



a world class African city

CITY OF JOHANNESBURG
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

General Information

MAYORAL COMMITTEE

EXECUTIVE MAYOR

Amos Masondo (Chairperson)
(1 JULY 2005 – 30 JUNE 2010)

COUNCILLORS

(1 JULY 2006 – 30 JUNE 2011)
Nandi Mayathula-Khoza (Community Development)
Parks Tau (Finance and Economic Development)
Matshidiso Mfikoe (Health)
Christine Walters (Corporate and Shared Services)
Prema Naidoo (Environment)
Thomas Phakathi (Public Safety)
Strike Ralegoma (Housing)
Ross Greeff (Infrastructure and Services)
Ruby Mathang (Development Planning and Urban Management)
Rehana Moosajee (Transport)
Bafana Sithole (Chief Whip)
Nkele Ntingane (Speaker)

GRADING OF LOCAL AUTHORITY

The City of Johannesburg Metropolitan Municipality is a Grade Six Local Authority in terms of Item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998.

AUDITORS

The Office of the Auditor-General: Gauteng
Registered Auditors
Block E
Parkridge Office Park
61 Empire Road
Parktown
P O Box 91081
Auckland Park
2006

BANKERS

ABSA Bank Limited

CITY MANAGER

Mavela AV Dlamini

EXECUTIVE DIRECTOR: FINANCE

Mankodi Moitse

REGISTERED OFFICE

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Loveday Street,
Johannesburg
2001

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Group Annual Financial Statements for the year ended 30 June 2007

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ABBREVIATIONS

CJMM	City of Johannesburg Metropolitan Municipality
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GAAP	Generally Accepted Accounting Practices
GAMAP	Generally Accepted Municipal Accounting Practice
GEPF	Government Employees Pension Fund
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (previously CMIP)

The group annual financial statements set out on pages 4 to 97, which have been prepared on the going concern basis, were approved by the Council on 12 December 2007 and were signed on its behalf by:

City Manager

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Statement of Financial Position as at 30 June 2007

	Note(s)	GROUP		CJMM	
		2007 R '000	2006 R '000	2007 R '000	2006 R '000
NET ASSETS AND LIABILITIES					
NET ASSETS					
Capital replacement reserve		102,712	98,468	102,712	98,468
Capitalisation reserve		389,120	439,360	389,120	439,360
Revaluation reserve		32,906	5,942	-	-
Government grant reserve		1,577,657	1,178,834	728,139	513,586
Donations and public contributions reserve		773,557	670,875	274,555	208,744
COID reserve		50,608	38,596	50,608	38,596
Accumulated Surplus		10,928,636	9,339,544	8,837,614	8,196,921
		13,855,196	11,771,619	10,382,748	9,495,675
LIABILITIES					
Non-Current Liabilities					
Long-term liabilities	2	6,033,812	5,717,509	5,879,986	5,537,102
Finance lease obligation	3	79,907	81,723	23,780	17,640
Deferred tax	9	208,935	383,627	-	-
Non-current provisions	4	2,024,954	2,034,743	1,808,174	1,811,013
		8,347,608	8,217,602	7,711,940	7,365,755
Current Liabilities					
Current portion of long-term liabilities	2	136,974	112,232	98,869	91,315
Finance lease obligation	3	4,525	2,901	-	-
Current tax payable		2,469	12,806	-	-
Creditors	5	3,711,252	3,069,822	4,865,437	3,615,817
Consumer deposits	6	244,377	217,810	217,799	201,978
VAT	7	325,070	301,894	-	33,674
Unspent conditional grants and receipts	8	813,574	307,233	576,202	214,011
Current provisions	4	570,604	519,751	445,108	413,598
Bank overdraft	24	32,203	96,492	-	-
		5,841,048	4,640,941	6,203,415	4,570,393
Total Liabilities		14,188,656	12,858,543	13,915,355	11,936,148
Total Net Assets and Liabilities		28,043,852	24,630,162	24,298,103	21,431,823

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Statement of Financial Position as at 30 June 2007

	Note(s)	GROUP		CJMM	
		2007 R '000	2006 R '000	2007 R '000	2006 R '000
ASSETS					
Non-Current Assets					
Biological assets	10	4,054	3,997	370	319
Investment property	11	1,137,214	1,073,995	1,060,052	1,010,123
Property, plant and equipment	12	19,606,677	16,971,891	12,066,177	10,966,441
Intangible assets	13	266,882	242,630	104,754	93,072
Investments in Municipal Entities	14	-	-	183,117	183,117
Investments in associates	17	2,253	1,859	-	-
Loans to Municipal Entities	15	-	-	5,080,769	3,989,151
Other investments	18	2,024,155	955,379	2,024,155	955,379
Non-current Receivables	19	44,960	138,435	44,960	138,435
Deferred tax	9	5,242	4,538	-	-
		23,091,437	19,392,724	20,564,354	17,336,037
Current Assets					
Inventories	20	106,892	87,900	27,763	19,243
Loans to Municipal Entities	15	-	-	406,844	312,275
Other investments	18	-	579,275	-	579,275
Current tax receivable		7,543	4,999	-	-
Other debtors	21	874,025	660,737	797,875	608,491
Consumer debtors	22	1,976,280	2,086,420	562,860	788,796
VAT	7	223,549	3,546	219,684	-
Call investment deposits	23	1,687,490	1,706,421	1,674,439	1,700,671
Bank balances and cash	24	76,636	108,140	44,284	87,035
		4,952,415	5,237,438	3,733,749	4,095,786
Total Assets		28,043,852	24,630,162	24,298,103	21,431,823

City of Johannesburg

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Statement of Financial Performance

	Note(s)	GROUP		CJMM	
		2007 R '000	2006 R '000	2007 R '000	2006 R '000
Revenue					
Property rates	25	3,098,975	2,918,647	3,098,975	2,931,476
Service charges	26	7,473,237	6,600,002	281,831	302,554
Regional Services Levies - Turnover	27	-	1,936,781	-	1,936,781
Rental facilities and equipment		115,913	152,411	58,293	108,821
Interest earned - external investments		552,782	442,341	1,041,042	933,076
Interest earned - outstanding debtors		112,902	115,076	76,242	83,401
Fines		237,010	193,030	237,010	193,030
Licences and permits		967	928	967	928
Income from agency services		139,113	145,773	139,113	145,773
Government grants and subsidies	28	3,112,437	1,294,886	3,022,855	1,156,260
Public contributions, Donated and contributed property, plant and equipment		386,292	336,761	87,869	4,767
Gross Revenue		15,229,566	14,136,575	8,044,197	7,796,867
Other income	29	1,040,440	877,654	382,341	314,348
Surplus on disposal of property, plant and equipment		37,928	37,765	37,774	37,757
Total Revenue		16,307,934	15,051,994	8,464,312	8,148,972
Expenditure					
Employee related costs	30	3,871,113	3,504,601	1,949,431	1,801,660
Remuneration of councillors	31	58,375	50,056	58,375	50,056
Bad debts	32	859,626	854,708	307,195	316,624
Depreciation, amortisation and impairments	33	880,311	629,142	502,756	260,969
Repairs and maintenance		255,838	239,572	60,793	62,603
Interest on external borrowings	34	877,487	787,163	751,313	710,038
Bulk purchases	35	3,940,426	3,516,708	-	-
Contracted Services	36	1,224,833	1,258,095	681,995	736,875
Grants and subsidies paid	37	539,974	142,280	2,324,387	1,807,163
General expenses	38	2,053,481	2,155,248	1,310,966	1,702,527
Impairments losses/(reversal of impairment losses)	[33] [39]	(21,556)	206,872	72,771	202,577
Deficit on disposal of property, plant and equipment		29,107	34,552	28,752	34,552
Total Expenditure		14,569,015	13,378,997	8,048,734	7,685,644
Surplus before taxation		1,738,919	1,672,997	415,578	463,328
Taxation	40	186,341	(212,216)	-	-
Surplus for the year		1,925,260	1,460,781	415,578	463,328

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Group Annual Financial Statements for the year ended 30 June 2007

Statement of Changes in Net Assets

	Note(s)	Housing development fund	Capital replacement reserve	Capitalisation reserve	Revaluation reserve	Government grant reserve	Donations and public contributions reserve	COID reserve	Accumulated Surplus	Net Assets
		R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Group										
Opening balance as previously reported		106,178	94,358	497,781	226	791,236	379,676	29,935	5,874,384	7,773,774
Adjustments										
Prior year adjustments	45	(106,178)	(300)		1,869	(1,918)	13,823		430,229	337,525
Balance at 01 July 2005 as restated		-	94,058	497,781	2,095	789,318	393,499	29,935	6,304,613	8,111,299
Changes in net assets										
Equity share in associate					89					89
Capitalisation adjustment			161							161
Contribution to coid reserve								19,882	(19,882)	-
Coid claims processed								(11,221)	11,221	-
Revaluation reserve movement					3,758					3,758
Transfer to CRR			35,861						(35,861)	-
Assets found									1,838,253	1,838,253
Net income (expenses) recognised directly in equity		-	36,022	-	3,847	-	-	8,661	1,793,731	1,842,261
Surplus for the year									1,460,781	1,460,781
Total recognised income and expenses for the year		-	36,022	-	3,847	-	-	8,661	3,254,512	3,303,042
Short fall on reserves				(5,519)			(15,824)		23,788	2,445
PPE purchases			(31,612)						31,597	(15)
Capital grants used to purchase PPE						487,595			(487,595)	-
Donated/contributed PPE							352,905		(338,199)	14,706
Assets found - offsetting of depreciation									340,142	340,142
Offsetting of depreciation				(52,902)		(98,079)	(59,705)		210,686	-
Total changes		-	4,410	(58,421)	3,847	389,516	277,376	8,661	3,034,931	3,660,320

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Group Annual Financial Statements for the year ended 30 June 2007

Statement of Changes in Net Assets

	Note(s)	Housing development fund	Capital replacement reserve	Capitalisatio n reserve	Non distributable reserve	Government grant reserve	Donations and public contributions reserve	COVID reserve	Accumulated Surplus	Net Assets
		R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening balance as previously reported		-	98,783	439,360	3,984	1,182,802	466,708	38,596	9,078,813	11,309,046
Adjustments										
Prior year adjustments	45		(315)		1,958	(3,968)	204,167		260,731	462,573
Balance at 01 July 2006 as restated		-	98,468	439,360	5,942	1,178,834	670,875	38,596	9,339,544	11,771,619
Changes in net assets										
Contribution to covid reserve								27,207	(27,207)	-
Covid claims processed								(15,195)	15,195	-
Equity share in associates					385					385
Deferred tax on revaluation					(5,526)					(5,526)
Revaluation reserve movement					26,579					26,579
Transfer to CRR			42,196						(42,196)	-
Deferred tax on revaluation offset against assessed losses					5,526					5,526
Assets found									211,394	211,394
Net income (expenses) recognised directly in equity		-	42,196	-	26,964	-	-	12,012	157,186	238,358
Surplus for the year									1,925,260	1,925,260
Total recognised income and expenses for the year		-	42,196	-	26,964	-	-	12,012	2,082,446	2,163,618
Shortfall on reserves				(566)					566	-
PPE purchases			(37,952)						37,952	-
Capital grants used to purchase PPE						214,711			(214,711)	-
Donated/contributed PPE							124,654		(124,654)	-
Assets at fair value depreciation									(340,142)	(340,142)
Offsetting of depreciation				(49,674)		(75,989)	(21,972)		147,635	-
Assets under construction						260,101				260,101
Total changes		-	4,244	(50,240)	26,964	398,823	102,682	12,012	1,589,092	2,083,577
Balance at 30 June 2007		-	102,712	389,120	32,906	1,577,657	773,557	50,608	10,928,636	13,855,196

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Group Annual Financial Statements for the year ended 30 June 2007

Statement of Changes in Net Assets

	Note(s)	Housing development fund	Capital replacement reserve	Capitalisation reserve	Non distributable reserve	Government grant reserve	Donations and public contributions reserve	COID reserve	Accumulated Surplus	Net Assets
		R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
CJMM										
Opening balance as previously reported		106,178	94,358	497,781	-	291,114	212,368	29,935	5,664,038	6,895,772
Adjustments										
Correction of errors	45		(300)			10,124	1,950		269,236	281,010
Balance at 01 July 2005 as restated		106,178	94,058	497,781	-	301,238	214,318	29,935	5,933,274	7,176,782
Changes in net assets										
Capitalisation Adjustment			161							161
Contribution to coid reserve								19,882	(19,882)	-
Coid claims processed								(11,221)	11,221	-
Correction of errors		(106,178)				(9,356)	13,115		102,419	-
Transfer to CRR			35,861						(35,861)	-
Assets found									1,838,253	1,838,253
Net income (expenses) recognised directly in equity Surplus for the year		(106,178)	36,022	-	-	(9,356)	13,115	8,661	1,896,150 463,328	1,838,414 463,328
Total recognised income and expenses for the year		(106,178)	36,022	-	-	(9,356)	13,115	8,661	2,359,478	2,301,742
Short fall on reserves				(5,519)			(15,824)		23,788	2,445
PPE purchases			(31,612)				(31)		31,597	(46)
Capital grants used to purchase PPE						277,610			(277,610)	-
Donated/contributed PPE							14,907		(155)	14,752
Offsetting of depreciation				(52,902)		(55,906)	(17,741)		126,549	-
Total changes		(106,178)	4,410	(58,421)	-	212,348	(5,574)	8,661	2,263,647	2,318,893
Opening balance as previously reported		-	98,783	439,360	-	503,084	207,860	38,596	7,942,042	9,229,725
Adjustments										
Prior year adjustments	45		(315)			10,502	884		254,879	265,950
Balance at 01 July 2006 as restated		-	98,468	439,360	-	513,586	208,744	38,596	8,196,921	9,495,675
Changes in net assets										
Contribution to coid reserve								27,207	(27,207)	-
Coid claims processed								(15,195)	15,195	-
Correction of assets found									211,394	211,394
Transfer to CRR			42,196						(42,196)	-
Net income (expenses) recognised directly in equity Surplus for the year		-	42,196	-	-	-	-	12,012	157,186 415,578	211,394 415,578
Total recognised income and expenses for the year		-	42,196	-	-	-	-	12,012	572,764	626,972
PPE purchases			(37,952)						37,952	-
Capital grants used to purchase PPE						4,438			(4,438)	-
Donated/contributed PPE							87,890		(87,890)	-
Shortfall on reserves				(566)					566	-
Offsetting of depreciation				(49,674)		(49,986)	(22,079)		121,739	-

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Group Annual Financial Statements for the year ended 30 June 2007

Statement of Changes in Net Assets

	Note(s)	Housing development fund	Capital replacement reserve	Capitalisation reserve	Non distributable reserve	Government grant reserve	Donations and public contributions reserve	COID reserve	Accumulated Surplus	Net Assets
		R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Assets under construction						260,101				260,101
Total changes		-	4,244	(50,240)	-	214,553	65,811	12,012	640,693	887,073
Balance at 30 June 2007		-	102,712	389,120	-	728,139	274,555	50,608	8,837,614	10,382,748

CJMM DRAFT

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Cash Flow Statement

	Note(s)	GROUP		CJMM	
		2007 R '000	2006 R '000	2007 R '000	2006 R '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		15,855,125	14,488,961	8,463,088	7,965,200
Cash paid to suppliers and employees		(12,240,572)	(11,896,482)	(6,171,722)	(7,185,633)
Cash generated from operations	41	3,614,553	2,592,479	2,291,366	779,567
Interest income		665,684	557,417	1,117,284	1,016,477
Interest on external borrowings		(877,487)	(787,163)	(751,313)	(710,038)
Tax paid		(11,012)	(15,304)	-	-
Net cash from operating activities		3,391,738	2,347,429	2,657,337	1,086,006
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	12	(3,308,793)	(2,663,339)	(1,474,565)	(1,298,807)
Proceeds from sale of property, plant and equipment	12	88,494	49,419	42,872	51,774
Purchase of investment property	11	(201)	(343)	-	-
Proceeds from sale of investment property	11	-	-	204	(4,623)
Purchase of other intangible assets	13	(128,239)	(61,272)	(97,949)	(71,873)
Decrease in non-current investments		(489,895)	(145,838)	(1,079,635)	(110,581)
Proceeds from financial assets		-	-	(489,501)	(194,388)
Purchase of biological assets	10	(145)	(19)	(145)	(19)
Movement in non-current receivables		93,474	14,561	-	-
(Increase) / decrease call investment deposits		18,931	(111,233)	26,232	(116,327)
Net cash from investing activities		(3,726,374)	(2,918,064)	(3,072,487)	(1,744,844)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term liabilities		316,303	1,123,390	350,438	661,383
Movement in current portion of long-term liabilities		24,742	(560,511)	-	-
Finance lease payments		(192)	54,291	6,140	728
Increase / (decrease) in consumer deposits		26,567	(92,675)	15,821	(1,961)
Net cash from financing activities		367,420	524,495	372,399	660,150
Total cash movement for the year		32,784	(46,140)	(42,751)	1,312
Cash at the beginning of the year		11,648	57,788	87,035	85,723
Total cash at end of the year	24	44,432	11,648	44,284	87,035

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Group Annual Financial Statements for the year ended 30 June 2007

Accounting Policies

1. Basis of preparation

The group annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless otherwise stated.

These group annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) Prescribed by the Minister of Finance in terms of:

General Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;
General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs .07, .11 and .12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

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

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

These accounting policies are consistent with the previous year.

These group annual financial statements have been prepared on the accrual basis of accounting and are in accordance with the historical cost convention, except where otherwise stated.

1.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.2 PRESENTATION OF CURRENCY

These group annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

These group annual financial statements have been prepared on the going concern basis.

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Group Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.4 COMPARATIVES INFORMATION

1.4.1 CURRENT YEAR COMPARATIVES

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.4.2 PRIOR YEAR COMPARATIVES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.5 OFFSETTING

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

1.6 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.7 RESERVES

1.7.1 CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the unappropriated surplus to the CRR in terms of a Council resolution (Item 22 dated 23 June 2004). A corresponding amount has been ring-fenced against call investment deposits. The ring-fenced cash can be utilised only to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the CRR is utilised.

The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan.

1.7.2 CAPITALISATION RESERVE

On the implementation of GAMAP/GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

City of Johannesburg

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ACCOUNTING POLICIES

1.7.3 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.7.4 DONATIONS AND PUBLIC CONTRIBUTIONS RESERVE

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances). The balance of the Self-Insurance Reserve is determined based on 5% of the insurance risk carried by the Municipality (state basis of determining balance of self-insurance reserve) and past claims history in terms of a Council Resolution XX and is reinstated or increased by a transfer from the accumulated surplus/(deficit). The balance of the self-insurance fund is invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The Municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

Premiums are calculated on past claims experienced and are charged to the various Clusters.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

ACCOUNTING POLICIES

1.7.5 COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID) RESERVE

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. CJMM is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status CJMM is mandated to establish its own fund and administers this fund in terms of the COID Act.

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.8 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in the Statement of Financial Performance.

1.9 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

1.10 RETIREMENT BENEFITS

1.10.1 Pension funds

CJMM and certain Municipal Entities provide defined benefit and / or defined contribution retirement benefit plans for the benefit of employees. The employees fund these plans and the employers in the group, taking into account the recommendations of independent actuaries where relevant. The group also provides gratuity plans and subsidies after retirement for medical aid contributions and housing costs. These plans are partly unfunded, except that in respect of the Municipal Entities a portion of the cost may be recovered from CJMM.

1.10.2 Defined contribution plans

The group's funding of defined contribution plans is charged to the statement of financial performance in the same period as the related service is provided.

1.10.3 Defined benefit plans

The group provides defined benefit plans in respect of retirement benefits, gratuities, and subsidisation of medical aid contributions and housing costs after retirement for qualifying employees.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations, calculated by using the projected unit credit method, and reduced by the fair value of plan assets, where relevant. The amount of any surplus recognised is limited to the present value of any available refunds and reduction in future contributions for the employers in the group. To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised.

Actuarial gains and losses are recognised immediately in income or expense in the period in which they arise. Past service costs are recognised immediately the benefits are vested, otherwise they are recognised when it is probable that the expense will be incurred.

1.10.4 Post-retirement medical benefits

The group operates a number of employee medical schemes. The group provides post-retirement medical benefits to certain ex-employees. The liability for these benefits up to the date of the formation of the Municipal Entities has been assumed by CJMM. These benefits are charged to the statement of financial performance in the year of payment. The expected costs of these benefits are accrued over the period of employment. Independent actuaries carry out valuations of these obligations.

City of Johannesburg

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ACCOUNTING POLICIES

1.11 HOUSING SUBSIDIES

The CJMM provides post-retirement housing subsidies for qualifying staff members. The payment of these subsidies is reflected as expenditure in the statement of financial performance.

1.12 PURCHASE OF SERVICE

Certain pension funds allow members to purchase additional service in terms of the fund's rules. This is reflected in the statement of financial performance when the expense is incurred.

1.13 GRATUITIES

CJMM provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.14 BONUS PENSIONABLE SERVICE AND MEDICAL BOARDINGS

The benefits of Bonus Pensionable Service and Medical Boardings are afforded to members of certain funds in terms of the applicable rules of the relevant funds. The payments are accounted for in the statement of financial performance in the period in which it is paid.

1.15 INVESTMENT PROPERTY

Investment properties, which are properties held to earn rental revenue or for capital appreciation, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is 30 years, except for land where no depreciation is provided for.

