hand over to the nation S'khumbuto, 16 December 2008.

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2012. This report has been prepared according to the Treasury Regulations for public entities issued in terms of the Public Finance Management Act (PFMA). Freedom Park is listed as a cultural institution in terms of the Cultural Institutions Act, No 119 of 1999.

Audit Committee Responsibility

During the reporting period, the Audit Committee controlled and directed Freedom Park's internal audit system, which is aligned with and operates in accordance with regulations and instructions prescribed in terms of Sections 76 and 77 of the PFMA. The Audit Committee adopted appropriate and formal Terms of Reference as approved by the Freedom Park Council and complied with and discharged all responsibilities contained therein.

Effectiveness of Internal Control

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and liabilities and working capital effectively managed. In line with the requirements of the PFMA and King III Report on Corporate Governance, Internal Audit provides the Audit Committee and management with assurance that internal controls are appropriate and effective. This is achieved through a risk management process, as well as identifying corrective actions and suggesting enhancements to controls and processes.

Reports from the outsourced Internal Auditors, the audit report on the Annual Financial Statements and management letter from the Auditor-General indicated that the internal control system was not always effective and challenges were reported in the past. The Audit Committee feels satisfied that where such challenges were reported, management took reasonable steps and corrective action, where needed, to address the identified control weaknesses.

Evaluation of Annual Financial Statements

The Audit Committee reviewed and discussed the Annual Financial Statements as audited by the Auditor-General and included in this Annual Report. The Committee also reviewed the Auditor-General's management letter and the response by management, as well as the appropriateness of accounting policies and practices and adjustments resulting from the annual audit. The Audit Committee concurs with and accepts the Auditor-General's conclusions on the Annual Financial Statements and is satisfied that these statements are reasonable and accurate.

....

Mr Ian Izak van Niekerk
Chairperson of the Audit Committee
Freedom Park
31 July 2012

Report of the Auditor-General to Parliament on Freedom Park

REPORT OF THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Freedom Park set out on pages 60 to 77, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash-flow statement for the year then ended, and 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 Practice (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 the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and 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 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.

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 Freedom Park as at 31 March 2012, and its financial performance and cash-flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Report on Other Legal and Regulatory Requirements

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined Objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 38 to 54 of the annual report.

9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives.

   The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

   The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with Laws and Regulations

11. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

12. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

Internal Control

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations.

14. I did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report.

AUDITOR-GENERAL

Pretoria
31 July 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position as at 31 March 2012

	Notes	2012 R	2011 R
ASSETS			
Non-current assets			
Property, plant and equipment	3	687 046 514	658 168 102
Intangible assets	4	21 604 187	14 675 652
		708 650 701	**672 843 754**
Current assets			
Trade and other receivables	5	2 319 474	2 921 839
Cash and cash equivalents	6	164 741 133	210 684 616
Inventories	7	12 014	32 884
		167 072 621	**213 639 339**
TOTAL ASSETS		**875 723 322**	**886 483 093**
LIABILITIES			
Non-current liabilities			
Deferred income	8	111 339 538	207 921 959
Current Liabilities			
Trade and other payables	9	7 536 690	15 789 358
Provisions	10	984 917	999 486
Deferred Income	8	52 965 151	-
		61 486 758	**16 788 844**
TOTAL LIABILITIES		**172 826 296**	**224 710 803**
Net assets			
Accumulated surplus		702 897 026	661 772 290
TOTAL NET ASSETS AND LIABILITIES		**875 723 322**	**886 483 093**

Statement of Financial Performance for the year ending 31 March 2012

	Notes	2012 R	2011 R
Exchange revenue	11	998 760	723 713
Non-exchange revenue	12	104 020 270	193 439 213
Employee costs	13	(41 037 703)	(38 026 761)
Operating expenses		(22 511 012)	(22 508 494)
Operating surplus		**41 470 315**	**133 627 671**
Interest received		9 938 196	10 296 512
Depreciation and amortisation	3	(10 154 851)	(10 367 575)
Surplus / (deficit) on the disposal of assets		(128 923)	(35 375)
SURPLUS FOR THE YEAR		**41 124 737**	**133 521 233**

Statement of Changes in Net Assets

	Note	Accumulated Surplus R	Total net assets R
Balance at 1 April 2010		**528 249 875**	**528 249 875**
Changes in net assets			
Surplus for the year		131 473 596	131 473 596
Correction of prior period error	25	2 048 818	2 048 818
Balance at 1 April 2011		**661 772 289**	**661 772 289**
Surplus for the year		41 124 737	41 124 737
Balance at 31 March 2012		**702 897 026**	**702 897 026**