1.16 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment constitutes 5 major categories. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except land as indicated below.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs incurred in the acquisition, establishment and installation of such assets so as to bring them to working condition for their intended use.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets are measured at its fair value. If the acquired item can not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Residual Value

The City of Johannesburg maintains and acquires assets to provide a social service to the community with no intention of disposing the assets for any economic gain and thus no residual values are determined.

Property, plant and equipment (excluding land) are depreciated to a nil value with no residual values being maintained. Where there are residual values these are not material.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful life. Depreciation of asset commences when the asset is ready for its intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Profits and losses arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognized in the statement of financial performance in the period in which they occur.

Landfill site, where historical experience indicates that restoration costs will be incurred; a liability for the site

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ACCOUNTING POLICIES

1.16 Property, plant and equipment (continued)

restoration costs is recorded. The liability recorded is measured at the present value of the estimated future restoration costs to be incurred. The present value of the liability is capitalised to the underlying landfill site asset to which the restoration costs relate at the inception of the restoration obligation. These amounts are amortised over the estimated useful life of the related asset

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Property, plant and equipment is held for use in the supply of goods or services or for administrative purposes are stated in the statement of financial position at cost less accumulated depreciation and any impairment losses.

The annual depreciation rates are based on the following estimated asset lives:

Item	Years
Specialised vehicles	
• Specialist vehicles	10 years
Infrastructure	
• Roads and paving	30 years
• Pedestrian Malls	30 years
• Electricity	20 - 30 years
• Water infrastructure	15 - 20 years
• Sewerage infrastructure	15 - 20 years
• Housing	30 years
Community	
• Buildings	30 years
• Recreational Facilities	20 - 30 years
• Security	5 years
Other property, plant and equipment	
• Buildings	30 years
• Other vehicles	5 years
• Furniture and fittings	7 - 10 years
• Watercraft	15 years
• Office equipment	3 - 7 years
• Specialist plant and equipment	10 - 15 years
• Other items of Plant and Equipment	2 - 5 years
• Bins and containers	5 years

Impairment of cash generating assets

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the consolidated statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset's fair value less cost of disposal and value in use.

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows, and is largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-

ACCOUNTING POLICIES

1.16 Property, plant and equipment (continued)

generating unit is less than its carrying amount

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

Impairment of non-cash generating assets

Non-cash generating assets such as Infrastructure and Community assets are not impaired as no open market value can be obtained and there is no intention to sell these assets as they are for the benefit of the community.

1.17 REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation in respect of buildings.

1.18 INTANGIBLE ASSETS

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

Software is amortised on a straight-line basis over its anticipated useful life.

By their nature, servitudes confer upon the holder a right in perpetuity over the property and as these rights have an indefinite useful life, they are not amortised.

Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the group and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset. Associated costs include staff costs of the development team and an appropriate portion of relevant overheads.

Expenditure, which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

Research and development expenditure is written off as incurred.

ACCOUNTING POLICIES

1.19 FINANCIAL ASSETS, INVESTMENTS AND LIABILITIES

Initial recognition

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The Municipality classifies its investments in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Debtors

Debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Creditors

Creditors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade creditors are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Bank overdraft and borrowings

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Available for sale financial assets

ACCOUNTING POLICIES

1.19 Financial assets, investments and liabilities (continued)

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the Statement of Financial Performance in the period in which they arise.

1.20 INVESTMENTS

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.20.1 INVESTMENTS IN SECURITIES

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available for sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

1.20.2 INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in accumulated surpluses/(deficits). Amounts deferred in net assets are recognised in the Statement of Financial Performance in the same period in which the hedged firm commitment or forecasted transaction affects net surplus/(deficit).

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Financial Performance as they arise."

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ACCOUNTING POLICIES

1.21 INVESTMENTS IN MUNICIPAL ENTITIES

Municipal annual financial statements

In the municipality's separate group annual financial statements, investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and postacquisition results of these investments.

1.22 INVENTORIES

Inventories include consumable stores, maintenance materials, spare parts for plant and equipment, work in progress and land and or property held for sale. Cost is determined by the first-in-first-out method and comprises all costs of purchases, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost and current replacement cost. Current replacement cost represents the cost the municipality would incur to acquire the asset on the reporting date.

When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense on the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when goods are distributed or related service is rendered.

The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.23 REVENUE

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

1.23.1 REVENUE FROM EXCHANGE TRANSACTIONS

Service charges relating to electricity and water are based on consumption. Meter readings are made on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly where meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity pre-paid meter cards is recognised at the point of sale and not when prepaid electricity is consumed.

Revenue from the sale of goods is recognised when the risks and rewards of ownership are passed to the purchaser.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Interest and rentals are recognised on a time proportion basis.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a

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Group Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.23 Revenue (continued)

liability is recognised.

1.23.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from Regional Service Levies, both that based on turnover as well as that based on remuneration, is recognised on the receipt basis. Whilst provisional estimates are prepared when a registered levy payer does not submit a levy declaration, these provisional estimates cannot be recognised as Regional Service Levies due to uncertainty as to the reason why a registered levy payer has not submitted a declaration, as well as the basis of determining provisional estimates, which are deliberately inflated to encourage submission of declarations by registered levy payers.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

1.24 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.25 LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

Finance leases - The Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Finance leases – The Municipality as lessee

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.

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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ACCOUNTING POLICIES

1.25 Leases (continued)

Operating leases – The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.26 UNAUTHORISED EXPENDITURE

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

1.27 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or in contravention of the group's-supply-chain management policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.29 SEGMENTAL INFORMATION

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The group operates solely in its area of jurisdiction as determined by the Demarcation Board.

1.30 DERIVATIVE INSTRUMENTS

The group does not engage in speculative trading in derivative instruments.

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
2. LONG-TERM LIABILITIES				
Liabilities				
Structured loans	1,309,776	1,249,159	1,309,776	1,249,159
Funding facility	33,303	47,433	33,303	47,433
Development Bank of South Africa	511,803	570,525	511,803	570,525
Local Registered Stock Loans	30,000	30,000	30,000	30,000
Listed bonds	3,730,000	3,730,000	3,730,000	3,730,000
Other financial liabilities	555,904	202,624	363,973	1,300
Sub-total	6,170,786	5,829,741	5,978,855	5,628,417
Current portion of long term liabilities				
Structured loans	21,278	20,327	21,278	20,327
Funding facility	14,153	15,995	14,153	15,995
Development Bank of South Africa	63,308	54,863	63,308	54,863
Other financial liabilities	38,235	21,047	130	130
Sub-total	136,974	112,232	98,869	91,315
Total	6,033,812	5,717,509	5,879,986	5,537,102
Non-current liabilities	6,033,812	5,717,509	5,879,986	5,537,102
Current liabilities	136,974	112,232	98,869	91,315
	6,170,786	5,829,741	5,978,855	5,628,417

Refer to Appendix A for more detail on long-term liabilities.

R 1,838 bn (2006 : R 1,682 bn) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities.

Bond buy backs of R 170 million netted off against bond issues (Ref. COJ01 and COJ02). These bonds were issued for R 1 billion each and is currently reflected as R 850 million and R 980 million respectively. (Refer to Appendix A for more detail).

3. FINANCE LEASE OBLIGATION

Non-current liabilities	79,907	81,723	23,780	17,640
Current liabilities	4,525	2,901	-	-
	84,432	84,624	23,780	17,640

It is municipality policy to lease certain buildings and equipment under finance leases.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

4. PROVISIONS

Reconciliation of provisions - GROUP - 2007

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation: Closed landfill site	2,000	112	-	2,112
Environmental rehabilitation: Open landfill sites	143,621	8,032	(7,364)	144,289
Post-retirement purchase of service	12,597	-	-	12,597
Pensionable bonus and medical boarding	30,368	-	(1,960)	28,408
Post-retirement medical aid	1,173,933	113,461	(87,038)	1,200,356
Post-retirement housing subsidies	10,525	1,373	(651)	11,247
Post-retirement gratuities	431,531	10,468	(20,984)	421,015
Defined benefit funds	413,598	31,510	-	445,108
Employee benefits	330,452	68,708	(68,734)	330,426
Other Provisions	5,869	-	(5,869)	-
	2,554,494	233,664	(192,600)	2,595,558

Reconciliation of provisions - GROUP - 2006

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation: Closed landfill site	1,925	75	-	2,000
Environmental rehabilitation: Open landfill sites	143,118	5,583	(5,080)	143,621
Post-retirement purchase of service	27,421	-	(14,824)	12,597
Pensionable bonus and medical boarding	66,858	-	(36,490)	30,368
Post-retirement medical aid	1,155,477	95,233	(76,777)	1,173,933
Post-retirement housing subsidies	10,699	1,672	(1,846)	10,525
Post-retirement gratuities	419,483	52,971	(40,923)	431,531
Defined benefit funds	-	413,598	-	413,598
Employee benefits	399,214	63,772	(132,534)	330,452
Other Provisions	577	5,869	(577)	5,869
	2,224,772	638,773	(309,051)	2,554,494

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

4. Provisions (continued)

Reconciliation of provisions - CJMM - 2007

	Opening Balance	Additions	Utilised during the year	Total
Post-retirement purchase of service	12,596	-	-	12,596
Pensionable bonus and medical boarding	30,368	-	(1,960)	28,408
Post-retirement medical aid	1,138,959	113,461	(73,694)	1,178,726
Post-retirement housing subsidies	10,375	1,373	(1,378)	10,370
Post-retirement gratuities	416,340	23,334	(37,848)	401,826
Defined benefit funds	413,599	31,509	-	445,108
Employee benefits	202,374	-	(26,126)	176,248
	2,224,611	169,677	(141,006)	2,253,282

Reconciliation of provisions - CJMM - 2006

	Opening Balance	Additions	Utilised during the year	Total
Post-retirement purchase of service	27,421	-	(14,825)	12,596
Pensionable bonus and medical boarding	66,858	-	(36,490)	30,368
Post-retirement medical aid	1,116,828	94,283	(72,152)	1,138,959
Post-retirement housing subsidies	10,439	1,478	(1,542)	10,375
Post-retirement gratuities	405,413	41,609	(30,682)	416,340
Defined benefit funds	-	413,599	-	413,599
Employee benefits	270,003	-	(67,629)	202,374
	1,896,962	550,969	(223,320)	2,224,611

Non-current liabilities	2,024,954	2,034,743	1,808,174	1,811,013
Current liabilities	570,604	519,751	445,108	413,598
	2,595,558	2,554,494	2,253,282	2,224,611

5. CREDITORS

Trade payables	1,918,459	1,762,571	439,032	697,540
Payments received in advance	196,666	267,997	11,269	74,015
Other accrued expenses	65,059	50,092	-	-
Retentions	80,108	80,000	25,181	23,712
Credit balances in consumer debtors	576,049	567,575	484,415	452,160
Other creditors	874,911	341,587	406,557	24,396
Related party creditor	44	-	3,498,983	2,343,994
Total Creditors	3,711,252	3,069,822	4,865,437	3,615,817

6. CONSUMER DEPOSITS

Electricity and water deposits	241,029	214,633	214,451	198,801
Other deposits	3,348	3,177	3,348	3,177
Total Deposits	244,377	217,810	217,799	201,978

No interest accrues on consumer deposits as the CJMM is not a deposits-taking institution in terms of the Banking Act.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
7. VAT				
VAT receivable	223,549	3,546	219,684	-
VAT payable	(325,070)	(301,894)	-	(33,674)
Nett VAT Payable	(101,521)	(298,348)	219,684	(33,674)

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Conditional Grants from other spheres of Government

Provincial grants : capital projects	409,271	133,991	409,271	133,991
Financial management grant	2,191	6,014	2,191	6,014
Provincial grants : capital projects	5,899	4,556	5,899	4,556
Provincial grant : Soccer city 2010	77,576	-	77,576	-
Municipal system improvement grant	5,639	3,040	5,639	3,040
Municipal Infrastructure Grant	55,090	32,865	55,090	32,865
Restructuring Grant	-	14,056	-	14,056

Other Conditional Receipts

Public contributions	257,908	112,711	20,536	19,489
Total Conditional Grants and Receipts	813,574	307,233	576,202	214,011

See Note 28 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

9. DEFERRED TAX

Deferred tax asset (liability)

Liabilities for health care benefits accrued	175	174	-	-
Fair value and amortised cost adjustments	(189,122)	(108,548)	-	-
Property, Plant and Equipment & Intangibles	(6,743)	(3,218)	-	-
Temporary difference	(8,551)	(270,859)	-	-
Other deferred tax	548	3,362	-	-
	(203,693)	(379,089)	-	-

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
9. Deferred tax (continued)				
Reconciliation of deferred tax asset (liability)				
At beginning of the year	(379,089)	(209,943)	-	-
Temporary difference on revaluation of property	(3,403)	-	-	-
Increase (decrease) in tax losses available for set off against future taxable income	1,005	(1,974)	-	-
Originating temporary difference on tangible fixed assets	264,035	(647)	-	-
Movement in temporary timing differences	57	(647)	-	-
Temporary difference on retirement benefits	(117)	(229)	-	-
Income received in advance	1,032	(974)	-	-
Leases	(1,622)	(4,180)	-	-
Fair value and amortised cost adjustment	(80,780)	(168,797)	-	-
Other movements	(4,811)	8,302	-	-
	(203,693)	(379,089)	-	-

10. BIOLOGICAL ASSETS

GROUP	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Breeding stock	3,684	-	3,684	3,678	-	3,678
Dogs	142	(43)	99	208	(91)	117
Horses	523	(252)	271	283	(81)	202
Total	4,349	(295)	4,054	4,169	(172)	3,997

CJMM	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Dogs	142	(43)	99	208	(91)	117
Horses	523	(252)	271	283	(81)	202
Total	665	(295)	370	491	(172)	319

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

Figures in Rand thousand

10. Biological assets (continued)

Reconciliation of biological assets - GROUP - 2007

	Opening Balance	Additions	Disposals	Gains or losses arising from changes in fair value	Other changes, movements	Depreciation	Total
Breeding stock	3,678	-	(943)	856	93	-	3,684
Dogs	117	25	-	-	-	(43)	99
Horses	202	120	-	-	-	(51)	271
	3,997	145	(943)	856	93	(94)	4,054

Reconciliation of biological assets - GROUP - 2006

	Opening Balance	Additions	Decreases due to harvest / sales	Gains or losses arising from changes in fair value	Other changes, movements	Depreciation	Total
Breeding stock	3,365	-	(1,504)	665	1,152	-	3,678
Dogs	136	19	-	-	-	(38)	117
Horses	243	-	-	-	-	(41)	202
	3,744	19	(1,504)	665	1,152	(79)	3,997

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

10. Biological assets (continued)

Reconciliation of biological assets - CJMM - 2007

	Opening Balance	Additions	Depreciation	Total
Dogs	117	25	(43)	99
Horses	202	120	(51)	271
	319	145	(94)	370

Reconciliation of biological assets - CJMM - 2006

	Opening Balance	Additions	Depreciation	Total
Dogs	136	19	(38)	117
Horses	243	-	(41)	202
	379	19	(79)	319

Non – Financial information

Quantities of each biological asset

	2007	2006	2007	2006
Dogs	75	26	75	26
Horses	20	14	20	14
	95	40	95	40

11. INVESTMENT PROPERTY

GROUP

	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,211,541	(74,327)	1,137,214	1,161,411	(87,416)	1,073,995

CJMM

	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,060,052	-	1,060,052	1,010,123	-	1,010,123

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

Figures in Rand thousand

11. Investment property (continued)

Reconciliation of investment property - GROUP - 2007

	Opening Balance	Additions	Disposals	Transfers	Impairments	Total
Investment property	1,073,995	201	(204)	50,132	13,090	1,137,214

Reconciliation of investment property - GROUP - 2006

	Opening Balance	Additions	Disposals	Found assets at Fair Value	Transfers	Impairments	Total
Investment property	1,064,872	343	4,623	4,897	(397)	(343)	1,073,995

Reconciliation of investment property - CJMM - 2007

	Opening Balance	Disposals	Transfers	Total
Investment property	1,010,123	(204)	50,133	1,060,052

Reconciliation of investment property - CJMM - 2006

	Opening Balance	Disposals	Found assets at Fair Value	Total
Investment property	1,000,603	4,623	4,897	1,010,123

City of Johannesburg

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

12. PROPERTY, PLANT AND EQUIPMENT

GROUP	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and Buildings	10,216,881	(1,325,908)	8,890,973	9,764,286	(1,102,597)	8,661,689
Infrastructure	8,017,599	(1,305,557)	6,712,042	6,820,614	(986,832)	5,833,782
Community	461,954	(126,888)	335,066	674,345	(109,510)	564,835
Other property, plant and equipment	3,922,227	(632,115)	3,290,112	2,205,024	(599,873)	1,605,151
Specialised vehicles	507,581	(223,074)	284,507	394,531	(193,137)	201,394
Heritage	98,092	(4,115)	93,977	137,382	(32,342)	105,040
Total	23,224,334	(3,617,657)	19,606,677	19,996,182	(3,024,291)	16,971,891

CJMM	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	9,347,021	(1,055,615)	8,291,406	8,991,137	(877,630)	8,113,507
Infrastructure	2,412,385	(663,201)	1,749,184	2,183,261	(499,612)	1,683,649
Community	461,954	(126,888)	335,066	674,345	(109,510)	564,835
Other property, plant and equipment	1,831,450	(234,906)	1,596,544	720,285	(220,875)	499,410
Heritage	98,092	(4,115)	93,977	137,382	(32,342)	105,040
Total	14,150,902	(2,084,725)	12,066,177	12,706,410	(1,739,969)	10,966,441

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

Figures in Rand thousand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - GROUP - 2007

	Opening Balance	Additions	Disposals	Found assets @ Fair Value	Transfers	Revaluations	Depreciation	Impairment deficit	Total
Land and Buildings	8,661,689	113,568	(42,947)	203,767	109,422	18,431	(157,915)	(15,042)	8,890,973
Infrastructure	5,833,782	417,853	8,133	-	692,749	75,820	(316,295)	-	6,712,042
Community	564,835	9,530	(378)	-	(161,217)	-	(77,704)	-	335,066
Other property, plant and equipment	1,605,151	2,645,053	(42,955)	7,627	(699,108)	11,307	(202,836)	(34,127)	3,290,112
Specialised vehicles	201,394	122,605	(186)	-	(200)	-	(38,425)	(681)	284,507
Heritage	105,040	184	-	-	(10,172)	-	178	(1,253)	93,977
	16,971,891	3,308,793	(78,333)	211,394	(68,526)	105,558	(792,997)	(51,103)	19,606,677

Reconciliation of property, plant and equipment - GROUP - 2006

	Opening Balance	Additions	Disposals	Found assets @ Fair Value	Transfers	Revaluations	Other changes, movements	Depreciation	Impairments	Total
Land and Buildings	6,879,993	341,928	(38,288)	1,575,469	51,740	3,758	14,917	(147,039)	(20,789)	8,661,689
Infrastructure	4,361,613	1,150,872	(4,728)	41,233	317,182	-	158,769	(191,159)	-	5,833,782
Community	221,451	142,960	2,287	216,372	20,254	-	823	(39,312)	-	564,835
Other property, plant and equipment	1,181,061	991,389	(1,564)	295	(389,320)	-	(62,824)	(38,304)	(75,582)	1,605,151
Specialised vehicles	235,037	498	(284)	-	(156)	-	-	(33,701)	-	201,394
Heritage	81,228	35,692	(6,746)	-	-	-	-	(2,926)	(2,208)	105,040
	12,960,383	2,663,339	(49,323)	1,833,369	(300)	3,758	111,685	(452,441)	(98,579)	16,971,891

City of Johannesburg

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Figures in Rand thousand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - CJMM - 2007

	Opening Balance	Additions	Disposals	Found assets @ fair value	Transfers	Depreciation	Impairment deficit	Total
Land and Buildings	8,113,507	50,483	(34,053)	203,767	83,491	(109,853)	(15,936)	8,291,406
Infrastructure	1,683,649	179,421	(27)	-	42,629	(156,488)	-	1,749,184
Community	564,835	9,530	(378)	-	(161,217)	(77,704)	-	335,066
Other property, plant and equipment	499,410	1,234,947	611	7,627	(4,864)	(106,808)	(34,379)	1,596,544
Heritage	105,040	184	-	-	(10,172)	178	(1,253)	93,977
	10,966,441	1,474,565	(33,847)	211,394	(50,133)	(450,675)	(51,568)	12,066,177

Reconciliation of property, plant and equipment - CJMM - 2006

	Opening Balance	Additions	Disposals	Found assets @ fair value	Transfers	Other changes, movements	Depreciation	Impairment deficit	Total
Land and Buildings	6,383,833	286,377	(38,288)	1,575,454	15,615	14,917	(103,612)	(20,789)	8,113,507
Infrastructure	1,149,286	556,593	(4,728)	41,233	25,554	2,363	(86,652)	-	1,683,649
Community	221,451	142,960	2,287	216,372	20,254	823	(39,312)	-	564,835
Other property, plant and equipment	389,672	277,185	(1,094)	295	(61,423)	(779)	(29,590)	(74,856)	499,410
Heritage	81,228	35,692	(6,746)	-	-	-	(2,926)	(2,208)	105,040
	8,225,470	1,298,807	(48,569)	1,833,354	-	17,324	(262,092)	(97,853)	10,966,441

The land register is available for inspection at the registered office of CJMM.

Refer to Appendices B and C for detailed analysis of fixed assets.

City of Johannesburg

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

13. INTANGIBLE ASSETS

GROUP	2007			2006		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Servitudes	901	-	901	690	-	690
Computer software	402,369	(209,924)	192,445	357,143	(169,567)	187,576
Other intangible assets	80,149	(6,613)	73,536	59,123	(4,759)	54,364
Total	483,419	(216,537)	266,882	416,956	(174,326)	242,630

CJMM	2007			2006		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	239,176	(134,422)	104,754	141,088	(48,016)	93,072

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

Figures in Rand thousand

13. Intangible assets (continued)

Reconciliation of intangible assets - GROUP - 2007

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment deficit	Total
Servitudes	690	-	-	211	-	-	901
Computer software	187,576	107,213	(193)	17,495	(85,366)	(34,280)	192,445
Other intangible assets	54,364	21,026	-	-	(1,854)	-	73,536
	242,630	128,239	(193)	17,706	(87,220)	(34,280)	266,882

Reconciliation of intangible assets - GROUP - 2006

	Opening Balance	Additions	Disposals	Transfers	Other changes, movements	Amortisation	Impairment deficit	Total
Servitudes	690	-	-	-	-	-	-	690
Computer software	219,274	21,819	(2)	298	(2,058)	(37,654)	(14,101)	187,576
Other intangible assets	16,991	39,453	-	-	-	(2,080)	-	54,364
	236,955	61,272	(2)	298	(2,058)	(39,734)	(14,101)	242,630

Reconciliation of intangible assets - CJMM - 2007

	Opening Balance	Additions	Amortisation	Impairment deficit	Total
Computer software	93,072	97,949	(51,987)	(34,280)	104,754

Reconciliation of intangible assets - CJMM - 2006

	Opening Balance	Additions	Amortisation	Impairment deficit	Total
Computer software	34,099	71,873	1,201	(14,101)	93,072

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
14. INVESTMENTS IN MUNICIPAL ENTITIES				
Name of company			Carrying amount 2007	Carrying amount 2006
City of Johannesburg Property Company (Pty) Ltd			1	1
City Power Johannesburg (Pty) Ltd			112,466	112,466
Johannesburg City Parks *			-	-
Johannesburg Development Agency (Pty) Ltd			6,623	6,623
Johannesburg Metropolitan Bus Services (Pty) Ltd			41,048	41,048
Johannesburg Roads Agency (Pty) Ltd			1	1
Johannesburg Social Housing Company (Pty) Ltd *			-	-
Johannesburg Tourism Company *			-	-
Johannesburg Water (Pty) Ltd			1	1
Metropolitan Trading Company (Pty) Ltd			2,977	2,977
Pikitup Johannesburg (Pty) Ltd *			-	-
Roodepoort City Theatre *			-	-
The Johannesburg Civic Theatre (Pty) Ltd *			-	-
The Johannesburg Fresh Produce Market (Pty) Ltd			20,000	20,000
The Johannesburg Zoo *			-	-
			<u>183,117</u>	<u>183,117</u>

The City of Johannesburg Metropolitan Municipality holds 100 % of the shares in the municipal entities. There was no change in the shareholding from 30 June 2006 to 30 June 2007.

Refer to the impairments note 39 and 44 for, details of investments that have been impaired.

City of Johannesburg

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	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
15. LOANS TO/FROM MUNICIPAL ENTITIES				
Shareholder loans				
City of Johannesburg Property Company (Pty) Ltd *	-	-	6,235	3,913
City Power Johannesburg (Pty) Ltd **	-	-	624,793	624,793
Johannesburg City Parks *	-	-	28,240	5,689
Johannesburg Development Agency (Pty) Ltd *	-	-	81,432	-
Johannesburg Metropolitan Bus Services (Pty) Ltd *	-	-	13,726	5,775
Johannesburg Roads Agency (Pty) Ltd *	-	-	35,981	40,243
Johannesburg Tourism Company *	-	-	3,456	400
Johannesburg Water (Pty) Ltd **	-	-	649,923	649,923
Metropolitan Trading Company (Pty) Ltd *	-	-	95,638	-
Roodepoort City Theatre *	-	-	5,097	799
The Johannesburg Fresh Produce Market (Pty) Ltd **	-	-	24,000	30,000
The Johannesburg Zoo *	-	-	1,867	988
	-	-	1,570,388	1,362,523
Conduit and additional loans				
City Power Johannesburg (Pty) Ltd **	-	-	2,082,057	1,574,009
Johannesburg Metropolitan Bus Services (Pty) Ltd **	-	-	131,247	-
Johannesburg Roads Agency (Pty) Ltd **	-	-	10,270	-
Johannesburg Water (Pty) Ltd **	-	-	1,485,360	1,218,238
Pikitup Johannesburg (Pty) Ltd **	-	-	91,758	42,793
The Johannesburg Fresh Produce Market (Pty) Ltd **	-	-	116,533	103,863
	-	-	3,917,225	2,938,903
	-	-	5,487,613	4,301,426
Non-current assets	-	-	5,080,769	3,989,151
Current assets	-	-	406,844	312,275
	-	-	5,487,613	4,301,426

Note 39 details the loans which have been impaired

* These loans are interest-free and have no fixed terms of repayment.

** These loans bear interest at a fixed rate of between 10.2% and 17.5% NACM and are repayable quarterly or in full on maturity.

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

16. INVESTMENT IN JOINT VENTURES

Name of company	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006
Joint Venture - Madulamoho	55.00 %	- %	11,000	-

The carrying amounts of Joint ventures are shown net of impairment losses.

This represents a 55.00% investment in Madulamoho (Joint Venture) by Johannesburg Social Housing Company (Pty) Ltd. The joint venture is on the Provincial land which is on lease with Madulsmoho for a period of thirty years. The agreement is that Joshco will make a contribution of 55% and Madulamoho 45%. However this will be a jointly controlled operation as both parties will make equal decisions. The lease with the Department of Transport and Public Works in Gauteng province can be extended after the period of thirty years.

17. INVESTMENTS IN ASSOCIATES

Name of company	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006
Fried shelf 128 (Pty) Ltd	50.00 %	50.00 %	2,253	1,859

The carrying amounts of Associates are shown net of impairment losses.

The holding of the investment in Friedshelf 128 (Pty) Ltd by Pikitup Johannesburg (Pty) Ltd is contrary to section 93(k) of the Municipal Systems Act, 2003 (Act no. 44 of 2003). However, the City of Johannesburg Metropolitan Municipality is in negotiations with the other shareholders of Friedshelf 128 (Pty) Ltd to correct the current situation.

Summary of groups interest in associate

Cost of acquisition	33	33
Share in Profit / (Loss)	(123)	(132)
Share in revaluation reserve	2,343	1,958
	<u>2,253</u>	<u>1,859</u>

Associates with different reporting dates

The financial year end of the Associate is 28 February.

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
18. OTHER INVESTMENTS				
Held for trading				
Other financial assets : Eskom	69	86	69	86
Held to maturity - Listed Securities				
Other financial assets	2,024,086	1,534,568	2,024,086	1,534,568
Total other financial assets	2,024,155	1,534,654	2,024,155	1,534,654
Non-current assets				
Held for trading	69	86	69	86
Held to maturity *	2,024,086	955,293	2,024,086	955,293
	2,024,155	955,379	2,024,155	955,379
Current assets				
Held to maturity	-	579,275	-	579,275
	2,024,155	1,534,654	2,024,155	1,534,654

* The held-to-maturity investments are ring-fenced for the repayment of non-current liabilities

19. RECEIVABLES

Long-term receivables

Fleet Africa *	12,565	99,371	12,565	99,371
Housing Selling scheme loans **	27,630	35,846	27,630	35,846
Other loans and receivables	4,765	3,218	4,765	3,218
	44,960	138,435	44,960	138,435

Non-current assets

Long term receivables	44,960	138,435	44,960	138,435
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Fleet Africa *

CJMM has entered into an agreement with Super Group Ltd in which management of the vehicle fleet is outsourced. The balance represents the agreed value of the vehicles transferred to Super Group Ltd, adjusted by any profits or losses on disposals, and interest earned. The amounts is invested in a ring-fenced banking account.

Housing selling scheme loans **

Represents outstanding balance owing on rental stock sold.

20. INVENTORIES

Consumable stores	107,565	88,820	27,763	19,243
Spare parts	11,704	11,880	-	-
Water	4,872	4,637	-	-
Subtotal	124,141	105,337	27,763	19,243
Inventories (write-downs)	(17,249)	(17,437)	-	-
	106,892	87,900	27,763	19,243

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
21. OTHER DEBTORS				
Trade debtors	108,751	73,513	-	-
Prepayments made in advance	10,477	27,548	4,899	15,798
Sundry debtors	430,137	304,949	333,734	161,209
Insurance debtor	191,269	125,354	191,269	125,354
Housing debtors	155,797	148,575	155,797	148,575
Fruitless and wasteful expenditure to be investigated	3,320	2,755	3,320	2,755
Less: Provision for impairment	(25,726)	(21,957)	-	-
Related party debtors	44	-	108,856	154,800
	874,025	660,737	797,875	608,491
22. CONSUMER DEBTORS				
Gross Balances				
Rates	2,609,895	2,568,203	2,609,895	2,568,203
Electricity	1,577,855	1,576,757	-	-
Water	4,107,043	3,751,820	-	-
Refuse	619,752	557,594	552,075	492,566
Regional services levies	178,631	396,434	178,631	396,434
Housing rental	464,836	430,914	464,836	430,914
Total	9,558,012	9,281,722	3,805,437	3,888,117
Less Provision for bad debts				
Rates	(2,220,778)	(2,170,619)	(2,220,778)	(2,170,619)
Electricity	(978,204)	(970,049)	-	-
Water	(3,312,254)	(3,079,377)	-	-
Refuse	(521,907)	(453,103)	(473,210)	(406,548)
Regional services levies	(177,654)	(177,654)	(177,654)	(177,654)
Housing rental	(370,935)	(344,500)	(370,935)	(344,500)
Total	(7,581,732)	(7,195,302)	(3,242,577)	(3,099,321)
Net Balance				
Rates	389,117	397,584	389,117	397,584
Electricity	599,651	606,708	-	-
Water	794,789	672,443	-	-
Refuse	97,845	104,491	78,865	86,018
Regional services levies	977	218,780	977	218,780
Housing rental	93,901	86,414	93,901	86,414
Total	1,976,280	2,086,420	562,860	788,796
Rates				
Current (0 -30 days)	457,608	330,645	457,608	330,645
31 - 60 days	101,796	97,559	101,796	97,559
61 - 90 days	82,847	82,266	82,847	82,266
91 - 120 days	80,051	66,743	80,051	66,743
121 - 365 days	307,073	344,500	307,073	344,500
> 365 days	1,580,520	1,646,490	1,580,520	1,646,490
Total	2,609,895	2,568,203	2,609,895	2,568,203

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Electricity				
Current (0 -30 days)	356,893	284,120	-	-
31 - 60 days	58,020	70,657	-	-
61 - 90 days	41,612	51,948	-	-
91 - 120 days	46,375	53,888	-	-
121 - 365 days	219,461	201,327	-	-
> 365 days	855,494	914,817	-	-
Total	1,577,855	1,576,757	-	-
Water				
Current (0 -30 days)	460,650	405,140	-	-
31 - 60 days	161,348	137,002	-	-
61 - 90 days	118,044	114,229	-	-
91 - 120 days	109,191	97,024	-	-
121 - 365 days	591,694	525,518	-	-
> 365 days	2,666,116	2,472,907	-	-
Total	4,107,043	3,751,820	-	-
Refuse				
Current (0 -30 days)	32,728	26,663	20,618	17,051
31 - 60 days	34,777	15,305	30,181	11,034
61 - 90 days	14,085	10,421	12,642	8,964
91 - 120 days	11,555	10,161	10,995	8,958
121 - 365 days	47,125	72,356	45,740	52,844
> 365 days	479,482	422,688	431,899	393,715
Total	619,752	557,594	552,075	492,566
Regional services levies				
Current (0 -30 days)	-	218,780	-	218,780
121 - 365 days	-	120,611	-	120,611
> 365 days	178,631	57,043	178,631	57,043
Total	178,631	396,434	178,631	396,434
Housing rental				
Current (0 -30 days)	2,920	3,826	2,920	3,826
31 - 60 days	8,680	19,633	8,680	19,633
61 - 90 days	7,220	7,021	7,220	7,021
91 - 120 days	23,673	50,943	23,673	50,943
121 - 365 days	100,525	89,726	100,525	89,726
> 365 days	321,818	259,765	321,818	259,765
Total	464,836	430,914	464,836	430,914

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	715,791	623,063	223,341	175,299
31 - 60 days	216,889	197,471	70,532	63,274
61 - 90 days	154,940	141,607	46,792	42,263
91 - 120 days	157,465	172,161	53,312	79,421
121 - 365 days	1,117,248	738,742	559,250	243,105
> 365 days	3,983,258	3,929,113	1,315,107	1,388,993
Sub-total	6,345,591	5,802,157	2,268,334	1,992,355
Less: Provision for bad debts	(4,944,502)	(4,640,842)	(1,755,620)	(1,609,733)
Total	1,401,089	1,161,315	512,714	382,622
Industrial/ commercial				
Current (0 -30 days)	490,390	624,550	183,384	373,407
31 - 60 days	119,151	123,849	60,371	58,708
61 - 90 days	86,514	107,939	48,678	50,588
91 - 120 days	77,751	91,423	41,918	41,736
121 - 365 days	363,460	524,282	195,202	327,530
> 365 days	1,338,399	1,504,880	759,424	830,570
Sub-total	2,475,665	2,976,923	1,288,977	1,682,539
Less: Provision for bad debts	(2,098,747)	(2,139,329)	(1,275,711)	(1,304,500)
Total	376,918	837,594	13,266	378,039
National and provincial government				
Current (0 -30 days)	51,837	31,105	21,662	19,739
31 - 60 days	27,266	18,836	8,439	6,244
61 - 90 days	22,380	16,341	7,265	5,402
91 - 120 days	23,173	15,174	7,033	5,486
121 - 365 days	124,505	81,471	38,221	27,503
> 365 days	487,595	339,715	165,506	148,849
Sub-total	736,756	502,642	248,126	213,223
Less: Provision for bad debts	(538,483)	(415,131)	(211,246)	(185,088)
Total	198,273	87,511	36,880	28,135
Total				
Current (0 -30 days)	1,258,018	1,278,718	428,387	568,445
31 - 60 days	363,306	340,156	139,342	128,226
61 - 90 days	263,834	265,887	102,735	98,253
91 - 120 days	258,389	278,758	102,263	126,643
121 - 365 days	1,605,213	1,344,495	792,673	598,138
> 365 days	5,809,252	5,773,708	2,240,037	2,368,412
Sub-total	9,558,012	9,281,722	3,805,437	3,888,117
Less: Provision for bad debts	(7,581,732)	(7,195,302)	(3,242,577)	(3,099,321)
Total	1,976,280	2,086,420	562,860	788,796

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Reconciliation of bad debt provision				
Balance at beginning of the year	7,193,955	7,149,669	3,094,413	3,186,277
Contributions to provision	1,017,278	785,930	360,935	222,317
Bad debt written off against provision	(623,266)	(739,466)	(212,771)	(309,273)
Reversal of provision	(4,908)	-	-	-
Vat adjustment	(1,327)	(831)	-	-
Total	7,581,732	7,195,302	3,242,577	3,099,321

An adjustment to consumer debtors was made, transferring credit balances in the debtors' book to sundry creditors. CJMM:R484.2 million (2006: R452.2 million) . Refer note 5.

23. CALL INVESTMENT DEPOSITS

Call investment deposits	1,687,490	1,706,421	1,674,439	1,700,671
Deposits that have been ring-fenced for following future expenditure				
Post-retirement liabilities	-	508,900	-	508,900
Underwriting of COID reserve	43,786	25,359	43,786	25,359
Capital replacement reserve	-	98,783	-	98,783
Repayment of long term liabilities	300,000	300,000	300,000	300,000
	343,786	933,042	343,786	933,042

24. BANK BALANCES AND CASH

Refer to the supplementary information schedule for details on Bank accounts and balances.

Primary Bank Account
ABSA Bank - Sandton Branch
Account number - 4054394859

Cash and cash equivalents consist of:

Cash on hand	346	372	180	202
Bank balances	76,290	107,768	44,104	86,833
Bank overdraft	(32,203)	(96,492)	-	-
	44,433	11,648	44,284	87,035
Current assets	76,636	108,140	44,284	87,035
Current liabilities	(32,203)	(96,492)	-	-
	44,433	11,648	44,284	87,035

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
25. PROPERTY RATES				
Rates received				
Residential	1,416,611	1,291,159	1,416,611	1,291,159
Commercial	1,515,800	1,486,087	1,515,800	1,498,916
State	166,564	141,401	166,564	141,401
Total Assessment Rates	3,098,975	2,918,647	3,098,975	2,931,476
Valuations				
	2007 R '000	2006 R '000		
Residential, commercial and state	47,971,290	47,403,295	-	-
Prior year comparatives have been restated as a result of re-classification of Property Rates categories				
26. SERVICE CHARGES				
Service charges	347,589	296,704	246,403	219,951
Sale of electricity	3,809,692	3,381,998	-	-
Sale of water	2,145,741	1,826,910	-	-
Sewerage and sanitation charges	1,094,027	1,008,163	-	-
Other service charges	76,188	86,227	35,428	82,603
Total service charges	7,473,237	6,600,002	281,831	302,554
27. REGIONAL SERVICE COUNCIL LEVIES				
Regional service council levies	-	1,936,781	-	1,936,781
Regional Services Council Levies have been abolished as from 1 July 2006. The lost revenue from RSC Levies have been replaced by additional Equitable Share, see note 28 Government Grants and Subsidies below.				
28. GOVERNMENT GRANTS AND SUBSIDIES				
Ambulance subsidy	60,759	58,746	60,759	58,746
Equitable share	2,252,848	524,761	2,252,848	524,761
Financial management grant	4,323	2,803	4,323	2,803
Government grants	89,582	138,626	-	-
Municipal infrastructure grant	118,457	314,548	118,457	314,548
Municipal system improvement grant	1,401	960	1,401	960
Provincial grants: Soccer city 2010	417,306	-	417,306	-
Other Grants and Subsidies	6,514	12,573	6,514	12,573
Provincial grants: capital projects	3,893	21,256	3,893	21,256
Provincial grants: operating projects	3,498	719	3,498	719
Provincial grants: top structure of houses	88,912	91,540	88,912	91,540
Provincial health subsidies	50,888	43,787	50,888	43,787
Restructuring grant	14,056	84,567	14,056	84,567
Total government grants and subsidies	3,112,437	1,294,886	3,022,855	1,156,260

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Ambulance subsidy				
Current-year receipts	60,759	58,746	60,759	58,746
Conditions met - transferred to revenue	(60,759)	(58,746)	(60,759)	(58,746)
Conditions still to be met - transferred to liabilities	-	-	-	-
Equitable share				
Current-year receipts	2,252,848	524,761	2,252,848	524,761
Conditions met - transferred to revenue	(2,252,848)	(524,761)	(2,252,848)	(524,761)
Conditions still to be met - transferred to liabilities	-	-	-	-

This grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Balance unspent at beginning of year	32,865	-	32,865	-
Current-year receipts	234,868	347,413	234,868	347,413
Assets under construction	(94,186)	-	(94,186)	-
Conditions met - transferred to revenue	(118,457)	(314,548)	(118,457)	(314,548)
Conditions still to be met - transferred to liabilities	55,090	32,865	55,090	32,865

This grant is made available to support municipal capital budgets to fund municipal infrastructure and to upgrade existing infrastructure, primarily for the benefit of poor households.

Municipal system improvement grant

Balance unspent at beginning of year	3,040	-	3,040	-
Current-year receipts	4,000	4,000	4,000	4,000
Conditions met - transferred to revenue	(1,401)	(960)	(1,401)	(960)
Conditions still to be met - transferred to liabilities	5,639	3,040	5,639	3,040

This grant is provided to finance the implementation of projects as stated in the activity plan.

Financial management grant

Balance unspent at beginning of year	6,014	5,817	6,014	5,817
Current-year receipts	500	3,000	500	3,000
Conditions met - transferred to revenue	(4,323)	(2,803)	(4,323)	(2,803)
Conditions still to be met - transferred to liabilities	2,191	6,014	2,191	6,014

This grant is provided to promote and support reforms to municipal financial management and the implementation of the MFMA.

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Provincial grants: Soccer city 2010				
Current-year receipts	494,882	-	494,882	-
Conditions met - transferred to revenue	(417,306)	-	(417,306)	-
Conditions still to be met - transferred to liabilities	77,576	-	77,576	-

This grant is provided for the upgrade of Soccer City for the 2010 soccer world cup.

Other Grants and Subsidies

Current-year receipts	6,514	12,573	6,514	12,573
Conditions met - transferred to revenue	(6,514)	(12,573)	(6,514)	(12,573)
Conditions still to be met - transferred to liabilities	-	-	-	-

Provincial grants: capital projects

Balance unspent at beginning of year	133,991	77,745	133,991	77,745
Current-year receipts	420,000	78,204	420,000	78,204
Repaid to province	(20)	(702)	(20)	(702)
Assets under construction	(140,807)	-	(140,807)	-
Conditions met - transferred to revenue	(3,893)	(21,256)	(3,893)	(21,256)
Conditions still to be met - transferred to liabilities	409,271	133,991	409,271	133,991

These grants are provided to finance Capital Projects in respect of Social Services and Housing.