Cash-Flow Statement for the year ending 31 March 2012

	Notes	2012 R	2011 R
Cash-flow from operating activities			
Revenue from exchange and non-exchange transactions		1 601 125	(663 185)
Revenue from non-exchange transactions: Grants		104 020 270	193 439 213
Interest income		9 938 196	10 296 512
Employee costs		(41 037 704)	(38 026 761)
Operating expenses and suppliers		(30 757 380)	(11 532 539)
Net cash from operating activities	16	**43 764 507**	**153 513 240**
Cash-flows from investing activities			
Purchase of property, plant and equipment		(37 980 895)	(137 421 904)
Disposal of property, plant and equipment		128 117	34 377
Purchase of other intangible assets		(8 109 827)	(4 604 842)
Disposal of other intangible assets		808	998
Proceeds / deficit on disposal of assets		(128 923)	(35 375)
Net cash from investing activities		**(46 090 720)**	**(142 026 746)**
Cash-flows from financing activities			
Movement in long-term liability		(43 617 270)	(139 682 213)
Capital grants received		-	184 000 000
Net cash from financing activities		**(43 617 270)**	**44 317 787**
Total cash movement for the year		(45 943 483)	55 804 280
Cash at the beginning of the year		210 684 616	154 880 337
Net increase / (decrease) in cash and cash equivalents		**164 741 133**	**210 684 616**

Accounting Policies

1.1 Presentation of the Annual Financial Statements

The cash-flow statement was prepared in accordance with the direct method.

The following are the principle accounting policies, which are in all material respects consistent with those applied in previous years, except where otherwise indicated.

1.2 Property, Plant and Equipment

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

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.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

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

Item	Average useful life
Buildings	10 to 40 years
Leasehold improvements	19 months to 5 years
Office equipment	4 to 15 years
Furniture and fittings	5 to 15 years
Vehicles	5 to 7 years
IT equipment	4 to 8 years
Artwork	Indefinite

The residual value and the useful life of each asset are reviewed at each financial period-end.

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, shall be 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.

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

Assets under construction will not be depreciated until project completion and all costs attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by the Council, will be capitalised as part of the cost of the asset.

1.3 Intangible assets

An intangible asset is recognised when:
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset;
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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

Item	Useful life
Computer software	4 to 8 years
Intangible assets under development:	
Exhibition development	10 years/indefinite

1.4 Investments

All surplus cash is invested in accordance with Treasury Regulations, and all funds are invested with major financial institutions. Investment periods do not exceed twelve months. All investments are recognised at cost, including transaction costs.

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Park becomes a party to the contractual provisions of the instruments. The Park classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash-flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.6 Leases

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

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

The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned. The depreciation recognised for depreciable leased assets is calculated in accordance with GRAP 17: Property, Plant and Equipment and GRAP 102: Intangible Assets. A depreciable leased asset is depreciated over:

- Its useful life if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term.
- The shorter of; the assets useful life; or the lease term.

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.

The entity applies IAS36: Impairment of Assets to determine whether the leased asset has become impaired.

Operating leases - lessee

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

The non-renewable operating lease for land is recognised in the Statement of Financial Performance when the cash-based expense is incurred.

1.7 Impairment of assets

The Park assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Park estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Park also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately as a surplus or deficit.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The increased carrying amount due to reversal should not be more than what the depreciated and amortised historical cost would have been, if the impairment had not been recognised.

Financial assets, other than those at fair value through surplus or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash-flows of the investment have been impacted.

1.8 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The defined plan is a provident fund plan under which the Park pays fixed monthly contributions to a separate entity that will have legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the employee benefits relating to the employee service in the current and prior period. The Park pays contributions to a publicly administered provident fund on a mandatory, contractual or voluntary basis. Once the contribution is paid, the Park has no further obligations.

1.9 Provisions and contingencies

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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 certain that the reimbursement will be received if the Park settles the obligation and is then recognised in the Statement of Financial Performance. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Employees' entitlement to annual leave and a thirteenth cheque are recognised when it becomes available to employees.

1.10 Revenue from non-exchange transactions

Government grants are recognised when there is reasonable assurance that:
- The entity will comply with the conditions attaching to them; and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future-related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, shall be recognised as revenue, except to the extent that a liability (deferred revenue) is also recognised in respect of the inflow. As the obligation of the grant related to assets is satisfied, the carrying amount of the liability recognised shall be reduced and recognise an amount of revenue equal to that reduction.

1.11 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods shall be recognised when all of the following conditions have been satisfied:
- the significant risk and rewards of ownership of the goods are transferred to the purchaser;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold are retained;
- 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 Freedom Park; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering a service shall be recognised when:
- the outcome of the transaction can be estimated reliably; and
- revenue associated with the transaction shall be recognised by reference to the stage of completion at the reporting date.

The outcome of revenue from rendering a service can be estimated reliably when all of 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 Freedom Park;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the cost incurred and to complete the transaction can be measured reliably.