Provincial grants: operating projects

Balance unspent at beginning of year	4,556	-	4,556	-
Current-year receipts	4,841	5,275	4,841	5,275
Conditions met - transferred to revenue	(3,498)	(719)	(3,498)	(719)
Conditions still to be met - transferred to liabilities	5,899	4,556	5,899	4,556

These grants are provided to finance community projects.

Provincial grants: top structure of houses

Current-year receipts	88,912	91,540	88,912	91,540
Conditions met - transferred to revenue	(88,912)	(91,540)	(88,912)	(91,540)
Conditions still to be met - transferred to liabilities	-	-	-	-

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Provincial health subsidies				
Current-year receipts	50,888	43,787	50,888	43,787
Conditions met - transferred to revenue	(50,888)	(43,787)	(50,888)	(43,787)
Conditions still to be met - transferred to liabilities	-	-	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 20% of total expenditure incurred. These funds have been used exclusively to fund clinic services. The conditions of the grant have been met. There was no delay or withholding of the subsidy.

Restructuring grant

Balance unspent at beginning of year	14,056	73,623	14,056	73,623
Current-year receipts	-	25,000	-	25,000
Conditions met - transferred to revenue	(14,056)	(84,567)	(14,056)	(84,567)
Conditions still to be met - transferred to liabilities	-	14,056	-	14,056

This grant is made available to support municipal restructuring initiatives.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act (Act 1 of 2005), no significant changes in the level of government grant funding is anticipated over the forthcoming three financial years, except for the increase in the Equitable Share due to the abolishment of the RSC Levies with effect from 1 July 2006.

29. OTHER INCOME

Rental income	4,964	3,848	-	-
Recoveries	2,432	1,433	-	-
Grant received from shareholder	-	10,000	-	-
Internal recoveries - MEs	-	-	162,603	178,019
Sundry revenue	861,024	762,182	219,738	136,329
Cut off fees	29,159	15,224	-	-
Meter reading	11,005	11,186	-	-
Government grants	131,856	73,781	-	-
	1,040,440	877,654	382,341	314,348

City of Johannesburg

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
30. EMPLOYEE RELATED COSTS				
Salaries and wages	2,851,538	2,518,461	1,418,459	1,260,428
Social contributions	479,424	457,903	270,707	258,683
Travel, motor car, accommodation, subsistence and other allowances	269,034	258,805	146,337	138,766
Overtime payments	163,557	139,307	84,095	66,031
Bonus	78,512	55,107	19,410	19,423
Housing benefits and allowances	32,270	32,009	17,612	17,073
Long-service awards	3,952	1,904	-	-
Employee costs included in other expenses	(7,174)	41,105	(7,189)	41,256
	3,871,113	3,504,601	1,949,431	1,801,660
Remuneration of the Executive Mayor				
Annual Remuneration	-	-	404	442
Car Allowance	-	-	170	115
Contributions to UIF, Medical and Pension Funds	-	-	145	123
Total	-	-	719	680
Remuneration of the City Manager				
Annual Remuneration	-	-	1,359	834
Car Allowance	-	-	125	125
Performance Bonuses	-	-	-	63
Contributions to UIF, Medical and Pension Funds	-	-	16	49
Total	-	-	1,500	1,071
Remuneration of Executive Director : 2010				
Annual Remuneration	-	-	997	-
Performance Bonuses	-	-	128	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Car Allowance	-	-	94	-
Total	-	-	1,220	-
Remuneration of the Director : Central Planning Unit				
Annual Remuneration	-	-	747	-
Performance Bonuses	-	-	121	-
Contributions to UIF, Medical and Pension Funds	-	-	28	-
Car Allowance	-	-	110	-
Total	-	-	1,006	-

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Remuneration of the Chief Information Officer				
Annual Remuneration	-	-	626	-
Contributions to UIF, Medical and Pension Funds	-	-	249	-
Total	-	-	875	-
Remuneration of the Director : External Relations				
Annual Remuneration	-	-	577	-
Car Allowance	-	-	47	-
Performance Bonuses	-	-	75	-
Contributions to UIF, Medical and Pension Funds	-	-	21	-
Total	-	-	720	-
Remuneration of the Executive Director: Comm. Marketing and Events				
Annual Remuneration	-	-	572	-
Car Allowance	-	-	72	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	645	-
Remuneration of Executive Head : Joburg Risk and Audit Services				
Annual Remuneration	-	-	529	430
Car Allowance	-	-	220	220
Performance Bonuses	-	-	130	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	880	650
Remuneration of Director : Legal and Compliance				
Annual Remuneration	-	-	564	430
Car Allowance	-	-	28	220
Contributions to UIF, Medical and Pension Funds	-	-	143	-
Total	-	-	735	650
Remuneration of Executive Director: Finance				
Annual Remuneration	-	-	1,177	935
Car Allowance	-	-	72	72
Performance Bonuses	-	-	-	184
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	1,250	1,191

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Remuneration of Executive Director: Economic Development				
Annual Remuneration	-	-	187	-
Car Allowance	-	-	38	-
Total	-	-	225	-
Remuneration of Executive Director: Revenue and Customer Relations Management				
Annual Remuneration	-	-	954	-
Performance Bonuses	-	-	8	-
Contributions to UIF, Medical and Pension Funds	-	-	22	-
Total	-	-	984	-
Remuneration of Executive Director: Community Development				
Annual Remuneration	-	-	898	-
Car Allowance	-	-	86	-
Performance Bonuses	-	-	174	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	1,159	-
Remuneration of the Executive Director: Development Planning and Urban Development				
Annual Remuneration	-	-	612	-
Car Allowance	-	-	20	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	633	-
Remuneration of the Executive Director: Environmental Management				
Annual Remuneration	-	-	349	-
Car Allowance	-	-	54	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	404	-
Remuneration of the Executive Director: Infrastructure and Services				
Annual Remuneration	-	-	787	-
Remuneration of Executive Director: Housing				
Annual Remuneration	-	-	867	-
Car Allowance	-	-	37	-
Performance Bonuses	-	-	54	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	959	-

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
Remuneration of Chief of Police				
Annual Remuneration	-	-	794	698
Car Allowance	-	-	102	102
Performance Bonuses	-	-	63	156
Contributions to UIF, Medical and Pension Funds	-	-	69	138
Total	-	-	1,028	1,094
Remuneration of Executive Head: Emergency Management Services				
Annual Remuneration	-	-	727	658
Car Allowance	-	-	109	-
Performance Bonuses	-	-	132	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	969	658
Remuneration of the Executive Director: Transportation				
Annual Remuneration	-	-	865	-
Car Allowance	-	-	24	-
Performance Bonuses	-	-	100	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	990	-
Remuneration of the Executive Director: Health				
Annual Remuneration	-	-	908	-
Car Allowance	-	-	27	-
Performance Bonuses	-	-	164	-
Contributions to UIF, Medical and Pension Funds	-	-	1	-
Total	-	-	1,100	-
Remuneration of the Executive Director: Corporate Services				
Annual Remuneration	-	-	833	689
Car Allowance	-	-	144	144
Performance Bonuses	-	-	113	155
Contributions to UIF, Medical and Pension Funds	-	-	15	19
Total	-	-	1,105	1,007

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
31. REMUNERATION OF COUNCILLORS				
Executive Mayor	719	680	719	680
Mayoral Committee Members	5,934	5,319	5,934	5,319
Speaker	575	561	575	561
Councillors	45,433	39,068	45,433	39,068
Councillors' pension contribution	5,714	4,428	5,714	4,428
Total Councillors' Remuneration	58,375	50,056	58,375	50,056

In-kind Benefits:

The Executive Mayor, Speaker and Mayoral Committee members are employed full time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to reside at the mayoral residence of the Council at no cost.

The Executive Mayor has use of a Council-owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards.

32. BAD DEBTS

Bad debts	671,676	572,766	307,195	196,013
Contributions to bad-debt provision	(25,653)	(61,205)	(212,771)	(188,661)
Bad debts written off	213,603	343,147	212,771	309,272
	859,626	854,708	307,195	316,624

33. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

Depreciation

Property, plant and equipment	792,997	589,329	450,675	262,091
Biological assets	94	79	94	79
Intangible assets	87,220	39,734	51,987	(1,201)
	880,311	629,142	502,756	260,969

Impairments

Property, plant and equipment	51,103	98,579	51,565	97,853
Investment property	(13,090)	343	-	-
Intangible assets	34,280	14,101	34,280	14,101
Other financial liabilities	(93,849)	93,849	(13,077)	90,623
	(21,556)	206,872	72,768	202,577

Depreciation	880,311	629,142	502,756	260,969
Impairments	(21,556)	206,872	72,768	202,577
	858,755	836,014	575,524	463,546

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
34. INTEREST ON EXTERNAL BORROWINGS				
Non-current borrowings	711,831	608,240	686,698	608,240
Finance leases	48,300	38,946	3,502	2,683
Other interest paid	117,356	139,977	61,113	99,115
Total Interest on External Borrowings	877,487	787,163	751,313	710,038
35. BULK PURCHASES				
Electricity	2,473,167	2,191,840	-	-
Water	1,467,259	1,324,868	-	-
Total Bulk Purchases	3,940,426	3,516,708	-	-
36. CONTRACTED SERVICES				
Information Technology Services	206,007	170,645	205,428	169,958
Fleet Services	399,660	386,138	34,201	38,872
Operating Leases	116,403	152,105	112,688	148,415
Specialist Services	323,546	372,880	317,272	367,530
Other Contractors	179,217	176,327	12,406	12,100
Total Contracted Services	1,224,833	1,258,095	681,995	736,875

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
37. GRANTS AND SUBSIDIES PAID				
Grants paid to ME's				
City of Johannesburg Property Company (Pty) Ltd	-	-	723	5,567
Johannesburg City Parks	-	-	343,679	308,785
Johannesburg Development Agency (Pty) Ltd	-	-	28,032	11,433
Johannesburg Metropolitan Bus Services (Pty) Ltd	-	-	223,708	222,778
Johannesburg Roads Agency (Pty) Ltd	-	-	353,643	327,904
Johannesburg Social Housing Company (Pty) Ltd	-	-	13,168	9,050
Johannesburg Tourism Company	-	-	15,980	11,277
Johannesburg Water (Pty) Ltd	-	-	150,000	240,000
Metropolitan Trading Company (Pty) Ltd	-	-	31,354	21,133
Pikitup Johannesburg (Pty) Ltd	-	-	575,144	461,581
Roodepoort City Theatre	-	-	4,383	3,700
The Johannesburg Civic Theatre (Pty) Ltd	-	-	14,745	13,923
The Johannesburg Zoo	-	-	29,854	27,752
	-	-	1,784,413	1,664,883
Other subsidies				
Grant paid: Sporting Organisations (Marks Park Sports Club)	898	859	898	859
Grant paid: Other	15,718	13,577	15,718	13,577
Basic Free Electricity	-	18,085	-	18,085
Grant paid: Housing top structures	106,052	109,759	106,052	109,759
Grant paid: 2010 Stadiums	417,306	-	417,306	-
	539,974	142,280	539,974	142,280
Total Grants and Subsidies Paid	539,974	142,280	2,324,387	1,807,163

Grants paid to ME's are utilised to fund capital and operational expenditure. The grants paid are based on the approved operating and capital budgeted amounts as approved by Council.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
38. GENERAL EXPENSES				
Bank charges	56,515	54,302	51,750	48,936
Billing and meter reading charges	53,881	53,555	-	-
Consulting and professional fees	52,217	45,662	41,129	36,539
Debt collection	61,364	54,214	61,345	54,214
ME - charges	99	-	282,883	189,638
Settlement costs	2,053	419,779	-	417,508
Post retirement expenses	147,827	97,161	121,953	94,961
Hire	9,184	20,627	8,098	18,433
Insurance	169,578	127,777	112,413	70,513
Other expenses	532,212	314,147	409,415	437,583
Lease rentals on operating lease	74,691	59,498	52,173	49,952
Motor vehicle expenses	71,317	63,788	-	-
Printing and stationery	57,899	57,021	43,317	43,081
Security (Guarding of municipal property)	184,049	166,950	81,660	84,320
Subscriptions and membership fees	9,428	37,213	7,163	35,495
Telecommunication costs (Telephone, faxes and cell phones)	78,192	80,868	37,667	39,951
Sundry Expenses	492,975	502,686	-	81,403
	2,053,481	2,155,248	1,310,966	1,702,527

39. IMPAIRMENT OF LOANS AND INVESTMENTS

Loans to ME's impaired

Johannesburg Development Agency (Pty) Ltd	(93,849)	93,849	-	-
Johannesburg Social Housing Company (Pty) Ltd	-	-	-	(140)
Johannesburg Tourism Company	-	-	-	(114)
Metropolitan Trading Company (Pty) Ltd	-	-	-	(723)
Pikitup Johannesburg (Pty) Ltd	-	-	(13,077)	91,600
	(93,849)	93,849	(13,077)	90,623

GROUP

Impairments relates to Johannesburg Development Agency (Pty) Ltd loans and investments in third parties which have been impaired during the 2006 financial year. Subsequently the full impairment has been reversed on Group level.

CJMM - 2007

Pikitup Johannesburg (Pty) Ltd partly repaid loans that were impaired at 30 June 2006, this led to the reversal of the impairments during the 2007 financial year.

CJMM - 2006

Loans to Pikitup Johannesburg (Pty) Ltd have been impaired due to their financial position as at 30 June 2006.

Johannesburg Social Housing Company (Pty) Ltd, Johannesburg Tourism Company, Metropolitan Trading Company (Pty) Ltd partly repaid loans that were impaired at 30 June 2005, this led to the reversal of the impairments during the 2006 financial year.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
40. TAXATION				
Major components of the tax expense (income)				
Current				
Local income tax - current period	6,293	78,179	-	-
Local income tax - recognised in current tax for prior periods	(184)	64	-	-
CGT	12	-	-	-
	6,121	78,243	-	-
Deferred				
Originating and reversing temporary differences	(197,657)	130,399	-	-
Arising from prior period adjustments	-	(3,414)	-	-
Deferred tax current	5,195	6,988	-	-
	(192,462)	133,973	-	-
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	29.00 %	30.00 %	29.00 %	30.00 %
Surplus before taxation	1,738,920	1,672,997	-	-
Taxation calculated at the rate of 29 %	504,287	485,169	-	-
Impact of CJMM not being a taxable entity	(120,518)	(134,365)	-	-
Impact of Section 21 companies not being taxable entities	(377,476)	(272,625)	-	-
Capital gains tax	12	-	-	-
Prior year tax refund	(184)	64	-	-
Deferred tax effect income / (reversal)	(192,462)	133,973	-	-
	(186,341)	212,216	-	-

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
41. CASH GENERATED FROM OPERATIONS				
Surplus before taxation	1,738,919	1,672,997	415,578	463,328
Adjustments for:				
Depreciation and amortisation	880,311	629,142	502,756	260,969
Surplus on sale of assets	(8,821)	(3,213)	(9,022)	(3,205)
Contribution to bad debt provision	859,626	854,708	307,195	316,624
Interest received	(665,684)	(557,417)	(1,117,284)	(1,016,477)
Interest on external borrowings	877,487	787,163	751,313	710,038
Impairment (reversals) loss	(21,556)	206,872	72,771	202,577
Movements in provisions	41,064	670,867	28,671	395,278
Correction to reserves	26,579	17,297	-	-
Equity share in associates	385	89	-	-
Capitalisation adjustment	8,815	(247,933)	-	17,312
Grant income not recognised for assets under construction	260,101	-	260,100	-
Revaluation of PPE	(105,558)	-	-	-
Assets at fair value depreciation	(340,142)	(251,251)	-	-
Changes in working capital:				
Inventories	(18,992)	(2,281)	(8,520)	977
Other debtors	(119,440)	93,930	(189,385)	42,756
Decrease/(increase) in consumer debtors	(749,486)	(1,073,522)	(81,259)	(542,856)
Creditors	641,431	(531,262)	1,249,619	(159,815)
(Decrease)/Increase in VAT	(196,827)	305,404	(253,358)	44,707
Unspent conditional grants and receipts	506,341	20,889	362,191	47,354
	3,614,553	2,592,479	2,291,366	779,567

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
42. COMMITMENTS				
Commitments in respect of capital expenditure:				
Authorised and not yet contracted for				
• Infrastructure	1,993,244	1,480,038	727,562	95,614
• Community	25,936	191,977	25,936	191,977
• Heritage	2,551	-	2,551	-
• Other	699,767	598,955	148,448	59,548
	2,721,498	2,270,970	904,497	347,139
Authorised and contracted for				
• Infrastructure	1,608,424	620,378	971,064	430,691
• Community	288,000	13,000	288,000	13,000
• Heritage	-	18,000	-	18,000
• Other	143,364	270,870	137,364	237,091
	2,039,788	922,248	1,396,428	698,782
	4,761,286	3,193,218	2,300,925	1,045,921
This expenditure will be financed from:				
External Loans	2,472,878	2,173,037	1,176,000	660,066
Capital Replacement Reserve	134,207	36,664	132,929	30,664
Government Grants	1,592,021	781,017	991,996	355,191
Internal cash	562,180	202,500	-	-
	4,761,286	3,193,218	2,300,925	1,045,921
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	192,282	134,055	16,809	26,138
- in second to fifth year inclusive	762,429	526,135	47,349	51,471
- later than five years	68,059	102,722	-	-
	1,022,770	762,912	64,158	77,609
Operating leases – as lessor (income)				
Minimum lease payments due				
- within one year	5,327	9,529	-	-
- in second to fifth year inclusive	5,605	10,502	-	-
- later than five years	3,941	4,370	-	-
	14,873	24,401	-	-

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

43. CONTINGENCIES

Uninsured claims and litigation

Five Plaintiff brought action against the Council in the 1990's, arising from major road and other construction works at the Empire Interchange, around the suburbs of Braamfontein, Milpark Cottosloe, Melville, Parktown West, Emmarentia and Richmond. They allegedly suffered damages as a result of the Council having closed the road temporarily in terms of Section 76 of the Local Government Ordinance 1939 (TVL) instead of permanent closure in terms of Section 67. The claims total R8.6 million plus interest at 15.5%. The Plaintiffs have not yet provided security for costs for the matter to proceed but have through its new attorney indicated that it will be proceeding with the case. It has not yet done so, but it remains a possibility.

Court action against the City with total value of R4 million in respect of services alleged to have been rendered to the City.

Possible Court action emanating from the termination of an insurance agreement against the City for an amount of R23 million.

A Court action emanating from the alleged breach of contract of lease by the City for an amount of R15 million. This matter appears dormant, the plaintiff shows no inclination to proceed.

Action emanating from a road widening by the City. The amount claimed for compensation is R11 million.

The Court action for compensation in respect of expropriation in terms of the Better Building Programme. The claim amounts to R1 million.

A claim for damages was instituted by Engen Petroleum as a result of Grayston fly-over for loss of income. The total claim is in excess of R10 million and is not insured. This matter proceeded slowly since 1995, the Plaintiff has set the matter down for trial for 30 October 2007.

Claim for damages and compensation resulting from a road constructed. Total claim R11.9 million. Although settlement negotiations are ongoing, chances to settle the matter amicably appear slim.

Claim for an amount of R57.5 million from an external service provider for the alleged services that could otherwise have been rendered if the contract was properly executed. The City is defending the matter.

A claim by certain employees in respect of bonus gratuity in terms of their condition of services, amounting to R67.3 million.

Claim for payment of medical aid contributions in the amount of R20m.

Claim for damages for R10m in respect of relocation of homeless people.

Claim for damages in the amount of R4.5m in respect of termination of contract.

Insured claims

There are a number of possible public liability claims totalling ±R6.2 million which are ongoing and which are covered by Insurance.

Guardrisk Contingency Fund. Provision for this liability includes all known liabilities against CJMM and ME's, legally required provision for claims incurred but not yet reported as well as business required provision to support the operational support and operational activities.

Guarantees

Guarantees were issued to the following companies:

CDC Globeleq – R150 million in terms of a power purchasing agreement.

Kelvin Power (Pty) Ltd – R156.6 million to ensure that City Power Johannesburg (Pty) Ltd meets all its commitments.

The Johannesburg Zoo – R6 million in respect of the purchasing of property.

COID Commissioner – R15 million in terms of the Compensation for Occupational Injuries and Diseases Act. (Act 130 of 1993) South African Post Office – R2.2 million in respect of bulk mailings.

Re-instatement of contracts

Claim by Johnnic Property Developments – R473000 in respect of external engineering services at the Dainfern development.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

43. Contingencies (continued)

City of Johannesburg

GROUP

JOHANNESBURG FRESH PRODUCE MARKET

The company is involved in litigation with certain employees whose employment was terminated as a result of reorganisation or dismissals due to disciplinary reasons. These matters are currently with the CCMA, which the company is defending. The company's total exposure is approximately R2,2 million.

The company entered into an agreement with a third party to distribute products to Score chain stores. The signed contract was terminated as a result of a business model that was revised because it indicated that the implementation of the signed contract would not be viable. As a consequence of the cancellation of the said contract, a litigation letter was received from the third party and the value of the claim is R19,0 million. This claim is currently being defended.