Interest revenue, arising from the use by others for the entity's assets, is recognised:
- Using the effective interest method when:
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

1.13 Comparative figures

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

1.14 Research and development expenditure

Research costs are charged against operating surplus as incurred. Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:
- The product or process is clearly defined and the costs attributable can be separately identified and measured reliably;
- The technical feasibility of the product or process can be demonstrated;
- The existence of a market or, if to be used internally rather than sold, its usefulness to the Park can be demonstrated;
- Adequate resources exist to complete the project and then market or use the product or process; and
- The asset is separately identifiable.

1.15 Risk management

Interest rate risk is managed by investing excess cash in financial instruments at approved financial institutions. The Park's exposure to credit risk is insignificant. Liquidity risk is managed by keeping sufficient cash available from short-dated financial instruments.

1.16 Fruitless and wasteful and irregular expenditures

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the Public Finance Management Act.

All irregular and fruitless and wasteful expenditures are charged against the surplus in the period in which they occur.

1.17 Inventory

Inventories are assets held for sale or distribution in the ordinary course of operations. Inventories that qualify for recognition as an asset shall initially be measured at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value as at the date of acquisition. Cost generally refers to the purchase price, cost of conversion and any other cost in bringing the inventories to their current location and condition.

Inventories shall subsequently be measured at the lower of cost and net realisable value, unless where they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. When inventories are sold, exchanged, distributed written off or consumed, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

2. New standards and interpretations

At the date of these financial statements, there are standards and interpretations in issue, but not yet effective that may have an impact on future financial statements and include:

		Effective date Commencing on or after
GRAP 18	Segment reporting	Date to be announced
GRAP 20	Related party disclosures	Date to be announced
GRAP 21	Impairment of non-cash generating assets	1 April 2012
GRAP 24	Presentation of budget information in financial statements	1 April 2012
GRAP 25	Employee benefits	Date to be announced
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 103	Heritage assets	1 April 2012
GRAP 104	Financial instruments	1 April 2012
GRAP 105	Transfer of functions between entities under common control	Date to be announced
GRAP 106	Transfer of functions between entities not under common control	Date to be announced
GRAP 107	Mergers	Date to be announced

3. Property, Plant and Equipment

	2012			2011		
	Cost/valuation	Accumulated depreciation	Carrying value	Cost/valuation	Accumulated Depreciation	Carrying Value
	R	R	R	R	R	R
Buildings	317 152 688	(39 155 269)	277 997 419	241 338 276	(32 872 532)	208 465 744
Furniture and fittings	4 216 315	(1 770 482)	2 445 833	3 193 330	(1 145 653)	2 047 677
Motor vehicles	1 573 874	(990 129)	583 745	1 573 874	(624 407)	949 467
Office equipment	6 231 766	(2 578 255)	3 653 511	5 695 063	(1 551 483)	4 143 580
IT equipment	2 826 011	(1 623 971)	1 202 040	3 212 824	(1 399 106)	1 813 718
Leasehold improvements	4 757 805	(4 757 805)	-	4 757 805	(4 183 539)	574 266
Property under construction	390 629 459	-	390 629 459	439 012 655	-	439 012 655
Artwork	1 345 413	-	1 345 413	1 160 995	-	1 160 995
Exhibition assets under development	9 189 094	-	9 189 094	-	-	-
Total	**737 922 425**	**(50 875 911)**	**687 046 514**	**699 944 822**	**(41 776 720)**	**658 168 102**

Reconciliation of property, plant and equipment - 2012

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
	R	R	R	R	R	R
Buildings	208 465 744	33 989	-	75 780 423	(6 282 737)	277 997 419
Furniture and fittings	2 047 677	621 534	(26 703)	399 212	(595 887)	2 445 833
Motor vehicles	949 467	-	-	-	(365 722)	583 745
Office equipment	4 143 580	730 750	(31 424)	20 549	(1 209 944)	3 653 511
IT equipment	1 813 718	8 300	(51 608)	-	(568 370)	1 202 040
Leasehold improvements	574 266	-	-	-	(574 266)	-
Property under construction	439 012 655	27 397 227	-	(75 780 423)	-	390 629 459
Artwork	1 160 995	-	(18 382)	202 800	-	1 345 413
Exhibition assets under development	-	9 189 094	-	-	-	9 189 094
Total	**658 168 102**	**37 980 894**	**(128 117)**	**622 561**	**(9 596 926)**	**687 046 514**

Reconciliation of property, plant and equipment - 2011

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
	R	R	R	R	R	R
Buildings	213 814 859	-	-	-	(5 349 115)	208 465 744
Furniture and fittings	979 549	1 449 261	(9 791)	(684)	(370 658)	2 047 677
Motor vehicles	1 261 978	-	-	-	(312 511)	949 467
Office equipment	736 455	4 335 042	(7 215)	-	(920 702)	4 143 580
IT equipment	1 301 893	1 046 959	(11 120)	684	(524 698)	1 813 718
Leasehold improvements	2 839 315	25 614	-	-	(2 290 663)	574 266
Property under construction	309 365 758	129 646 897	-	-	-	439 012 655
Art work	249 114	918 131	(6 250)	-	-	1 160 995
Exhibition assets under development	-	-	-	-	-	-
Total	**530 548 921**	**137 421 904**	**(34 376)**	**-**	**(9 768 347)**	**658 168 102**

4. Intangible assets

	2012			2011		
	Cost/valuation	Accumulated depreciation	Carrying value	Cost/valuation	Accumulated Depreciation	Carrying Value
	R	R	R	R	R	R
Computer software, other	2 236 216	(1 556 549)	679 667	2 242 036	(1 135 957)	1 106 079
Intangible assets under development	21 171 767	(247 247)	20 924 520	13 777 224	(207 651)	13 569 573
Total	**23 407 983**	**(1 803 796)**	**21 604 187**	**16 019 260**	**(1 343 608)**	**14 675 652**

Reconciliation of intangible assets - 2012

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Total
	R	R	R	R	R	R
Computer software, other	1 106 079	-	(808)	-	(425 604)	679 667
Intangible assets under development	13 569 573	8 109 827	-	(622 558)	(132 322)	20 924 520
Total	**14 675 652**	**8 109 827**	**(808)**	**(622 558)**	**(557 926)**	**21 604 187**

Reconciliation of intangible assets - 2011

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Total
	R	R	R	R	R	R
Computer software, other	1 305 798	211 491	(998)	-	(410 212)	1 106 079
Intangible assets under development	9 365 237	4 393 352	-	-	(189 016)	13 569 573
Total	**10 671 035**	**4 604 843**	**(998)**		**(599 228)**	**14 675 652**

5. Trade and other receivables

	2012	2011
	R	R
Staff loans and accruals	2 517	11 136
Deposits	219 257	219 258
Prepaid expenses	2 009 919	2 646 399
Other debtors	87 781	45 046
	2 319 474	**2 921 839**

The fair value adjustment for the 2011/2012 and comparative financial year was deemed immaterial and no adjustment was made.

6. Cash and cash equivalents

	2012	2011
	R	R
Cash-on-hand	1 581 751	5 540 719
Short-term deposits	163 159 382	205 143 897
	164 741 133	**210 684 616**

7. Inventories

	2012	2011
	R	R
Curio Shop Stock	1 326	30 169
Vending Machine Stock	10 688	2 715
	12 014	**32 884**

8. Deferred income

Deferred income represents the movement in capital grants received. Deferred income is recognised in the statement of financial performance based on actual capital expenditure incurred during the financial year.

Deferred income comprises:

	2012	2011
	R	R
Non-Current liabilities		
Contracts to be completed in more than one year	111 339 538	207 921 959
Current liabilities		
Contracts to be completed within the next financial year	52 965 151	-
Reconciliation of closing balances		
Opening balance	**207 921 959**	**163 604 172**
Capital grants receipts:	-	**184 000 000**
Department of Arts and Culture	-	134 000 000
Department of Public Works	-	50 000 000
National Lotteries Board	-	-
Amount released to the income statement	**(43 617 270)**	**(139 682 213)**
Balance of capital fund left unspent	**164 304 689**	**207 921 959**
Cash available - Department of Arts and Culture and the Department of Public Works	162 897 589	203 226 969
Cash available - National Lottery	1 407 100	4 694 989
Correction of misclassification between Lotto and DAC funding	-	(3 361 374)

Lotto Funding:

Although there has been expenditure incurred on the funds received from the National Lotteries Board it has not been released pending approval from the National Lotteries Board. The available cash at year-end indicates the amount available for use in future financial periods for the completion of the Freedom Park.

A total grant of R30 247 000 was allocated by the National Lotteries Board for the funding of exhibition development at //hapo. The funding is made available in tranches based on the conditions as stipulated in the Grant Agreement with the National Lotteries Board that was finalised during the 2008/2009 financial year. The second tranche payment of R6 409 437 was received on 19 March 2010. The third and final tranche payment is expected in the 2012/2013 financial year. To date an amount of R4 817 984 has been identified for allocation against the Lotto funding.

General:

Capital grants have been presented in the Statement of Financial Position as deferred income and have been allocated to the Statement of Financial Performance based on actual spending on Park infrastructure and other capital items. Deferred revenue represents amounts previously received from Government as well as private grants that will be utilised in future against the respective conditions of the grants.

9. Trade and other payables

	2012	2011
	R	R
Trade payables	4 890 239	12 664 736
Accrued leave pay	2 228 248	2 258 311
Other accrued expenses	418 203	866 311
	7 536 690	**15 789 358**

The fair value adjustment for the 2011/12 and comparative financial year was deemed immaterial and no adjustment was made.