JOHANNESBURG ROADS AGENCY (PTY) LTD

Legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on attorneys best estimates of the possible amount payable. Legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on attorneys best estimated of the possible amount payable. Refer to cases below :

- Manong & Associates v JRA (Unfair discrimination) Amount involved R 4 million.
- JRA v Buddy's Transport (Fraudulent invoices) Amount involved R 485 103.
- IMATU & SAMWU v UAC's (Demarcation dispute) No direct monetary claim involved.
- Pipe Jack v JRA (Unpaid invoice) Amount involved R 213 067
- Norfolk Road (Subcontractor dug up road) Amount involved R 120 000.
- Guardrails Technologies (Not placing orders for max contract value) Amount involved not yet finalised.
- Aharoni ZVI Itamar v COJ / JRA (Public liability claim) Amount involved R 600 179.
- Ferox Investment v COJ / JHB Property Co / JRA / Ad Outpost (Billboard illegally erected) Amount involved not yet finalised.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

43. Contingencies (continued)

Johannesburg Development Agency (Pty) Ltd

An employee of the company resigned in November 2006 has lodged a complaint with the Commission for Conciliation, Mediation and Arbitration (CCMA). He demands a severance payout from the company. The case is still to be heard at the the CCMA. At this stage, an estimate cannot be made.

The Johannesburg Fresh Produce Market (Proprietary) Limited

Freehold land and buildings to the value of R77,582,957 purchased from The City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement, have not as yet been transferred into the name of The Johannesburg Fresh Produce Market (Proprietary) Limited. Transfer duties might be payable by the company on the transfer of property. The estimated amount of transfer duties payable on the original purchase price of R77,582,957 amounts to approximately R7,800,000. This amount excludes any legal costs, penalties or interest that may be payable.

Johannesburg Roads Agency (Proprietary) Limited

Legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on attorneys best estimates of the possible amount payable. Legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on attorneys best estimated of the possible amount payable. Refer to cases below :

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- Pipe Jack v JRA (Unpaid invoice) Amount involved R 213 067
- Norfolk Road (Subcontractor dug up road) Amount involved R 120 000.
- Guardrails Technologies (Not placing orders for max contract value) Amount involved R765 594.
- Aharoni ZVI Itamar v COJ / JRA (Public liability claim) Amount involved R 600 179.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

43. Contingencies (continued)

Johannesburg Metropolitan Bus Services (Proprietary) Limited

Litigation is in process against the company relating to a dispute with a previous supplier who alleges that they suffered damages as a result of an alleged repudiation by the Company of a Security and Guarding Services agreement and is seeking damages of R 217 569. The company's lawyers and management consider the likelihood of the action against the company being successful as unlikely, and the case should be resolved within the next two years. Litigation is also in process against the company relating to a dispute with a previous supplier who alleges that the Company has awarded the Cleaning of Buses contract to another company in a tender process that allegedly is irregular, defective and fatally flawed, and is demanding that the tender so awarded, be set aside. An Application has been launched to have the tender process reviewed and set aside by the High Court, and the Company is opposing this application. The tender record has been made available. The company's lawyers and management consider the Likelihood of the action against the company being successful as unlikely, and the case should be resolved within the next twelve months. A claim has been instituted against the company by the previous Managing Director who alleges he suffered damages due to constructive dismissal. The claim is for an amount of R 9.72 million, which the company is contesting. The process is currently referred to the CCMA for arbitration and a counter offer of R 375 000 has been made. This amount has been provided for. The company's lawyers and management consider the likelihood of the action against the company being successful as unlikely, and the case should be resolved within the next two years.

The company is defending litigation instituted by Putco regarding Soweto routes. Negotiations to settle the matter in favour of the company is at an advanced stage, and should be finalized in the next three months.

The company has a material number of traffic fines outstanding against its name. These fines are being transferred at present in the name of the bus operators who were responsible for the transgressions noted on these fines. A provision of R 50 000 was made to cover the cost of those fines where the company will be unable to allocate to the correct person. Freehold land and buildings to the value of R12.3 million (2006: R12.3 million) purchased from The City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement, have not as yet been transferred into the name of Johannesburg Metropolitan Bus Services (Proprietary) Limited. Transfer duties might be payable by the company on the transfer of property.

Pikitup Johannesburg (Proprietary) Limited

Freehold land, buildings and servitude's purchased from The City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement, have not as yet been transferred into the name of Pikitup Johannesburg (Proprietary) Limited. Transfer duties might be payable by the company on the transfer of property.

City Power Johannesburg (Proprietary) Limited

Contingent Liabilities Litigation is in process against a company relating to damages for alleged breach of contract for the sum of R707 367. The matter is currently in the High court and will be heard in May 2008.

Litigation is in process against the company by a former employee for unfair dismissal. The matter was heard by the CCMA which ruled against the company for the sum of R220 000. The company is appealing the decision at the Labour Appeal court.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

43. Contingencies (continued)

City of Joburg Property Company (Proprietary) Limited

In terms of the sale of business agreement between the company and The City of Johannesburg Metropolitan Municipality, the company purchase its business as a going concern as contemplated in section 197 (1) (a) read with section 197 (2) (a) of the Labour Relations Act, 66 of 1955. The effect of this is that section 197 of the Labor Relations Act will operate to transfer the contract of employment of each affected employee from the City of Johannesburg Metropolitan Municipality to the company.

The City of Johannesburg Metropolitan Municipality has undertaken in terms of this agreement that it will bear all employee related liabilities or potential employee related liabilities and benefits up to the effective date of sale. In terms of the agreement reached with The City of Johannesburg Metropolitan Municipality employees will claim any past benefit services owing by The City of Johannesburg Metropolitan Municipality from the company and the company will in turn claim such payments from The City of Johannesburg Metropolitan Municipality.

Johannesburg Water (Proprietary) Limited

The company has a contingent liability for allowances for bonus service in respect of employee gratuity benefits to the value of R7,7 million (2006: R7,7 million). This contingency is co-funded by the CJMM to the extent of R6,3 million (2006: R7,5 million).

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44. RELATED PARTIES

Relationships

Other members of the group

City Housing Company (Pty) Ltd
 City of Johannesburg Property Company (Pty) Ltd
 City Power Johannesburg (Pty) Ltd
 Johannesburg City Parks
 Johannesburg Development Agency (Pty) Ltd
 Johannesburg Metropolitan Bus Services (Pty) Ltd
 Johannesburg Roads Agency (Pty) Ltd
 Johannesburg Social Housing Company (Pty) Ltd
 Johannesburg Tourism Company
 Johannesburg Water (Pty) Ltd
 Metropolitan Trading Company (Pty) Ltd
 Pikitup Johannesburg (Pty) Ltd
 Roodepoort City Theatre
 The Johannesburg Civic Theatre (Pty) Ltd
 The Johannesburg Fresh Produce Market (Pty) Ltd
 The Johannesburg Zoo
 Fried shelf 128 (Pty) Ltd
 Greater Newtown Development Company (Pty) Ltd
 Constitutional Hill Development Company (Pty) Ltd
 Joshco JV
 Refer to note 16
 Joshco JV
 Refer to note 17
 Fried shelf 128 (Pty) Ltd
 Greater Newtown Development Company (Pty) Ltd
 Constitutional Hill Development Company (Pty) Ltd
 Joshco JV
 Directors remuneration-Annexure A

Joint ventures

Associates

Members of key management

Related party balances

Loan accounts - Owing by related parties

Johannesburg Metropolitan Bus Services (Pty) Ltd	89,135	63,326
Pikitup Johannesburg (Pty) Ltd	192,990	125,164
City Power Johannesburg (Pty) Ltd	956,046	627,622
City of Johannesburg Property Company (Pty) Ltd	49,980	7,988
Johannesburg Water (Pty) Ltd	998,456	614,345
Johannesburg Zoo	23,933	33,862
Johannesburg City Parks	263,758	277,252
Johannesburg Development Agency (Pty) Ltd	-	66,261
Johannesburg Roads Agency (Pty) Ltd	176,109	175,465
The Johannesburg Fresh Produce Market (Pty) Ltd	30,291	38,814
	2,780,698	2,030,099

Loan accounts - Owing to related parties

Johannesburg Social Housing Company (Pty) Ltd	17,133	5,171
Johannesburg Metropolitan Bus Services (Pty) Ltd	13,726	19,501
Pikitup Johannesburg (Pty) Ltd	195,821	162,043
City Power Johannesburg (Pty) Ltd	2,706,850	2,198,802
City of Johannesburg Property Company (Pty) Ltd	-	4,522
Johannesburg Water (Pty) Ltd	1,841,061	1,883,167
Johannesburg Zoo	17,398	17,319
Metropolitan Trading Company (Pty) Ltd	-	145
Johannesburg Development Agency (Pty) Ltd	116,516	81,250
Johannesburg Roads Agency (Pty) Ltd	10,270	12,486

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	2007 R '000	2006 R '000	2007 R '000	2006 R '000
44. Related parties (continued)				
The Johannesburg Fresh Produce Market (Pty) Ltd			136,740	130,057
City Housing Company (Pty) Ltd			5,050	5,050
			5,060,565	4,519,513
Amounts included in Trade receivable regarding related parties				
Johannesburg Social Housing Company (Pty) Ltd			1,210	-
Pikitup Johannesburg (Pty) Ltd			1,076	1,008
Johannesburg Zoo			1,732	-
Metropolitan Trading Company (Pty) Ltd			25,645	4,125
Johannesburg City Parks			27,569	-
Johannesburg Development Agency (Pty) Ltd			233,771	5,324
The Johannesburg Fresh Produce Market (Pty) Ltd			636	-
			291,639	10,457
Amounts included in Trade Creditors regarding related parties				
City of Johannesburg Metropolitan Municipality			3,498,983	2,343,994
City Power Johannesburg (Pty) Ltd			58,048	77,858
Johannesburg Civic Theatre (Pty) Ltd			394	-
Johannesburg City Parks			-	30,882
			3,557,425	2,452,734
Related party transactions				
Sales to related parties				
Johannesburg Metropolitan Bus Services (Pty) Ltd			(223,708)	(222,778)
Pikitup Johannesburg (Pty) Ltd			(11,095)	(4,879)
City Power Johannesburg (Pty) Ltd			(98,870)	(48,657)
Johannesburg Zoo			(30,451)	(27,588)
Metropolitan Trading Company (Pty) Ltd			(326)	(781)
Johannesburg Tourism Company			(15,980)	(11,277)
Johannesburg Civic Theatre (Pty) Ltd			(3,858)	(563)
Johannesburg City Parks			(335,679)	(308,785)
Johannesburg Development Agency (Pty) Ltd			(4,331)	(3,285)
Johannesburg Roads Agency (Pty) Ltd			(353,290)	(326,498)
			(1,077,588)	(955,091)
Purchases from related parties				
City of Johannesburg Metropolitan Municipality			1,784,413	1,664,883
Johannesburg Social Housing Company (Pty) Ltd			407	-
Pikitup Johannesburg (Pty) Ltd			5,699	7,442
City Power Johannesburg (Pty) Ltd			70,532	57,299
Johannesburg Zoo			2,768	4,014
Metropolitan Trading Company (Pty) Ltd			8,178	2,856
Johannesburg Tourism Company			-	51
Johannesburg Civic Theatre (Pty) Ltd			311	159
Johannesburg City Parks			12,381	16,866
Johannesburg Development Agency (Pty) Ltd			400	748
The Johannesburg Fresh Produce Market (Pty) Ltd			10,706	10,355
			1,895,795	1,764,673

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	2007 R '000	2006 R '000	2007 R '000	2006 R '000
45. PRIOR YEAR ERRORS				
The correction of the error(s) results in adjustments as follows:				
Adjustment of service fees - City Power	7,054	-	7,054	-
Adjustment of the portfolio account	2,229	-	2,229	-
Adjustment of Regional Services Levies	(11,401)	-	(11,401)	-
V. a.t adjustment for Super Fleet Housing debtors	10,839 (60,934)	-	10,839 (60,934)	-
Review of assets useful life and impairment	(232,997)	(124,465)	(232,997)	(124,465)
Recognition of Finance Leases	4,261	2,776	4,261	2,776
Smoothing of Operating Leases	26,865	23,904	26,865	23,904
Correction of buildings - Roodepoort City Theatre	(747)	-	-	-
Review of assets useful life and impairment - Johannesburg Zoo	(3,473)	-	-	-
Adjustment of Housing Development Fund	-	(106,178)	-	(106,178)
Correction of portfolio accounts	-	(2,186)	-	(2,186)
Correction of debtors	-	45,087	-	45,087
Regional Services Levies - Vat adjustment	-	(10,423)	-	(10,423)
Adjustment of post employment benefit funds	-	15,895	-	15,895
Depreciation - works in progress	-	69,000	-	69,000
Correction of creditors	-	(15,638)	-	(15,638)
Correction of operating expenditure included in Work in Progress	-	15,849	-	15,849
Correction of assets written off	-	19,868	-	19,868
Market-to-market of held-for-sale investments	-	(294,471)	-	(294,471)
Deferred tax adjustment - City Power Johannesburg (Pty) Ltd	-	(150,611)	-	-
Review of assets useful life and impairment - Johannesburg Metropolitan Bus Services (Pty) Ltd	-	(21,308)	-	-
Correction of deferred tax asset incorrectly raised - Pikitup Johannesburg (Pty) Ltd	-	74,360	-	-
Recognition of Finance Leases - Pikitup Johannesburg (Pty) Ltd	-	(1,182)	-	-
Review of assets useful life and impairment - Pikitup Johannesburg (Pty) Ltd	-	(3,825)	-	-
Correction of intangible assets - Johannesburg Fresh Produce Market (Pty) Ltd	-	35,092	-	-
Other	(2,427)	(1,773)	(795)	(149)
Net effect for the year	(260,731)	(430,229)	(254,879)	(361,131)

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	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

45. Prior year errors (continued)

2007

CJMM

Adjustment of service fees for City Power - (R 7,054 million)
Service fees disputed by City Power for prior years now adjusted.

Adjustment of the portfolio account - (R 2,229 million)
This adjustment relates to the portfolio take-on debtors in prior years.

Regional Services Levies adjustment - (R 11,401 million)
This amount is in respect of Regional services levies collected during the 2006/07 financial year.

V. a.t adjustment for Super Fleet - (R 10,839 million)
Output V.a.t. brought to account in respect of Superfleet debtor raised during the previous financial year.

Housing debtors - (R 60,934 million)
Adjustment of housing debtors for the 2005/06 financial year.

Review of assets useful life and impairment (R 232,997 million)
Review of the useful life of all movable assets and the adjustment of assets fully depreciated in the prior periods. (2006 - R 124,465 million)

Recognition of Finance Leases (R 4,261 million)
Recognition of finance leases incorrectly classified as operating leases. (2006 - R 2,776 million)

Smoothing of Operating Leases (R 26,865 million)
Smoothing of operating lease payments over the lease term. (2006 - R 2,776 million)

ROODEPOORT CITY THEATRE (R 0,747 million)
Correction of depreciation relating to leasehold improvements

JOHANNESBURG ZOO (R 3,473 million)
Review of the useful life of property, plant and equipment.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

45. Prior year errors (continued)

2006

GROUP

a) Correction of share premium - (R43,9 million)

Share premium were raised in Metropolitan Trading Company for the lease of their building. On consolidation the unrealised portion was reversed. Share issue cost in Johannesburg Development Agency (Pty) Ltd netted off against the share premium, corrected on consolidation.

CJMM

a) Housing Development fund - (R106,2 million)

The deficits incurred with effect from 1 July 1998 on the Housing Operating Account exceeded the balance available in the fund as at 30 June 2005 and the necessary adjustment has now been effected.

b) Correction of portfolio account - (R2,2 million)

The closing balances as at 30 June 2005 of the abovementioned account were adjusted to ensure that the portfolio reflected is in agreement with the Johannesburg Property Company records. The adjustments relate to Capital Creditors, Vat raised and Debtors take on balances in the 2004/05 financial year.

c) Correction of debtors - (R45,1 million)

Debtors in respect of Ekurhuleni (R11,5 million), Department of Transport (Licensing - R30,3 million) and the Provincial Health Subsidy (R 3,3 million) have been incorrectly raised and are now written back.

d) Regional Service Levies (Vat) - (R10,4 million)

Vat in relation to interest charged on arrear Regional Service levies in respect of 2004/05 has been incorrectly paid to the Receiver of Revenue. This matter has now been rectified and the relevant monies recovered.

e) Adjustment of post employment benefit funds - (R15,9 million)

Adjustments have been made to the Diepmeadow Pension Fund (R11,9 million) where the actuarial loss in terms of AC116 has now been recognised for the first time as well as the provision relating to Gratuities for Pikitup totaling (R2,4 million). Other minor adjustments were also effected to the Sala Pension Fund, Soweto Pension Fund and various other provisions for Gratuities amounting to R1,6 million.

f) Depreciation - Works in Progress - (R69 million)

Immovable assets from various Agencies have been reflected as works in progress during 2004/05. The relevant depreciation charges in respect of these assets have now been accounted for.

g) Correction of creditors - (R15,6 million)

A creditor in respect of Alexandra Renewal Project has been adjusted - R15,6 million.

h) Correction of operating expenditure included in Work in Progress - (R15,8 million)

Operating expenses included in works in progress for Agencies during 2004/05 have been adjusted.

i) Capitalisation Adjustments - (R19,9 million)

Land to the value of R26,6 million relating to the ME's incorrectly written off, now corrected. Correction of assets found during 2004/05 amounting to R12,8 million and adjustment to the opening carrying value of assets disposed during the 2005/06 financial year of R33,7 million.

j) Market-to-market of held-for-sale investments - (R294,5 million)

Investments held-for-sale was previously incorrectly shown at amortised cost and now restated to fair value in order to enhance the disclosure in the financial statement.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

45. Prior year errors (continued)

City Power Johannesburg (Pty) Ltd

a) Deferred Tax adjustment - (R 150,611 million)

The correction relates to errors on the deferred taxation calculations performed in prior years.

Pikitup Johannesburg (Pty) Ltd

a) Deferred Tax adjustment - (R 74,360 million)

The correction relates to errors on the deferred taxation calculations performed in prior years.

b) Recognition of Finance Leases (R 1,182 million)

Recognition of finance leases incorrectly classified as operating leases.

c) Review of assets useful life and impairment (R 3,825 million)

Review of the useful life of property, plant and equipment.

Johannesburg Fresh Produce Market (Pty) Ltd

a) Correction of intangible assets (R 35,092 million)

Correction of goodwill incorrectly recognised and the correct treatment of intangible assets incorrectly included in computer software.

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

47. RISK MANAGEMENT

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

Deposits attract interest at rate that vary with prime. The municipality policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit (loss).

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Credit guarantee insurance is purchased when deemed appropriate.

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GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

48. RETIREMENT BENEFITS

48.1. Defined contribution plan

CJMM and its ME's provide post-employment benefits to all their permanent employees through eight defined contribution funds, five defined benefit funds and two hybrid funds. The following funds provide benefits for group employees:

Defined Contribution Funds:

- City Power Retirement Fund.
- eJoburg Retirement Fund.
- Meshawu National Local Authorities Retirement Fund.
- Municipal Councillors Pension Fund.
- Municipal Employees Gratuity Fund.
- Municipal Gratuity Fund.
- National Fund for Municipal Workers.
- South African Municipal Workers' Union National Provident Fund.

Defined Benefit Funds:

- City of Johannesburg Pension Fund.
- Diepmeadow Pension Fund.
- Johannesburg Municipal Pension Fund.
- South African Local Authorities Pension Fund.
- Soweto City Council Pension Fund.

Hybrid Funds

- Joint Municipal Pension Fund.
- Municipal Employees Pension Fund.

This general disclosure should be followed by the specific disclosure set out above in respect of the Joint Municipal Pension Fund, the Municipal Employees Pension Fund, the City of Johannesburg Pension Fund and the Johannesburg Municipal Pension Fund.

The following paragraph should then precede the specific disclosures for Diepmeadow Pension Fund, South African Local Authorities Pension Fund and Soweto City Council Pension Fund.

Details of the Diepmeadow Pension Fund, the South African Local Authority Pension Fund and the Soweto City Council Pension Fund are provided below. It is not practicable at present to determine the present value of each ME's obligation, related share of assets and current service costs for any of these funds. Accordingly, all funds have been accounted for using a defined contribution basis at the ME level.

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GROUP		CJMM	
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48. Retirement benefits (continued)

48.1.1. Joint Municipal Pension Fund

The Joint Municipal Pension Fund is a hybrid pension fund registered in 1986 to provide pension benefits for employees in the Municipal sector. It has been closed to new entrants with effect from 1 January 2002.

In terms of paragraph 7 of IAS 19 (AC116) defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Although the Joint Municipal Pension Fund is a hybrid fund the participating employers have no constructive obligation to pay anything more than the fixed rate of contribution specified in the registered rules.

The rules of the Municipal Employees Pension Fund are very similar to those of the Joint Municipal Pension Fund insofar as the obligations of the local authorities are concerned.

In terms of the rules of this fund the Local Authorities participating in the fund are required, on a monthly basis, to deliver to the Fund:

- The contributions payable by members;
- An amount equal to 22% of the pensionable salaries upon which the members' contributions are based;
- Contributions payable by members whilst on unpaid leave and the equivalent 22% employer contribution thereon;
- Members' contributions in respect of the purchase of past service on rejoining a local authority;
- The equivalent 22% employer contributions in respect of any previously unpaid member contributions;
- Members' contributions in respect of the voluntary purchase of past service.