10. Provisions

Reconciliation of provisions - 2012

	Opening balance	Additions	Utilised during the year	Total
	R	R	R	R
CIODA provision	358 873	411 682	(556 792)	213 763
Annual bonus (13th cheque)	640 613	2 705 345	(2 574 804)	771 154
	999 486	**3 117 027**	**(3 131 596)**	**984 917**

Reconciliation of provisions - 2011

	Opening balance	Additions	Utilised during the year	Total
	R	R	R	R
CIODA provision	-	358 873	-	358 873
Annual bonus (13th cheque)	435 385	2 303 022	(2 097 794)	640 613
	435 385	**2 661 895**	**(2 097 794)**	**999 486**

11. Exchange revenue

	2012	2011
	R	R
Admission fees received	622 081	310 222
Venue hiring fees received	305 549	300 913
Other income	71 130	112 578
	998 760	**723 713**

12. Non-exchange revenue

	2012	2011
	R	R
Operating grant	60 403 000	53 757 000
Transfer from deferred income: Capital grant	43 617 270	139 682 213
	104 020 270	**193 439 213**

13. Employee costs

	2012	2011
	R	R
Basic remuneration	33 844 714	29 356 323
Performance bonus	-	413 520
Medical aid contributions	2 262 521	1 991 810
UIF	147 382	137 256
Leave pay provision charge	38 027	1 286 313
Employment benefits	599 216	662 472
Overtime payments	331 162	233 157
Acting allowance	737 117	960 676
13^{th} cheques	3 077 564	2 710 570
Temporary wages	-	274 664
	41 037 703	**38 026 761**

Employee costs (continued)

Remuneration of senior management

	2012						2011
Rank	Annual basic salary	Travel & other allowances	13th cheque & performance bonus	Provident fund contribution	Medical aid contribution	Total annual package	Total costs
Chief Executive Officer*	542 599	1 294	26 121	43 883	40 416	**654 312**	**1 447 386**
Deputy Chief Executive Officer	830 270	443 341	92 990	77 182	48 756	**1 492 538**	**1 154 241**
Departmental Head: Human Resources	603 223	79 040	66 180	66 511	47 425	**862 379**	**1 107 769**
Company Secretary**	645 817	-	43 345	47 699	-	**736 862**	**233 174**
Departmental Head: Innovation and Incubation	550 919	120 596	62 936	49 772	37 287	**821 510**	**739 049**
Departmental Head: Heritage	587 454	160 322	66 180	54 929	-	**868 884**	**819 370**
Departmental Head: Public Participation	603 364	-	57 793	71 549	18 600	**751 305**	**627 207**
Departmental Head: Park Operations***	-	-	-	-	-	**-**	**-**
Chief Financial Officer	739 224	-	66 180	54 929	-	**860 333**	**393 919**
Chief Information Officer	663 200	8 612	62 936	78 355	5 066	**818 170**	**810 974**
	5 766 069	**813 205**	**544 660**	**544 809**	**197 550**	**7 866 293**	**7 333 089**

* Appointed at 01.09.2011
** Appointed at 01.04.2011
*** Resigned at 01.03.2010

Remuneration of Council

		2012	2011
Member	Member status	Annual remuneration	Annual remuneration
		R	R
Ms E S Mabusela	Reappointed Chairperson from 21 August 2009	50 489	48 542
Ms E Dikotla	Appointed on 21 August 2009	39 272	18 683
Mr V Mchunu	Appointed on 21 August 2009	44 237	22 749
Ms H N M Mdlalose*	Appointed on 21 August 2009	17 541	22 347
Mr B Mgcina	Appointed on 21 August 2009	44 677	34 114
Mr R P Mnisi	Appointed on 21 August 2009	8 769	6 198
Ms N Ramdhani	Appointed on 21 August 2009	15 978	10 208
Mr I van Niekerk	Appointed on 21 August 2009	49 182	32 845
		270 145	**195 686**

* Resigned on 30 September 2011

Council members' term expired on 31 March 2012. New Council to be appointed by the Minister.

14. Auditors' remuneration

	2012	2011
	R	R
Internal audit fees	421 602	156 520
External audit fees	713 384	740 740

15. Operating lease

A twelve-month lease was entered into on 1 June 2011. The lease is for the Cape Town office rental. The monthly instalment is R5 862,45.

The operating lease for office equipment is for a photocopier which is repayable in monthly instalments of R6 086. The lease agreement was entered into on 22 July 2010 and is for 36 months. A second lease for a multi-function copier was entered into on 1 February 2012. The lease is for 36 months. The monthly instalment is R3 193,93.

The Park entered into a 99-year non-renewable lease agreement for land at Salvokop, Pretoria, commencing on 24 June 2002. GRAP 13 requires operating lease payments to be recognised as an expense using the straight-line method.

Should GRAP 13:48 be applied, a lease expense of R309 565 756 per annum needs to be recognised in the Statement of Financial Performance for the year, with a resulting deferred liability in the Statement of Financial Position. Management concluded that compliance with the GRAP 13:48 would be misleading and calculated over 99 years, will distort the entity's performance for the period under review due to the lengthy lease period.

The future minimum lease payments under non-cancellable operating leases for equipment and premises are as follow:

	2012	2011
	R	R
Payable within one year:		
Premises	11 725	-
Office equipment	30 732	73 032
Land	148 708	132 775
Payable within two to five years:		
Office equipment	108 594	91 290
Land	796 011	710 724
Payable after five years:		
Land	30 645 267 427	30 645 501 422

16. Cash generated from (used in) operations

	2012	2011
	R	R
(Deficit) / Surplus before taxation	41 124 737	133 522 414
- Adjustments for:		
Depreciation and amortisation	10 154 849	10 367 583
(Proceeds) / Deficit on sale of assets	128 923	35 375
Changes in working capital:		
Trade and other receivables	602 365	(1 386 898)
Trade and other payables	(8 252 668)	10 443 548
Movements in provisions	(14 569)	564 101
Inventory	20 870	(32 884)
	43 764 507	**153 513 240**

17. Reconciliation of approved budget surplus/deficit with the Statement of Financial Performance

This reconciliation is performed due to the fact that the Statement of Financial Performance is prepared based on the accrual principal and the budget is prepared on the cash-basis.

	2012	2011
	R	R
Net surplus as per the Statement of Financial Performance	**41 124 737**	**133 521 233**
Adjusted for:		
Deficit on sale of assets	128 923	35 375
Fruitless and wasteful expenditure	281 807	52 938
Under-recovery of budgeted revenue due to the Park being incomplete	224 131	7 550 753
Generation of unbudgeted other income	(71 130)	(65 915)
Over-recovery of interest income due to increased interest rates and surplus cash	(8 138 195)	(4 296 512)
Over/(under)-spent of budgeted operating and employment costs due to the over-recovery of interest income	1 912 145	(7 483 234)
Depreciation	10 154 851	10 367 575
Additional operational grant from DAC	(2 000 000)	-
Transfer of grants to performance statement	(43 617 270)	(139 682 213)
Approved budgeted surplus as at 1 April	**-**	**-**

18. Commitments

Significant capital commitments

	2012	2011
	R	R
Construction Related Commitments		
Already contracted for, but not provided for:		
Value of total contracts	314 071 226	314 071 226
Less: Total payments made until 31 March	(306 591 998)	(292 160 166)
Outstanding payments against contracts	**7 479 228**	**21 911 060**

The committed expenditure as at 31 March 2012 relates to two contractual obligations with Fikile Stocks JV for the construction of //hapo (total value of R238 936 621) and the Administration offices (total value of R75 134 605) that will be financed by capital grants that are received from the Department of Arts and Culture.

	2012	2011
Exhibition Development Commitments		
Already contracted for, but not provided for:		
Value of total contracts	76 556 070	-
Less: Total payments made until 31 March	(31 070 147)	-
Outstanding payments against contracts	**45 485 923**	**-**

The committed revenue as at 31 March 2012 relates to various exhibition development contracts for films, exhibition structures and cabinetry.

19. Related parties

Relationships: Department of Arts and Culture as the Executive Authority

Related party transactions

	2012	2011
	R	R
Department of Arts and Culture: Operating grant	60 403 000	53 757 000
Department of Arts and Culture: Capital grant	-	134 000 000
Department of Public Works: Capital grant	-	50 000 000

20. Financial instruments

In the course of the Park's operations it is exposed to credit, liquidity and market risk. The Park has developed a comprehensive Risk Strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal Audit Function reports quarterly to the Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures. The risk management process relating to each of these risks is discussed under the headings below.

Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Park cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the Park is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, employee education and assessment processes.

Categories of financial instruments

Financial assets: Cash, trade and other receivables

Financial liabilities: Trade and other payables

Price risk

As the Park has no significant interest-bearing assets, the Park's income and operating cash-flows are substantially independent of changes in market interest rates.

Cash-flow risk

Financial instrument	CPI rate	Due in less than one year
	R	R
Interest Receivable	6,00	1 540
Interest Payable	6,00	22 917

Interest rate risk

This risk is the potential financial loss as a result of adverse movement in interest rates that affects the value of receivables and bank balances. Nominal interest rate risk can be split into real interest rate risk and inflation risk. Interest rate risk is managed by investing funds in highly liquid call accounts, at reputable financial institutions, earning market-related interest.

Market risk

No significant fluctuations in the market occurred during the year that Freedom Park is aware of.

Credit risk

Financial assets, which potentially subject the Park to the risk of non-performance by counterparty consist mainly of cash. The Park limits its treasury counter party exposure by only dealing with well-established financial institutions approved by National Treasury.

Liquidity risk

The Park manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash-flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

21. Going concern

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

22. Contingent liabilities

The contingent liability is in respect of contractual or service-related claims arising in the ordinary course of business and comprise of:

Parties	Nature	Lodged in	Potential liability
South African Revenue Service	Tax/PAYE payable	Company Secretary	R 1 851 786,36

SARS has issued a final letter of demand to Freedom Park. Freedom Park is disputing the claim as all returns were submitted. To date no formal legal proceedings have been instituted against Freedom Park due to the process of resolving the dispute.