The rules of the fund also provide that the sources of the fund shall consist of:

- Contributions plus interest paid to the fund in terms of the rules;
- Income derived from the investment of moneys of the fund; and
- Any other money or assets to which the fund may become entitled.

There is no mention of any further contributions being required of participating local authorities in the event of deficits arising. It is therefore concluded that there is no constructive obligation on the part of the City to fund any deficits in this fund. Accordingly we believe that the fund should be regarded as a defined contribution fund for the purposes of IAS 19 (AC116).

In the case of this fund therefore, the contributions paid by the City should be expensed as required in terms of IAS 19 (AC116) for defined contribution funds.

48.1.2. The Municipal Employees Pension Fund

The Municipal Employees Pension Fund is a hybrid pension fund registered in 1988 to provide pension benefits for employees in the Municipal sector. It has been closed to new entrants with effect from 1 January 2002.

In terms of paragraph 7 of IAS 19 (AC116) defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Although the Municipal Employees Pension Fund is a hybrid fund the participating employers have no constructive obligation to pay anything more than the fixed rate of contribution specified in the registered rules.

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	GROUP		CJMM	
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48. Retirement benefits (continued)				
48.1.3. Diepmeadow Pension Fund				
The Fund is classified as a defined benefit pension fund in terms of AC 116. However, the constructive liability of the City is assumed to be the deficit as at 1 August 2003 accumulated with the net investment returns earned by the Fund.				
Contributions to the Diepmeadow Pension Fund were ceased for City employees with effect from 31 July 2003. Benefits have been made paid-up and will accumulate for members on a defined contribution basis. The rule amendment giving effect to the revised benefit structure was registered on 3 November 2004.				
Assumptions				
Expected Return on Assets	9.00 %	9.00 %	9.00 %	9.00 %
Change in Benefit Obligation				
Benefit Obligation at 30 June 2006	238,717	-	238,717	-
Plus Interest Cost	21,485	-	21,485	-
Plus Service Cost	-	-	-	-
Actuarial (Gain) / Loss	22,636	-	22,636	-
Benefits Paid	-	-	-	-
Benefit Obligation at 30 June 2007	282,838	-	282,838	-
Change in Assets of the Fund				
Fair Value of Assets at 30 June 2006	223,178	-	223,178	-
Plus Member Contributions	-	-	-	-
Plus Employer Contributions	-	-	-	-
Plus Expected Return on Assets	20,086	-	20,086	-
Actuarial Gain / (Loss)	26,695	-	26,695	-
Benefits Paid	-	-	-	-
Fair Value of Assets at 30 June 2007	269,959	-	269,959	-
Valuation Results				
Fair Value of Assets	269,959	223,178	269,959	223,178
Defined Benefit Obligation as at June 2006	(282,838)	(238,717)	(282,838)	(238,717)
Funded status	(12,879)	(15,539)	(12,879)	(15,539)
Asset limitation	-	-	-	-
Net asset	(12,879)	(15,539)	(12,879)	(15,539)
Components of Periodic Cost				
Service Cost	-	-	-	-
Interest Cost	21,485	-	21,485	-
Expected Return on Assets	(20,086)	-	(20,086)	-
Recognised Actuarial (Gain) / Loss	(4,059)	-	(4,059)	-
Adjustment in asset limitation	-	-	-	-
Employees contributions	-	-	-	-
Periodic Pension Cost / (Credit)	(2,660)	-	(2,660)	-

Note that the actuarial gain has arisen as a result of a recalculation of the deficit as at 1 August 2003.

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	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

48. Retirement benefits (continued)

48.1.4. Johannesburg Municipal Pension Fund and the City of Johannesburg Pension Fund

During 2005 the City entered into an agreement with the Johannesburg Municipal Pension Fund and the City of Johannesburg Pension Fund to the effect that, in return for payment of an amount of R400 million plus interest from 1 January 2006:

Except as set out below, the assets and liabilities of the City of Johannesburg Pension Fund will be merged into the Johannesburg Municipal Pension Fund and the City will sever all financial ties with the latter Fund.

- Except as set out below, the assets and liabilities of the City of Johannesburg Pension Fund will be merged into the Johannesburg Municipal Pension Fund and the City will sever all financial ties with the latter Fund.
- The City of Johannesburg Pension Fund will be converted into a defined contribution fund. Members will be given the option of remaining as members of the Fund and accruing future benefits on a defined contribution basis or of joining the eJoburg Retirement Fund in respect of the accrual of future service benefits. Pensioners will be given the opportunity to transfer to an insurer instead of remaining pensioners of the Johannesburg Municipal Pension Fund.
- The settlement amount is to be adjusted to allow for any excess contributions paid until the effective date and for the cost of bonus service in respect of exited members.

The necessary provisions have been made in these financial statements.”

48.1.5. Other Defined Benefit Pension Funds

The funds falling in this category are:

- South African Local Authorities Pension Fund
- Soweto City Council Pension Fund

South African Local Authorities Pension Fund

Membership Data

Our figures are based on information provided to us by the City, by the South African Local Authorities Pension Fund (referred to in this section as the “Fund”) and by the valuator of the Fund. The City provided details of the membership of the Fund as at December 2004. The information provided by the valuator of the Fund included the results of the actuarial valuations as at 30 June 2004 and 30 June 2005. Membership details provided (as at 30 June 2005 for the Fund and as at December 2004 for City members) were as follows:

	Fund	City	City Percentage
Number of Members	17,367	225	1.3 %
Pensionable Emoluments	1,249,712,000	15,629,150	1.4 %
Number of Pensioners	2,975	-	-
Annual Pensions	19,227,000	-	-

It was assumed that the City membership remained at 1.4% of the membership of the Fund.

Contributions to the South African Local Authority Pension Fund were ceased for City employees with effect from 31 December 2004. In the event of the cessation of participation of an employer in the Fund it has been assumed that the assets attributable to employees of that employer will be transferred to another fund and will be subject to the statutory minimum benefit in terms of the Pension Funds Act.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

48. Retirement benefits (continued)

Actuarial Liabilities

The results of the valuation as at 30 June 2004 are summarised as follows:

	Fund	City
Market Value of Assets	2,299,000,000	32,186,000
Value of liabilities	(2,855,000,000)	(39,970,000)
Surplus / (Deficit)	(556,000,000)	(7,784,000)

The asset value as at 31 December 2004 was derived by projecting the cash flows for six months and allowing for an investment return of 14.59% being the actual return achieved by the Fund over the same period.

The liability in respect of members as at 31 December 2004 was calculated as the liability as at 30 June 2004 plus 50% of the annual service cost, increased by 50% of 10% (the assumed discount rate).

In terms of section 14A(c) of the Pension Funds Act the minimum initial value credited to a member on conversion to defined contribution is the minimum individual reserve as defined in section 14B of the Pension Funds Act. The value depends on the actuarial assumptions adopted by the actuary in respect of the capitalised value of pension payments at retirement and on the discount rate selected.

The trustees have the option of basing minimum benefit calculations on a discount rate equal to the long term index linked bond ("ILG") yield less 0.95 percentage points or on a discount rate equal to 40% of the earnings yield (EY) on the JSE. The applicable discount rates as at the date of conversion were 2.81% and 2.66% respectively. It has been assumed that the trustees would adopt the EY basis, as this would give higher liabilities.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

48. Retirement benefits (continued)

A comparison of the valuation bases adopted is as follows:

	Funding Basis	Minimum Benefit Basis
Net pre-retirement discount rate	3.77 %	2.66 %
Net post-retirement discount rate	5.50 %	5.50 %
Withdrawal rates	Per table	Nil
Active member mortality	Per table	Nil
Pensioner mortality tables	PA(90) plus future improvements	PA(90) plus future improvements
Percentage married	100 %	100 %
Age difference	5 years	5 years

The weighted average age of members of the fund as at 30 June 2005 was 44.1 years. The retirement age is 60 years and we have estimated that the expected future service period of members to be 12 years. Accordingly, it is estimated that the liabilities would increase by about 13.8% if a discount rate of 2.66% were used.

The estimated financial position (in terms of the statutory minimum conversion values but ignoring changes as a result of the pre-retirement decrements) of the City's portion of the Fund as at 31 December 2004 based on the EY discount rate may therefore be summarised as follows:

Item		
Fair value of assets	38,118,412	-
Liabilities	(48,528,223)	-
(Deficit) / Surplus	(10,409,811)	-

It has been assumed that the constructive liability of the City in respect of this Fund is limited to the deficit reflected above based on the 2.66% discount rate. The deficit has been rolled forward on a defined contribution basis using the Fund returns as follows:

Period	Return
1 January 2005 to 30 June 2005	12.6 %
1 July 2005 to 30 June 2006	29.4 %
1 July 2006 to 30 June 2007	29.5 %

Note that this approach is conservative in that the relatively high investment returns achieved during the period of cessation of contributions have effectively been credited to members rather than used to reduce the deficit.

The Fund is classified as a defined benefit fund in terms of AC 116. However, the contribution rates are fixed in terms of the rules, subject to possible amendment depending on the results of annual actuarial valuations.

Assumptions

Expected Return on Assets	9.00 %	9.00 %
---------------------------	--------	--------

Change in Benefit Obligation

Benefit Obligation at 30 June 2006	68,520	-
Plus Interest Cost	6,167	-
Plus Service Cost	-	-
Actuarial (Gain)/Loss	16,851	-
Benefits Paid	-	-
Benefit Obligation at 30 June 2007	91,538	-

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
48. Retirement benefits (continued)				
Change in Assets of the Fund				
Fair Value of Assets			53,822	-
Plus Member Contributions			-	-
Plus Employer Contributions			-	-
Plus Expected Return on Assets			4,844	-
Actuarial Gain/(Loss)			13,236	-
Benefits Paid			-	-
Total Fair Value of Assets			71,902	-
Valuation Results				
Fair Value of Assets			71,902	53,822
Defined Benefit Obligation			(91,538)	(68,520)
Asset limitation			-	-
Net asset			(19,636)	(14,698)
Components of Periodic Cost				
Service Cost			-	-
Interest Cost			6,167	-
Expected Return on Assets			(4,844)	-
Recognised Actuarial (Gain)/Loss			3,615	-
Adjustment in asset limitation			-	-
Employees contributions			-	-
Periodic Pension Cost / (Credit)			4,938	-

Soweto City Council Pension Fund

Membership Data

Our figures are based on information provided to us by the City and by the valuator of the Soweto City Council Pension Fund (referred to in the section as the "Fund"). The City provided details of the membership of the Fund as at December 2004. The information provided included a copy of an actuarial valuation as at 31 March 2006. This valuation also contained details of results as at 31 March 2005 which were used for the purposes of this report. Membership details provided were as follows:

	Fund	City	City Percentage
Number of Members	2,602	1,602	61.6 %
Pensionable Emoluments	228,768,000	141,289,960	61.8 %
Number of Pensioners	51	31	-
Annual Pensions	1,051,000	649,111	-

The salary information in respect of City employees was increased to allow for the inclusion of the 13th cheque. The 31 March 2006 valuation report included a split of the liabilities between City and SAPS employees. The portion of liabilities attributable to City employees amounted to 60.83%. In view of the above information it was assumed that the City membership constituted 60.83% of the membership of the Fund. This percentage was also assumed to apply to pensioners.

Contributions to the Soweto City Council Pension Fund were ceased for City employees (other than in respect of certain contract employees) with effect from 31 March 2005. In the event of the cessation of participation of an employer in the Fund the rules stipulate that the assets attributable to employees of that employer will be transferred to another Fund and will be subject to the statutory minimum benefit in terms of the Pension Funds Act.

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

48. Retirement benefits (continued)

Actuarial Liabilities

The results of the valuation as at 31 March 2005 are summarised as follows:

	Fund	City
Market Value of Assets	977,298,000	594,480,877
Value of liabilities	(1,162,040,000)	(706,857,641)
Surplus / (Deficit)	(184,742,000)	(112,376,764)

In terms of section 14A(c) of the Pension Funds Act the minimum initial value credited to a member on conversion to defined contribution is the minimum individual reserve as defined in section 14B of the Pension Funds Act. The value depends on the actuarial assumptions adopted by the actuary in respect of the capitalised value of pension payments at retirement and on the discount rate selected.

The trustees have the option of basing minimum benefit calculations on a discount rate equal to the long term index linked bond ("ILG") yield less 0.95 percentage points or on a discount rate equal to 40% of the earnings yield (EY) on the JSE. The applicable discount rates as at the date of conversion were 2.73% and 2.85% respectively. It has been assumed that the trustees would adopt the ILG basis, as this gives the higher liabilities.

A comparison of the valuation bases adopted is as follows:

	Funding Basis	Minimum Benefit Basis
Net pre-retirement discount rate	2.08 %	2.73 %
Net post-retirement discount rate	6.00 %	7.00 %
Withdrawal rates	Per table	Nil
Active member mortality	SA 85-90	Nil
Pensioner mortality tables	PA(90) less one year, plus future improvement	PA(90) less one year, plus future improvements
Percentage married	90 %	90 %
Age difference	4 years	4 years

The weighted average age of members of the fund as at 30 June 2005 was 46 years. The retirement age is 60 years and we have estimated that the expected future service period of members to be 12 years. Accordingly, it is estimated that the liabilities would reduce by about 7.3% if a discount rate of 2.73% were used.

It is also estimated that the liabilities would reduce by a further 8.5% if a post-retirement discount rate of 7% were used instead of 6%.

The estimated financial position (in terms of the statutory minimum conversion values but ignoring changes as a result of the pre-retirement decrements and reassured pensions) of the City's portion of the Fund as at 31 March 2005 based on the ILG discount rate may therefore be summarised as follows:

Item		
Fair value of assets	509,821,469	-
Liabilities	(529,623,018)	-
(Deficit) / Surplus	(19,801,549)	-

It has been assumed that the constructive liability of the City in respect of this Fund is limited to the deficit reflected above based on the 2.73% discount rate. The deficit has been rolled forward on a defined contribution basis using industry median returns, since no actual Fund returns are available. Note that this approach is conservative in that the relatively high investment returns achieved during the period of cessation of contributions have effectively been credited to members rather than used to reduce the deficit.

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

48. Retirement benefits (continued)

Period	Return
1 April 2005 to 30 June 2005	5.7 %
1 July 2005 to 30 June 2006	31.2 %
1 July 2006 to 30 June 2007	31.6 %

The results of the calculations are reflected in the AC 116 accounting entries set out below:

The Fund is classified as a defined benefit fund in terms of AC 116. However, the contribution rates are fixed in terms of the rules, subject to possible amendment depending on the results of annual actuarial valuations.

Assumptions

Expected Return on Assets	9.00 %	9.00 %
---------------------------	--------	--------

Change in Benefit Obligation

Benefit Obligation at 30 June 2006	795,514	-
Plus Interest Cost	71,596	-
Plus Service Cost	-	-
Actuarial (Gain)/Loss	100,192	-
Benefits Paid	-	-
Benefit Obligation at 30 June 2007	967,302	-

Change in Assets of the Fund

Fair Value of Assets	772,174	-
Plus Member Contributions	-	-
Plus Employer Contributions	-	-
Plus Expected Return on Assets	69,496	-
Actuarial Gain/(Loss)	89,480	-
Total Fair Value of Assets	931,150	-

Valuation Results

Fair Value of Assets	931,150	772,174
Defined Benefit Obligation	(967,302)	(795,514)
Asset limitation	-	-
Net asset	(36,152)	(23,340)

Components of Periodic Cost

Service Cost	-	-
Interest Cost	71,596	-
Expected Return on Assets	(69,496)	-
Recognised Actuarial (Gain)/Loss	10,712	-
Adjustment in asset limitation	-	-
Employees contributions	-	-
Periodic Pension Cost / (Credit)	12,812	-

49. POST STATEMENT OF FINANCIAL POSITION EVENTS

A Cabinet decision was taken on the 25 October 2006 where approval was given to the proposal of creating six Regional Electricity Distributors which will be established as public entities under the auspices of the Electricity Distribution Industry (EDI) Holdings (Ltd). These entities will be accountable to the Ministry of Minerals and Energy. The next step will include the drafting of legislation and business plan for the establishment of the Regional Electricity Distributors.

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000
50. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
Contributions to organized local government				
Council subscriptions	6,399	34,319	6,399	34,319
Amount paid - current year	(6,399)	(34,319)	(6,399)	(34,319)
Balance unpaid (included in creditors)	-	-	-	-
Audit fees				
Opening balance	3,404	3,673	1,908	2,161
Current year audit fee	19,885	18,247	8,837	11,246
Amount paid - current year	(17,215)	(13,687)	(9,602)	(9,455)
Amount paid - previous years	(1,909)	(4,829)	-	(2,044)
Balance unpaid (included in creditors)	4,165	3,404	1,143	1,908
VAT				
VAT	325,070	301,894	-	33,674
VAT inputs receivables and VAT outputs receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.				
PAYE and UIF				
Opening balance	19,573	18,882	19,430	18,558
Current year payroll deductions	552,925	512,307	319,623	288,459
Amount paid - current year	(527,361)	(492,862)	(294,230)	(269,029)
Amount paid - previous years	(19,833)	(18,754)	(19,430)	(18,558)
Balance unpaid (included in creditors)	25,304	19,573	25,393	19,430
The balance represents PAYE and UIF deducted from the June 2007 payroll. These amounts were paid during July 2007.				
Pension and Medical Aid Deductions				
Opening balance	38,504	27,390	37,833	27,237
Current year payroll deductions and Council Contributions	1,529,186	773,857	537,487	469,827
Amount paid - current year	(1,499,596)	(735,353)	(507,350)	(431,994)
Amount paid - previous years	(37,916)	(27,390)	(37,833)	(27,237)
Balance unpaid (included in creditors)	30,178	38,504	30,137	37,833

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2007 R '000	2006 R '000	2007 R '000	2006 R '000

Councillors Arrears

The balance represents pension and medical aid contributions deducted from employees in the June 2006 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2006.

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2007: -

All amounts are disclosed in rands and not rounded to the nearest thousand rand.

30 June 2007	<u>Outstanding less than 90 days (Rands)</u>	<u>Outstanding more than 90 Days (Rands)</u>	<u>Total</u>
Botes C	9,022	1,557	10,579
Dladla NJ	798	349	1,147
Griffin S	611	417	1,028
Hlomendlini IN	21	20	41
Lekgetho JK	584	1,127	1,711
Lichaba DL	664	1,461	2,125
Masina P	568	465	1,033
Matladi JM	21	561	582
Mfabo WB	283	227	510
Mtembu NG	555	320	875
Nemaungani MJ	74	58	132
Ngwedzeni N	563	593	1,156
Ntombela P	129	1,077	1,206
Putsoa A	112	340	452
Ramafola SM	298	190	488
Total Councillor Arrear Consumer Accounts	14,303	8,762	23,065

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Group Annual Financial Statements for the year ended 30 June 2007

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

During the 2007 year the following Councillors' had arrear accounts outstanding for more than 90 days

30 June 2007	<u>Highest amount outstanding > than 90 days (Rands)</u>	<u>Total (Rands)</u>	<u>Comments</u>	
Baloyi RT	3,414	4,743	Arrears 90+days	Arrange on salary
Bapela CV	3	1,030	Arrears 90+days	
Bittkau R	747	4,017	Arrears 90+days	
Botes C	1,766	11,546	Arrears 90+days	
Botes C	12,625	12,667	Arrears 90+days	
Cachalia MS	-	1,072	Arrears 90+days	
Clarke SNM	43,476	47,607	Arrears 90+days	Arrange on salary
Dladla NJ	797	1,587	Arrears 90+days	
Gomati M	132	673	Arrears 90+days	
Griffin S	417	1,028	Arrears 90+days	
Hlomendlini IN	740	1,057	Arrears 90+days	
Kgomo MC	250	2,576	Arrears 90+days	
Lekgetho JK	1,127	1,712	Arrears 90+days	
Lekgetho MJ	7,653	8,207	Arrears 90+days	Arrange on salary
Lichaba DL	1,461	2,124	Arrears 90+days	
Machaba TEL	1,748	1,853	Arrears 90+days	
Maela SI	7,113	7,766	Arrears 90+days	Arrange on salary
Makhubo MM	175	279	Arrears 90+days	
Mambo NM	1,181	1,739	Arrears 90+days	Arrange on salary
Maseko OM	193,122	198,190	Arrears 90+days	Arrange on salary
Mashigo S	12	803	Arrears 90+days	
Masina P	1,771	2,353	Arrears 90+days	
Matladi JM	561	582	Arrears 90+days	
Mbasela JB	6,229	8,387	Arrears 90+days	Sold property
Mendelsohn JJ	546	2,140	Arrears 90+days	
Mfabo WB	501	768	Arrears 90+days	
Mfenyana NJ	16,343	16,889	Arrears 90+days	Arrange on salary
Mhlongo TW	4,968	6,969	Arrears 90+days	Arrange on salary
Milner CDA	29	1,384	Arrears 90+days	
Moche MM	6,546	6,674	Arrears 90+days	Arrange on salary
Moepi NR	666	1,205	Arrears 90+days	Arrange on salary
Molutsi MP	2,677	5,302	Arrears 90+days	Arrange on salary
Mpholobosho MM	2,583	2,682	Arrears 90+days	
Mtembu NG	2,648	3,230	Arrears 90+days	
Ndlela NM	216	811	Arrears 90+days	Arrange on salary
Nemaungani MJ	58	132	Arrears 90+days	
Ngwedzeni N	718	1,273	Arrears 90+days	
Ngwedzeni N	10,420	10,966	Arrears 90+days	
Nkoane KL	16,962	16,962	Arrears 90+days	
Ntombela P	1,077	1,206	Arrears 90+days	
Ntuli MP	6,832	6,832	Arrears 90+days	
Putsoa A	340	452	Arrears 90+days	
Ramafola SM	828	1,154	Arrears 90+days	
Riba Q	1,037	1,352	Arrears 90+days	Arrange on salary
Seboyane MA	177	650	Arrears 90+days	
Turk BD	3,338	5,825	Arrears 90+days	Arrange on salary
Van Rooyen PF	53	5,827	Arrears 90+days	
Zitha P	439	1,265	Arrears 90+days	Arrange on salary

Fifteen Councillors were in arrears as at 30 June 2007, none have signed arrangements to pay the outstanding amount on their accounts.