23. Fruitless and wasteful expenditure

	2012	2011
	R	R
Opening balance	-	-
Add: Fruitless and wasteful - current year	281 807	52 938
Less: Amounts condoned	(270 272)	(52 938)
Less: Amounts recoverable (not condoned)	(11 535)	-
Fruitless and wasteful expenditure awaiting condonation	**-**	**-**

Details of current fruitless and wasteful expenditure:

Supplier	Amount R	Description	Recoverable	Condoned
Nedbank Credit Card	8 787	Unofficial usage by previous employee	No	Yes
Telkom	250 000	Settlement of lines rented, but not utilised	No	Yes
Momentum	1 039	Interest charged on late submission for payment by previous employee	No	Yes
Peo E Ntle	9 500	Non-payment by client due to dispute with third party supplier	No	Yes
City of Johannesburg	650	Traffic fines	Yes	No
City of Tshwane	10 885	Traffic fines	Yes	No
Makaula Zilwa	946	Interest charge - dispute with City of Tshwane ambulance services resolved	No	Yes
	281 807			

24. Irregular Expenditure

	2012	2011
	R	R
Opening balance	-	
Add: Irregular Expenditure - current year	94 326	
Less: Amounts condoned	-	
Less: Amounts recoverable (not condoned)	(94 326)	
Less: Amounts not recoverable (not condoned)	-	
Irregular expenditure awaiting condonation	-	

Details of Irregular Expenditure recoverable (not condoned)

Incident	Amount R
An employee in management within Freedom Park committed to receive services from a supplier without following due procurement processes. The employee signed a commitment to procure without adhering to the institution's delegation of authority. The service was subsequently rendered and the supplier requested payment from Freedom Park. The payment was contested by Freedom Park due to the fact that proper processes were not followed. An investigation into the matter and legal advice sought, determined that Freedom Park will be held liable.	94 326

25. Correction of error

Deferred Income

During the 2011/2012 financial statement preparation process it was discovered that deferred revenue realised for the 2010/2011 financial year was understated.
An amount of R2 048 818 which relates to exhibition development additions were erroneously omitted from the realisation calculations and is therefore retrospectively corrected.

	2012	2011
	R	R
Effect on 31 March 2011		
Statement of financial position		
Decrease in deferred revenue	-	(2 048 818)
Increase in accumulated surplus	-	2 048 818
	-	-
Statement of financial performance		
Increase in deferred income released	-	2 048 818

Abbreviation

AIDS	Acquired immunodeficiency syndrome
APR	Annual Performance Review
AU	African Union
AVE	Advertising Value Equivalent
BMS	Building Management System
CCTV	Closed-circuit television
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CM	Council Member
CMS	Content Management System
CRL	Cultural, Religious and Linguistic Communities
CTMM	City of Tshwane Metropolitan Municipality
DAC	Department of Arts and Culture
DCEO	Deputy Chief Executive Officer
DH	Departmental Head
DHK	Departmental Head: Heritage and Knowledge
DHR	Departmental Head: Human Resources
EAP	Employee Assistance Programme
ENE	Estimates of National Expenditure
ESS	Employee Self-service
GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Standards of Generally Recognised Accounting Practices
HIV	Human immunodeficiency virus infection
HOA	Home Owner's Allowance
HR	Human Resource(s)
HSRC	Human Sciences Research Council
ICT	Information and Communication Technology
IFP	Inkatha Freedom Party
IKS	Indigenous Knowledge Systems
IM	Information Management
IMST	Information Management Systems and Technology
IS	Information Systems
IT	Information Technology
MANCO	Management Committee
MIS	Management Information System
MoU	Memorandum/Memoranda of Understanding
MTEF	Medium-Term Expenditure Framework
NHRA	National Heritage Resources Act, No 25 of 1999
OHASA	Oral Historical Association of South Africa
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act, No 1 of 1999, as amended
PAA	Pan-African Archives
PMF	Performance Management Framework
PMSA	Project Management South Africa
PSIRA	Private Security Industry Regulatory Authority
SAPS	South African Police Service
SCM	Supply Chain Management
SLA	Service Level Agreements
UNISA	University of South Africa

Ubuntu The most common direct meaning is "I am because of you", which is found in the spirit of the African people who support the importance of community, family, friendship and sharing

Quotations used in the Annual Report

Peter Abrahams (born 19 March 1919 in Vrededorp near Johannesburg) is regarded as one of South Africa's most prolific black prose writers, whose early novel Mine Boy (1946) was the first to depict the dehumanising effect of racism in South Africa.