City of Johannesburg

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

Forty three Councillors are not liable for the payment of any municipal account.

30 June 2006	<u>Outstanding less than 90 days (Rands)</u>	<u>Outstanding more than 90 Days (Rands)</u>	<u>Total (Rands)</u>
Botes C	159	12,499	12,658
Clarke SNM	3,575	42,321	45,896
Dladla MJ	691	356	1,047
Gomati M	510	235	745
Griffin S	(1,466)	10,301	8,835
Homendlini IN	309	646	955
Lekgetho JK	539	1,046	1,585
Lekgetho MJ	541	7,473	8,014
Machaba TEL	110	1,711	1,821
Maela SI	567	6,753	7,320
Makhubo MM	104	53	157
Mambo NM	472	1,024	1,496
Maseko OM	3,506	191,689	195,195
Masina P	541	1,231	1,772
Matladi JM	20	478	498
Mfabo WB	253	333	586
Mfenyana NJ	520	15,996	16,516
Moche MM	153	6,443	6,596
Moepi NR	505	331	836
Molutsi MP	3,227	1,081	4,308
Mpolobosho MM	90	2,656	2,746
Mtembu NG	555	6,896	7,451
Ngwedzeni N	520	10,074	10,594
Nkoane KL	742	14,444	15,186
Nthite NT	151	3,319	3,470
Ntombela P	149	479	628
Ntuli MP	-	6,832	6,832
Putsoa A	71	152	223
Ramafola SM	312	638	950
Riba Q	294	773	1,067
Turk BD	2,154	1,184	3,338
Zitha P	640	290	930
Total Councillor Arrear Consumer Accounts	20,514	349,737	370,251

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Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2007 R '000	2006 R '000	2007 R '000	2006 R '000

Senior Management Arrears

The following Executive directors and directors had arrear accounts outstanding for more than 90 days as at 30 June 2007:

All amounts are disclosed in rands and not rounded to the nearest thousand rand.

30 June 2007	<u>Outstanding less than 90 days (Rands)</u>	<u>Outstanding more than 90 Days (Rands)</u>	<u>Total (Rands)</u>
Dauids JJ	5,768	2,003	7,771

During the 2007 year the following Executive directors and directors had arrear accounts outstanding for more than 90 days.

30 June 2007	<u>Highest amount outstanding > than 90 days (Rands)</u>	<u>Total (Rands)</u>	<u>Comments</u>
Mahlatjie M	21,882	22,733	Salary deduction
Dauids JJ	9,398	16,178	Arrears 90 + days
Sago DE	4,296	5,634	Account up to date
Lephunya MP	3,938	11,162	Account up to date
Venter L	1,456	5,774	Account up to date
Musi LA	923	4,688	Account up to date
De Beer RSJ	13	3,954	Account up to date
Minnaar WT	12	1,457	Account up to date
	41,918	71,580	-

51. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

Description:

- The Libraries received books from various sources.
- Sponsorships towards the cost of the following events were received:
 - Metro police for the Cape Argus and Pick and Pay cycle tour.
 - The Emergency management service's gala function.
 - FBI Training for Metro police department.
- As part of the Municipal Management Technical Assistance Programme, National Treasury has provided the City with one full-time international financial advisor.
- Medical supplies were donated to various clinics by the Gauteng Provincial Government.
- Various gifts were donated to the Executive Mayor. Full details are contained in a register at the Executive Mayor's Office.

City of Johannesburg

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Appendix A - External Loans

EXTERNAL LOANS	Loan number	Redeemable	Balance at 30/06/06 R000	Received during the period R000	Redeemed and written off R000		Balance at 30/06/07 R000	Carrying value of property plant and equipment R000		Other costs in accordance with MFMA R000	
LONG-TERM LOANS											
Loan stock @ 14.70%	121	31-Aug-13	30 000				30 000	29 985		2 537	
STRUCTURED LOANS											
ABSA @ 16.22%	ABSA Midrand	30-Nov-11	53 387			(335)	53 052	54 573		4 712	
ABSA @ 12.27%	ABSA R150m	20-Dec-12	150 000				150 000	149 989		52 789	
Investec @ 11.77%	Investec R100m	24-Dec-13	84 619			(7 540)	77 079	99 998		36	
RMB @ 14.53%	RMB R95m	30-Nov-14	108 675	1 356			110 031	94 999		8 232	
RMB @ 15.56%	RMB R210m	31-Dec-12	533 584	78 986			612 570	247 986		38 409	
RMB @ 16.50%	RMB R100m	30-Nov-14	114 436	1 486			115 922	99 458		46 052	
SCMB @ 12.16%	SCMB R200m	30-Sep-18	163 333			(13 336)	149 997	199 999			
Ekurhuleni @ 16.21%	Ekurhuleni	30-Jun-11	41 125				41 125	189		18 823	
Total structured loans			1 249 159	81 828		(21 211)	1 309 776	947 191		169 053	
FUNDING FACILITY											
RMB @ 11.65%	RMB L123	30-Apr-09	47 433			(14 130)	33 303	88 108			
TOTAL CARRIED FORWARD			1 326 592	81 828		(35 341)	1 373 079	1 065 284		171 590	

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

Appendix A - External Loans (Continued)

EXTERNAL LOANS	Loan number	Redeemable	Balance at 30/06/06 R000	Received during the period R000	Redeemed R000	Balance at 30/06/07 R000	Carrying value of property plant and equipment R000	Other costs in accordance with MFMA R000
TOTAL BROUGHT FORWARD			1 326 592	81 828	(35 341)	1 373 079	1 065 284	171 590
DEVELOPMENT BANK OF SOUTH AFRICA								
DBSA @ 13.22%	11984 - 11993	30-Jun-14	62 465		(4 782)	57 683	77 829	
DBSA @ 10.00%	2513/103	31-Mar-09	18 907		(5 699)	13 208	24 078	
DBSA @ 10.00%	8056/103	30-Sep-11	36 720		(5 299)	31 421	53 419	
DBSA @ 10.00%	8250/102	31-Mar-14	5 946		(515)	5 431	19	
DBSA @ 10.00%	9005/103	31-Mar-13	219 392		(22 955)	196 437	291 731	
DBSA @ 10.00%	9337/101	30-Sep-14	23 804		(1 889)	21 915	48	
DBSA @ 10.00%	9637/102	31-Mar-14	2 906		(252)	2 654	1 990	
DBSA @ 10.00%	10 295	30-Jun-16	1 448		(90)	1 358		
DBSA @ 9.39%	13541/1	30-Sep-20	144 075		(10 111)	133 964	166 810	
DBSA @ 16.55%	12 716	31-Dec-12	233		(23)	210	31	
DBSA @ 16.55%	12 717	31-Dec-12	432		(41)	391	298	
DBSA @ 16.15%	12 032	31-Dec-10	431		(71)	360	553	
DBSA @ 16.67%	12 033	31-Dec-11	757		(93)	664		
DBSA @ 16.67%	12 034	31-Dec-11	405		(50)	355	554	
DBSA @ 15.26%	12 035	31-Dec-11	123		(16)	107	170	
DBSA @ 15.26%	12 036	31-Dec-11	572		(73)	499	794	
DBSA @ 15.26%	12 037	31-Dec-12	1 377		(136)	1 241		
DBSA @ 15.26%	12 038	31-Dec-12	322		(32)	290	419	
DBSA @ 15.26%	12 388	31-Dec-12	1 639		(162)	1 477	791	
DBSA @ 15.74%	12 208	31-Dec-09	3 438		(804)	2 634		
DBSA @ 12.00%	9726/104	30-Sep-14	2 354		(205)	2 149	134	
DBSA @ 16.50%	11064/102	31-Mar-20	2 195		(13)	2 182		
DBSA @ 10.63%	11073/101	30-Sep-13	10 216		(1 362)	8 854	17 234	
DBSA @ 10.63%	11073/2	30-Sep-13	30 368		(4 049)	26 319	46 562	8 825
Total Development Bank of South Africa			570 525		(58 722)	511 803	683 464	8 825
TOTAL CARRIED FORWARD			1 897 117	81 828	(94 063)	1 884 882	1 748 748	180 415

City of Johannesburg

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Appendix A - External Loans (Continued)

EXTERNAL LOANS	Loan number	Redeemable	Balance at 30/06/06 R000	Received during the period R000	Redeemed R000	Balance at 30/06/07 R000	Carrying value of property plant and equipment R000	Other costs in accordance with MFMA R000
TOTAL BROUGHT FORWARD			1 897 117	81 828	(94 063)	1 884 882	1 748 748	180 415
BONDS								
Bond @ 11.95%	COJ01	13-Apr-10	850 000			850 000	992 282	7 268
Bond @ 11.90%	COJ02	30-Jun-16	980 000			980 000	978 998	9 007
Bond @ 9.70%	COJ03	26-Apr-13	700 000			700 000	699 594	3 586
Bond @ 9.0%	COJ04	05-Jun-18	1 200 000			1 200 000	1 199 945	1 956
Total bonds			3 730 000			3 730 000	3 870 819	21 817
OTHER LOANS								
ABSA @ 8.90%	ABSA Springfield	42 245	1 300		(130)	1 170	2 031	
Calyon French Loan @9.379%	Calyon	02-Jul-18		362 800		362 800	361 800	
INCA @ 14.59%	JMBS-00-001	31-Dec-11	201 324		(9 390)	191 934	154 513	
Total Other Loans			202 624	362 800	(9 520)	555 904	518 344	
TOTAL CARRIED FORWARD			5 829 741	444 628	(103 583)	6 170 786	6 137 911	202 232

City of Johannesburg

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Appendix B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	COST								ACCUMULATED DEPRECIATION						
	Opening balance R000	Additions R000	Founds R000	Revaluation R000	Disposals R000	Impairment R000	Transfers R000	Closing Balance R000	Opening balance R000	Depreciation charge R000	Impairment R000	Disposals R000	Transfers R000	Closing balance R000	Carrying value R000
Land and Buildings															
Land	5 301 949	19 490	173 703	7 016	(36 824)		(80 834)	5 384 500	674				(187)	487	5 384 013
Buildings	4 462 337	94 078	30 064	11 414	(49 613)		284 101	4 832 381	1 101 923	157 915	15 042	(43 490)	94 031	1 325 421	3 506 960
	9 764 286	113 568	203 767	18 430	(86 437)		203 267	10 216 881	1 102 597	157 915	15 042	(43 490)	93 844	1 325 908	8 890 973
Infrastructure															
Roads, pavements, bridges & storm water	1 811 849	175 268			(29)		18 064	2 005 152	445 114	137 211		(2)	1 097	583 420	1 421 732
Reservoirs -water	21 091							21 091	6 923	1 016				7 939	13 152
Water meters	103 891	259					8 706	112 856	13 393	10 855				24 248	88 608
Water mains	745 110	71 555		29 650			135 707	982 022	51 834	12 377				64 211	917 811
Electricity mains	2 407 144	148 838			3 484		408 868	2 968 334	241 513	59 615		(4 676)	(561)	295 891	2 672 443
Electricity peak-load equipment	5 273						40	5 313	3 364	184			39	3 587	1 726
Sewerage purification & reticulation	1 726 256	21 933		46 170			128 472	1 922 831	224 691	95 037			6 533	326 261	1 596 570
	6 820 614	417 853		75 820	3 455		699 857	8 017 599	986 832	316 295		(4 678)	7 108	1 305 557	6 712 042
Community assets															
Parks, gardens, sport fields & recreation	372 536	6 391			(514)		(182 048)	196 365	51 084	14 448		(141)	(25 076)	40 315	156 050
Other	301 809	3 139			(36 567)		(2 792)	265 589	58 426	63 256		(36 562)	1 453	86 573	179 016
	674 345	9 530			(37 081)		(184 840)	461 954	109 510	77 704		(36 703)	(23 623)	126 888	335 066
Heritage assets															
Historic buildings	46 456						39 098	85 554	141	(47)			(94)		85 554
Artwork	90 926	184					(78 572)	12 538	32 201	(131)	1 253		(29 208)	4 115	8 423
	137 382	184					(39 474)	98 092	32 342	(178)	1 253		(29 302)	4 115	93 977
Specialised vehicles															
Buses	394 531	122 605			(9 355)		(200)	507 581	193 137	38 425	681	(9 169)		223 074	284 507
	394 531	122 605			(9 355)		(200)	507 581	193 137	38 425	681	(9 169)		223 074	284 507
Other assets															
Other motor vehicles	12 797	1 534			(17)		(420)	13 894	9 076	969	82	(17)	(463)	9 647	4 247
Furniture & fittings	340 350	75 791	7 418	2 124	(65 233)		(9 875)	350 575	133 758	56 930	11 165	(47 892)	(1 398)	152 563	198 012
Bins & containers	98 234	21 606			(6)		27	119 861	39 482	17 553	218	(6)	19	57 266	62 595
Emergency equipment	13 436	2 886			(839)		206	15 689	5 065	1 506	1 226	(740)	91	7 148	8 541
Other plant & equipment	198 067	17 542	14	9 483	(32 382)		(14 554)	178 170	129 607	17 054	1 520	(31 206)	(13 742)	103 233	74 937
Computer equipment	130 470	14 857		(300)	(35 138)		20 118	130 007	67 486	14 549		(13 954)	(121)	67 960	62 047
Other office equipment	304 408	51 454	195		(82 056)		(432)	273 569	65 628	76 051	20 244	(81 137)	(1 696)	79 090	194 479
Other land and buildings	789						(509)	280	509	56			(509)	56	224
Landfill sites	175 588	1 808						177 396	83 722	5 252			238	89 212	88 184
Work in progress	820 512	2 445 405					(716 861)	2 549 056							2 549 056
Other	110 373	12 170			(13 958)		5 145	113 730	63 954	14 502	(328)	(11 722)	(466)	65 940	47 790
	2 205 024	2 645 053	7 627	11 307	(229 629)		(717 155)	3 922 227	598 287	204 422	34 127	(186 674)	(18 047)	632 115	3 290 112
Property, Plant and Equipment	19 996 182	3 308 793	211 394	105 557	(359 047)		(38 545)	23 224 334	3 022 705	794 583	51 103	(280 714)	29 980	3 617 657	19 606 677
Total Property, Plant and Equipment	19 996 182	3 308 793	211 394	105 557	(359 047)		(38 545)	23 224 334	3 022 705	794 583	51 103	(280 714)	29 980	3 617 657	19 606 677
Total Biological Assets	4 151	144		949	(943)			4 301	153	94				247	4 054
Total Intangible Assets	416 957	126 645		6	(55 557)		17 881	505 932	172 737	87 222	34 280	(55 364)	175	239 050	266 882
Total Investment Properties	1 161 411	201			(204)		50 133	1 211 541	87 417	397	(13 487)			74 327	1 137 214
Total	21 578 701	3 435 783	211 394	106 512	(415 751)		29 469	24 946 108	3 283 012	882 296	71 896	(336 078)	30 155	3 931 281	21 014 827

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Appendix C
SEGMENTAL ANALYSIS PROPERTY PLANT AND EQUIPMENT

	COST						ACCUMULATED DEPRECIATION						Closing balance R000	Carrying value R000
	Opening balance R000	Additions R000	Assets found R000	Revaluation R000	Transfers R000	Disposals R000	Opening balance R000	Depreciation charge R000	Impairments R000	Transfers R000	Disposals R000			
CITY OF JOHANNESBURG														
METROPOLITAN MUNICIPALITY	13 858 094	1 572 658	211 394		49 762	(241 163)	15 450 745	1 784 963	504 346	85 845	49 757	(205 522)	2 219 389	13 231 356
Environment		3 468	2		1 758	(18)	5 210	(916)	287	689	1 547	(18)	1 589	3 621
Infrastructure and Services	510	576			6 279	(75)	7 290	(1 298)	602	125	5 575	(69)	4 935	2 355
Transportation		159 163	3		1 634	(91)	160 709	(919)	288	277	1 433	(90)	989	159 720
Executive Mayor and City Manager	388 415	65 543	478		(22 072)	(772)	431 592	114 911	21 950	21 479	2 083	(742)	159 681	271 911
Finance, Revenue and Economic Development	242 967	206 405	1 697		39 178	(4 078)	486 169	19 856	92 741	33 421	11 768	(76 772)	81 014	405 155
Development Planning & Urban Management	693 486	103 573	570		68 069	(2 538)		121 101	52 821	5 945	25 977	(2 326)		
Health	50 918	8 718	899		67 928	(751)		5 548	9 441	1 822	39 680	(641)		
Community Development	619 295	208 687	1 914		343 860	(43 844)		183 528	37 798	5 216	150 884	(43 201)		
Housing	1 234 933	116 125	224		38 341	(73 148)	1 316 475	524 681	46 907	1 054	15 547	(60)	588 129	728 346
Corporate Support and Shared Services	143 299	26 826	457		1 550	(754)	171 378	69 526	21 376	5 733	1 821	(739)	97 717	73 661
Johannesburg Metropolitan Police Department	181 399	7 032	777		(100)	(2 417)	186 691	81 397	14 527	5 754	(135)	(2 197)	99 346	87 345
Emergency Management Services	115 204	14 473	608		(924)	(264)	129 097	58 555	5 077	3 457	(871)	(257)	65 961	63 136
Regions	537 505				(537 505)			248 686			(248 686)			
Contract Management Unit/Shareholder unit	7 996				(7 996)			1 755			(1 755)			
Agencies	9 642 167	652 069	203 765		49 762	(112 413)	10 435 350	358 552	200 531	873	44 889	(78 410)	526 435	9 908 915
MUNICIPAL ENTITIES	7 720 607	1 863 125		106 512	(20 293)	(174 588)	9 495 363	1 498 049	377 950	(13 949)	(19 602)	(130 556)	1 711 892	7 783 471
The Johannesburg Fresh Produce Market (Pty) Ltd	210 112	44 190			(624)	(72)	253 606	22 743	7 947	79	(624)		30 145	223 461
The Johannesburg Civic Theatre (Pty) Ltd	22 128	941		11 307	(16 031)	(393)	17 952	16 077	2 151		(16 031)		2 197	15 755
The Johannesburg Zoo	6 782	2 312				(1 117)	7 977	827	957				1 784	6 193
City of Johannesburg Property Company (Pty) Ltd	7 238	3 161				(744)	9 655	1 987	1 242			(341)	2 888	6 767
Johannesburg Development Agency (Pty) Ltd	3 426	1 726			2	(2 227)	2 927	1 795	459			(1 257)	997	1 930
Metropolitan Trading Company (Pty) Ltd	155 235	541				(243)	155 533	88 249	1 195	(13 487)		(177)	75 780	79 753
City Power Johannesburg (Pty) Ltd	3 109 515	978 047				(130 246)	3 957 316	433 937	108 046	(1 222)		(95 139)	445 622	3 511 694
Johannesburg Water (Pty) Ltd	3 159 471	621 887		76 769	(6)	(943)	3 857 178	445 408	154 967		(6)		600 369	3 256 809
Pikitup Johannesburg (Pty) Ltd	372 569	43 371			(1 926)		414 014	164 758	46 574		(1 688)		209 644	204 370
Johannesburg Roads Agency (Pty) Ltd	139 302	11 907			776	(101)	151 884	60 639	4 256		776		65 671	86 213
Johannesburg City Parks	30 881	20 762				(6 600)	45 043	15 135	4 582			(4 955)	14 762	30 281
Johannesburg Housing Company (Pty) Ltd	1 974	1 474			(18)	(224)	3 206	610	415		(18)	(75)	932	2 274
Johannesburg Tourism Company	2 796	1 804		6	6		4 612	1 199	585		(507)		1 277	3 335
Johannesburg Metropolitan Bus Services (Pty) Ltd	482 691	128 210		18 430	(1 726)	(30 111)	597 494	243 210	44 393	681	(752)	(28 612)	258 920	338 574
Roodepoort City Theatre (Pty) Ltd	2 333	2 792			(746)	(1 567)	2 812	1 243	181		(752)		672	2 140
Johannesburg City Housing Company	14 154						14 154	232					232	13 922
	21 578 701	3 435 783	211 394	106 512	29 469	(415 751)	24 946 108	3 283 012	882 296	71 896	30 155	(336 078)	3 931 281	21 014 827

Appendix E1
STATEMENT OF FINANCIAL PERFORMANCE - ACTUAL VERSUS BUDGET (GROUP)