Mazisi Kunene (born 12 May 1930 in Durban) a former UCLA professor and exiled African National Congress member, wrote many of his most acclaimed works while living in Los Angeles. He died 11 August 2006 at Entabeni Hospital in Durban aged 76. Late in his life, after he and many other exiles had returned home, Kunene was named the first poet laureate of a democratic South Africa.

Nelson Mandela (born on 18 July 1918 in Mvezo in the Umtata district of the former Transkei, now located in the Eastern Cape) was the first South African President elected in a fully representative democratic election in 1994.

Nosipho Mtabani (born in Kimberley) is a South African writer and poet who specialises in poetry and short story writing, some of which is published in the Northern Cape Anthology "There is a place, Tender Voices, Volume 2".

Thabo Mbeki (born on 18 June 1942 in Idutywa, Queenstown) is a South African politician who served two terms as the second post-apartheid President of South Africa from 14 June 1999 to 24 September 2008.

Dr Mongane Wally Serote (born 8 May 1944 in Sophiatown, Johannesburg) is a South African poet and writer, and a former Freedom Park CEO, Executive Chair of the Freedom Park Trust in Pretoria and Chair of the parliamentary select committee for arts and culture.

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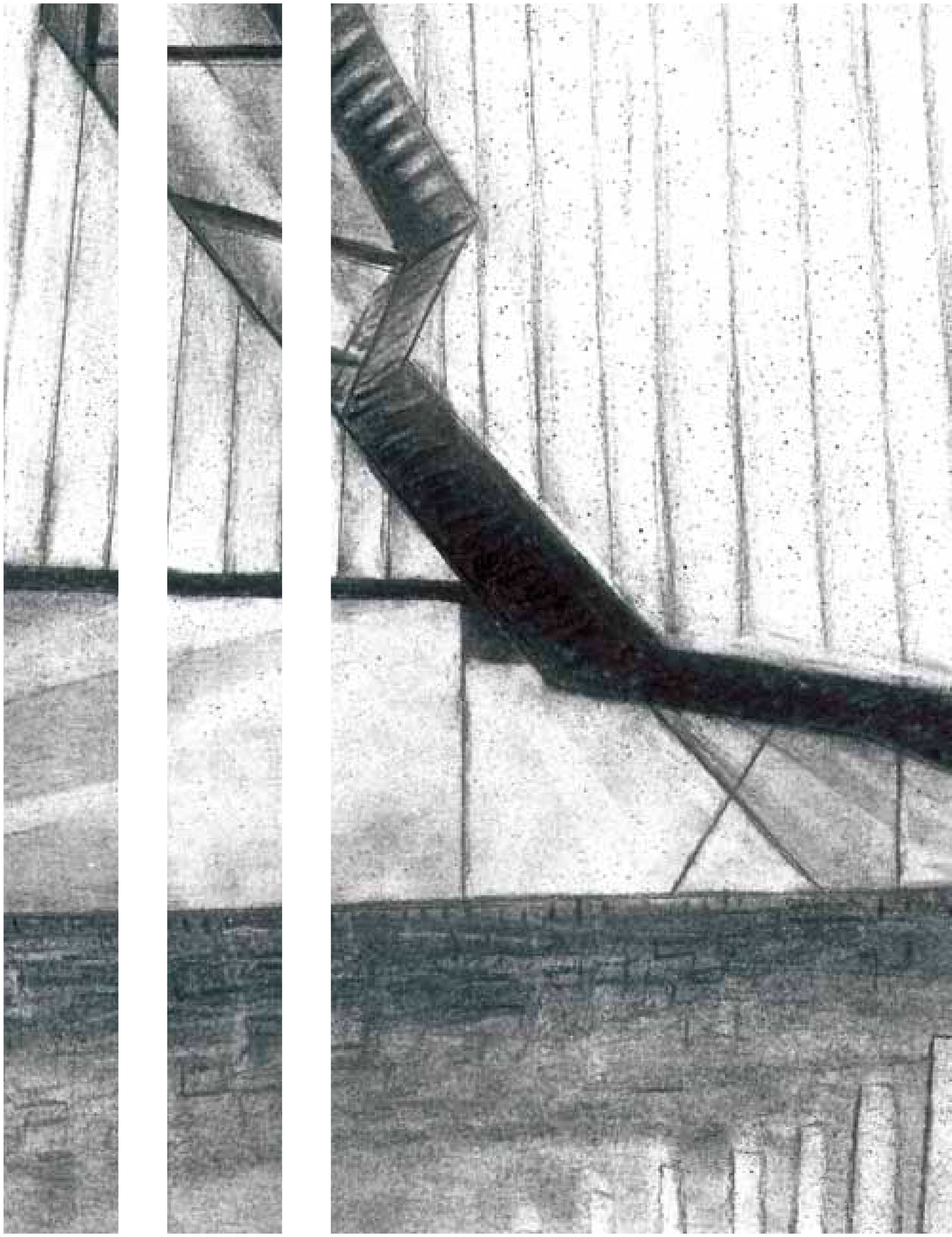

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