	2007					Explanation of significant variances
	Actual R000	2007 Budget	Original R000	Revised Estimate R000	2007 Variance R000	
Revenue	13 208 960	11 870 288	12 331 522	877 438	7.1%	
Service charges	7 473 237	7 439 227	7 575 668	(102 431)	-1.4%	
Regional Service Levies		30 000	10 000	(10 000)	-100.0%	The RSC levies were treated as prior year adjustments as a result of the abolishment of RSC levies as from 1 July 2006.
Rental of facilities and equipment	115 913	86 754	76 861	39 052	50.8%	Dormant housing debtors were identified and closed.
Interest earned - external investments	552 782	335 041	346 361	206 421	59.6%	Budget conservatively and the higher increase in interest rates than originally anticipated
Interest earned - outstanding debtors	112 902	29 077	29 971	82 931	276.7%	Increase outstanding debtors as well as the discounting of debtors where there are deemed interest on debtors, as shown by the lower property rates and service charges above.
Fines, licences and permits	237 977	206 273	206 273	31 704	15.4%	Three new speed contracts started in November 2006, the introduction of the payfine system and direct payment of fines into JMPD's bank account.
Income from agency services	139 113	283 221	283 535	(144 422)	-50.9%	
Government grants & subsidies	3 448 352	3 058 213	3 244 742	203 610	6.3%	
Public contributions, Donated and Contributed property, plant and equipment	386 292		123 838	262 454	211.9%	
Other income	704 464	365 482	397 273	307 191	77.3%	Write off of credit balances older than 3 years in Core Council (R130m). Additional management fees received by JDA on the "Bus Rapid Transit" projects (R26m). Revenue from a VAT refund in Metro Trading Company of R19m. Increase in insurance claims in City Power and Johannesburg Roads Agency. Additional bulk service contributions received in Johannesburg Water (R19m).
Surplus on disposal of property, plant and equipment	37 928	37 000	37 000	928	2.5%	Land sales by Johannesburg Property Company was not included in budget.
Expenditure	14 569 016	14 509 753	15 074 660	505 870	3.4%	
Employee related costs	3 871 113	3 858 719	3 898 339	27 226	0.7%	
Remuneration of Councillors	58 375	55 163	55 163	(3 212)	-5.8%	
Bad debts	859 626	979 580	868 640	9 014	1.0%	
Depreciation, amortisation and impairments	880 311	1 301 157	1 133 886	253 575	22.4%	Change in accounting policy within CJMM, where assets under construction are depreciated once completed and capitalised. Re-assessment of the useful life of infrastructure assets within City Power.
Repairs and maintenance	255 838	218 884	303 945	48 107	15.8%	VAT was included in the budget for CJMM but excluded from the expenditure as a result of the implementation of the changes in the VAT legislation. Some equipment was replaced rather than repaired.
Interest Paid : External Borrowings	877 488	851 539	822 814	(54 674)	-6.6%	Higher increase in interest rates than originally anticipated. Reclassification of operating leases to finance leases had an impact on the treatment of finance leases previously included under contracted services.
Bulk purchases	3 940 426	3 657 191	3 822 095	(118 331)	-3.1%	There was an increase in demand for electricity and water.
Contracted services	1 224 833	1 603 955	1 614 438	389 605	24.1%	VAT was included in the budget for CJMM but excluded from the expenditure as a result of the implementation of the changes in the VAT legislation. There was also a change in the treatment of operating leases to finance leases. The operating leases formed part of contracted services but have been reclassified as finance leases.
Grants and subsidies paid - external	539 974	141 064	555 507	15 533	2.8%	
General expenses	2 053 481	1 842 501	1 999 826	(53 655)	-2.7%	
Impairment losses/(reversal of impairment losses)	(21 556)			21 556	0.0%	Reversal of the impairment of investments and debtors within JDA, that was impaired on group level during the prior year. These accounts have since been cleared within JDA.
Deficit on disposal of property, plant and equipment	29 107		7	(28 874)	>100%	Land sales by Johannesburg Property Company was not included in budget and the scrapping of assets.
Surplus before taxation	(1 360 056)	(2 639 465)	(2 743 138)	1 383 308	-50.4%	
Taxation	(186,341)	45,437	71,297	(257,638)	-361.4%	Reversal of deferred taxation as a result of the exemption of taxation granted to Johannesburg Water.
Surplus for the year	(1 173 715)	(2 684 902)	(2 814 435)	1 640 946	-58.3%	

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Appendix E2 FIXED ASSET ADDITIONS - ACTUAL VERSUS BUDGET

	2007 Original Budget R000	2007 Revised Budget R000	2007 Variance R000	2007 Variance %	Explanation of significant variances from budget	
CITY OF JOHANNESBURG						
METROPOLITAN MUNICIPALITY	1 572 658	1 590 333	1 637 909	65 251	4%	
Environment	3 468	3 500	4 544	1 076	24%	The actual cost for the solar heating panels at Cosmo City and the rehabilitation of the Upper Jukskei Catchments was less than originally anticipated.
Infrastructure and Services	576	314	314	(262)	-83%	Capitalisation of leased assets previously recognised as operating leases
Transportation	159 163	335 665	163 036	3 873	2%	
Executive Mayor and City Manager	65 543	10 522	102 522	36 979	36%	VAT was originally included in the budget whilst the expenditure excludes VAT - the new VAT act was implemented after the budget was compiled. The implementation of a telephony system was not implemented and will only be implemented during the 2007/08 fi
Finance, Revenue and Economic Development	206 405	271 115	256 607	50 202	20%	Some computer equipment and furniture will only be purchased during the 2007/08 financial year. VAT was originally included in the budget whilst the expenditure excludes VAT - the new VAT act was implemented after the budget was compiled. SAP related pro
Development Planning & Urban Management	103 573	84 761	123 626	20 053	16%	VAT was originally included in the budget whilst the expenditure excludes VAT - the new VAT act was implemented after the budget was compiled. Furniture and Equipment : The new structures took longer than anticipated to get approved therefore furniture a
Health	8 718	9 079	9 158	440	5%	
Community Development	208 687	179 448	218 988	10 301	5%	
Housing	116 125	105 450	105 501	(10 624)	-10%	The budget allocated was exceeded for this financial year but the expenditure on the projects did not exceed the approved contract amount approved per project
Corporate Support and Shared Services	26 826	15 624	18 537	(8 289)	-45%	
Johannesburg Metropolitan Police Department	7 032	13 337	13 699	6 667	49%	The under expenditure on JMPD projects was mainly due to unexpected delays in the tender process and unexpected delays in the determination of the scope of work to be done.
Emergency Management Services Regions	14 473	17 106	17 295	2 822	16%	VAT was originally included in the budget whilst the expenditure excludes VAT - the new VAT act was implemented after the budget was compiled. The building projects were less than originally anticipated.
Contract Management Unit/Shareholder unit Agencies	652 069	544 412	604 082	(47 987)	-8%	
MUNICIPAL ENTITIES	1 863 125	1 602 886	1 830 459	(32 666)	-2%	
The Johannesburg Fresh Produce Market (Pty) Ltd	44 190	54 065	50 137	5 947	12%	Various projects will only be finalised by 30 September 2007 and a 99% capital expenditure is expected.
The Johannesburg Civic Theatre (Pty) Ltd	941	525	525	(416)	Infinite	
The Johannesburg Zoo	2 312	2 400	2 400	88	Infinite	
City of Johannesburg Property Company (Pty) Ltd	3 161	3 500	3 250	89	3%	
Johannesburg Development Agency (Pty) Ltd	1 726	1 300	1 300	(426)	Infinite	
Metropolitan Trading Company (Pty) Ltd	541	300	300	(241)	Infinite	
City Power Johannesburg (Pty) Ltd	978 047	713 125	887 320	(90 727)	-10%	Recognition of leased assets in the current financial year
Johannesburg Water (Pty) Ltd	621 887	726 776	673 323	51 436	8%	Under expenditure occurred on the Operation Gcin' Amanzi project due to the delay in the award of contracts due to non-compliance with CIDB GRADE requirements. All contractors need to be registered with the Construction Industry Development Board (CIDB)
Pikitup Johannesburg (Pty) Ltd	43 371	51 645	46 645	3 274	7%	Under spending of CMIP grants received during the current financial year. The balance is expected to be spent during the 2007/08 financial year.
Johannesburg Roads Agency (Pty) Ltd	11 907	15 000	14 090	2 183	15%	There were delays in the installation of the new IT server.
Johannesburg City Parks	20 762	21 000	21 000	238	1%	Late deliveries from suppliers amounting to R2 million to be included in the 2007/08 financial statements
Johannesburg Social Housing Company	1 474	1 250	1 256	(218)	-17%	Repairs and maintenance for the leased building needed to be capitalised
Johannesburg Tourism Company	1 804	1 700	1 700	(104)	-6%	Additional funding was received and did not form part of the budget.
Johannesburg Metropolitan Bus Services (Pty) Ltd	128 210	7 500	124 413	(3 797)	-3%	
Roodepoort City Theatre	2 792	2 800	2 800	8	0%	
Johannesburg City Housing Company						
	3 435 783	3 193 219	3 468 368	32 585	1%	

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Appendix F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

GRANTS AND SUBSIDIES RECEIVED

Name of Grant	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay or withholding of Funds	Compliance with Division of Revenue Act Yes / No
		2006	2006	2006	2006	2007	2006	2006	2006	2006	2007	2006	2006	2006	2006	2007		
		R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000		
Municipal System Improvement Restructuring	Central Government		33 083	2 000	2 000	139 807	348		385	482	55 579					117 311		
Financial Management	Central Government		1 246						64	342	1 246							
Health Subsidy	Province	21 650	10 825		11 800	22 625	55 448	72 324	59 107	69 124	64 749							
HIV/AIDS	Province		3 049				4 851	570	663	903	877							
Social Projects	Province		1				6 481				305							6 176
Housing Projects	Province	8 313	56 313		30 628	17 896	14 872	111 282	8 515	33 101	23 635	(6 559)	(54 969)	(8 515)	(2 474)	(5 738)		
Planning Projects	Province		548													278		
Mayoral Aids Fund	Province	25	465	775	388	4	95				722							
DLG Funding	Province	1 500					176	259										
Dube Boxing Club	Dept: Sport,Rec A&C						46	529										Yes
Arthur Ash	Dept: Sport,Rec A&C	500					60	368										Yes
Poorrtjie Multi Purpose Centre	Dept: Sport,Rec A&C	1 200					105	1 084										Yes
Diepsloot Sport Complex	Dept: Sport,Rec A&C						8	103										Yes
White City Jabavi Lib	Dept: Sport,Rec A&C						22	42										Yes
Tshepisoong Multi Purpose	Dept: Sport,Rec A&C					1 200												Yes
Rand Stadium	Dept: Sport,Rec A&C				459	4 329					4 153							Yes
Dobsonville Stadium	Dept: Sport,Rec A&C				5 599	4 103												Yes
Orlando Stadium	Dept: Sport,Rec A&C			6 381	7 619													Yes
Geological Museum	Dept: Sport,Rec A&C										200							Yes
Upgrade Museum Africa	Dept: Sport,Rec A&C										182							Yes
Uncle Toms	Dept: Sport,Rec A&C					2 200												
Soccer City Upgrade	Central Government				25 317	102 159				21 502	131 518				3 816	(29 359)		
Ellis Park Upgrade	Central Government				1 000	4 000			160	840	1 700			(160)	160	2 300		
Equitable Share	Central Government	174 920	751 100		563 212	938 537	174 920	751 100		563 212	938 537							
Infrastructure Grant	Central Government	106 900						3 260										Yes
Infrastructure Grant	Province	42		60 031	17	124 042	42		31	17	42							Yes
Planning Projects	Jomet Consolidated Metropolitan Transport Fund			3 811				3 811										Yes
Alexandra renewal project	Province			10 526		49 013				10 526	49 013							
		315 050	856 630	84 024	648 039	1 421 247	246 712	944 825	69 165	700 745	1 273 756	(6 559)	(54 969)	(8 675)	1 502	90 968		

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

APPENDIX G

BANK BALANCES AND CASH AS AT 30 JUNE 2007

Description	Account Number	Bank Statement Balance			Cash Book Balance		
		30/06/2005	30/06/2006	30/06/2007	30/06/2005	30/06/2006	30/06/2007
Bank Accounts:							
ABSA: Primary Bank Account	405-439-4859	67,093	68,797	1,560	67,093	68,797	1,560
ABSA Ordinary Bank Account	405-439-8227	0	0	0	0	0	0
ABSA Stores Bank Accounts	405-439-8308	0	0	0	0	0	0
ABSA Licensing Bank Account	405-439-8405	0	0	0	0	0	2,444
ABSA Traffic Bank Account	405-439-8332	0	0	0	2,546	0	359
ABSA Civil Contracts Bank Account	405-439-8455	0	0	0	0	0	0
ABSA RSC Billing Bank Account	405-439-8439	0	0	0	0	0	0
ABSA Internal Collection Bank Account	405-439-8421	0	0	0	0	0	0
ABSA R/D Ordinary Bank Account	405-439-8578	0	0	0	0	0	0
ABSA Elec. Payments Costs Bank Account	405-439-8497	0	0	0	0	0	0
ABSA 3rd Party Banking Bank Account	405-439-8489	0	0	0	620	994	7,043
ABSA Elec. Payments Bank Account	405-439-8463	0	11,485	16,727	6,632	11,480	16,727
ABSA Elec. Payment R/D Bank Account	405-442-3511	0	0	0	0	0	43
ABSA Collections Bank Account	405-442-3561	0	0	0	6,571	4,438	15,329
ABSA R/D Bank Account	405-439-8502	0	0	0	0	0	265
ABSA RSC Contractors 1 Bank Account	405-448-6339	0	0	0	0	0	0
ABSA RSC Contractors 2 Bank Account	405-448-6355	0	0	0	0	0	0
ABSA RSC Contractors 4 Bank Account	405-546-3920	0	0	0	0	0	0
ABSA RSC Contractors 3 Bank Account	405-546-3881	0	0	0	0	0	0
ABSA RSC R/D Bank Account	405-546-4023	0	0	0	0	0	0
ABSA RSC Bank Charges Bank Account	405-546-4049	0	0	0	0	0	0
ABSA Traffic R/D Bank Account	405-715-4521	0	0	0	0	0	0
ABSA Licensing R/D Bank Account	405-715-4652	0	0	0	0	0	0
ABSA Bank Charges Ordinary Bank Account	405-715-4791	0	0	0	0	0	0
ABSA Licensing Bank Charges Bank Account	405877-9813	0	0	0	0	0	0
ABSA Traffic Bank Charges Bank Account	405-877-9994	0	0	0	0	0	0
ABSA Addis Ababa Bank Account	406-052-5145	679	196	92	679	196	92
ABSA Arts Alive Bank Account	405-785-5929	433	0	0	433	0	0
ABSA Danida Bank Account	405-987-7065	0	714	242	0	366	242
Fnb: Treasury Bank Account	620-12152-386	95	191	0	95	562	0
Fnb: Ordinary Bank Account	506-11838-621	0	0	0	0	0	0
Fnb: Licensing Bank Account	620-16397-178	0	0	0	0	0	0
Fnb: Traffic Bank Account	620-16397-326	0	0	0	0	0	0
ABSA - Cashier Deposit account	4054394655	6,369	7,652	19,481	9,054	7,652	18,442
ABSA - Trust account	4054423252	(1)	1	0	(63)	(3)	0
ABSA - Business account	4054394663	0	0	0	389	(160)	(1)
ABSA - RD cheque account	4054394689	1,042	472	366	1,042	472	366
ABSA - Salary account	4054394671	29	1	24	29	1	24
FNB Business account	62012471257	1,441	276	78	654	276	78
FNB Cashier deposit account	51390961353	0	0	0	786	0	0
ABSA - Bank charges account	4055150630	0	0	0	0	0	0
Treasury account - balance sweeps	4054394859	0	0	0	0	0	0
Current with Nedbank Limited	1,284,025,993	368	159	170	368	159	173
Current with Nedbank Limited	1,284,111,555	0	27	15	0	27	15
ABSA Deposit Account	4054400460	0	0	0	0	0	0
ABSA BANK - GAUTENG WEST	40 5439 4778	0	0	0	0	0	0
ABSA BANK - GAUTENG WEST	40 5442 3414	0	0	0	0	0	0
ABSA BANK - GAUTENG WEST	40 5990 8162	4	0	0	4	0	0
FIRST NATIONAL BANK	62,023,810,858	506	528	558	506	528	557
Johannesburg Development Agency	4054 394 825	0	0	0	0	0	0
Soweto Tourism Centre	4060 801 177	0	2,702	0	0	2,702	0
Industrial Development Corporation	4066 072 619	0	0	836	0	0	836

City of Johannesburg

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APPENDIX G

BANK BALANCES AND CASH AS AT 30 JUNE 2007

Description	Account Number	Bank Statement Balance			Cash Book Balance		
		30/06/2005	30/06/2006	30/06/2007	30/06/2005	30/06/2006	30/06/2007
ABSA CALL ACCOUNT	9,073,207,905	56	59	0	56	59	0
ABSA Current Account	4,050,839,158	0	0	0	0	0	0
ABSA: Third party payments	405-515-1157	0	0	0	0	0	0
ABSA: Electronic deposits	405-515-1238	0	0	0	0	0	0
ABSA: On site collections	405-479-9051	0	0	0	0	0	0
ABSA: Unpaid collections	405-479-9564	0	0	0	0	0	0
ABSA: Direct deposits	405-439-4728	0	0	0	0	0	0
ABSA: Unpaid cheques	405-439-4760	0	0	0	0	0	0
ABSA: Prepaid account	405-541-8357	0	0	0	0	0	0
ABSA: Sundry revenue accounts	405-463-6689	0	0	0	0	0	0
ABSA: Salaries account	405-439-4752	0	0	0	0	0	0
ABSA: Bank charges	405-439-4744	0	0	0	0	0	0
ABSA: Main cheque account	405-439-4736	0	0	0	0	0	0
ABSA: Expenditure	4,054,394,786	0	0	0	0	0	0
ABSA: Revenue	4,054,394,809	0	0	0	0	0	0
ABSA: Salaries	4,054,394,817	0	0	0	0	0	0
ABSA - Revenue 2 (Debtor deposits)	4,055,177,264	0	0	0	0	0	0
ABSA - Income (Sundry deposits)	4,054,394,702	0	0	0	0	0	0
ABSA - Expenditure	4,054,394,710	0	0	0	0	0	0
TRUST ACCOUNT	40-5439-8803	0	0	0	12	0	0
OPERATING ACCOUNT	40-5439-8772	0	0	0	0	0	0
SALARIES ACCOUNT	40-5439-8811	0	0	0	0	0	0
ABSA MAIN	4,054,428,422	0	0	0	0	0	0
ABSA CEMETERIES	4,054,428,391	0	0	0	0	0	0
ABSA - General account	4,058,050,233	948	4,905	0	355	1,662	1,540
ABSA - Grant accounts	4,059,925,738	122	128	0	122	128	0
ABSA	4,057,945,928	835	1,004	2,197	835	1,004	2,197
Main Account	4,054,394,833	0	0	0	0	(8,448)	(2,166)
Salary Account	4,054,394,841	0	0	0	0	0	0
ABSA Current :	0570142348	4	206	418	(10)	135	416
ABSA Computicket:	0570147854	6	46	5	6	46	5
ABSA Special Savings:	9097335459	2	2	2	2	2	2
ABSA Special Savings:	9099384175	990	627	1,154	990	627	1,155
Nedbank Current:	1905092075	48	48	19	31	48	19
ABSA	40 5853 6762	6	6	6	6	6	6
ABSA	40 5853 6005	4	4	4	4	4	4
ABSA	91 1288 7111	16	16	17	16	16	17
NEDBANK	15 1106 3270	90	90	99	89	89	99
NEDBANK	14 6909 5971	252	252	363	273	273	363
Petty Cash and Float Accounts		0	0	0	1,223	375	346
TOTAL		81,437	100,594	44,433	101,448	94,513	68,597

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

APPENDIX H1

DIRECTOR'S REMUNERATION AS AT 30 JUNE 2007

	Johannesburg Fresh Produce Market (Pty) Ltd R 000s	Johannesburg Civic Theatre (Pty) Ltd R 000s	Johannesburg Zoo R 000s	Johannesburg Property Company (Pty) Ltd R 000s	Johannesburg Development Agency (Pty) Ltd R 000s	Metropolitan Trading Company (Pty) Ltd R 000s	City Power Johannesburg (Pty) Ltd R 000s	Johannesburg Water (Pty) Ltd R 000s	Pikitup Johannesburg (Pty) Ltd R 000s	Johannesburg Roads Agency (Pty) Ltd R 000s	Johannesburg City Parks R 000s	Johannesburg Social Housing Company (Pty) Ltd R 000s	Johannesburg Tourism Company R 000s	Johannesburg Metropolitan Bus Services (Pty) Ltd R 000s	Roodepoot City Theatre R 000s
Directors' fees	574	302	324	114	750,522	433	896	1,304	408	898	672	651	499	1,219	489
Travel	0	0	0	0	0	0	92	0	0	0	0	0	0	0	0
Chief Executive Officer	1,717	1,140	1,284	1,026	1,091,896	644	1,475	2,097	1,619	1,003	1,417	879	872	1,625	702
Annual remuneration	1,615	891	933	825	887,470	597	1,127	1,089	1,134	899	1,235	839	530	1,445	702
Performance bonus	0	175	280	153	132,626	47	214	525	324	104	160	39	122	0	0
Car allowance	0	74	0	48	71,800	0	134	330	140	0	22	0	108	180	0
Contributions to UIF, medical and pension funds	102	0	71	0	0	0	0	153	21	0	0	1	112	0	0
Chief Finance Officer	682	490	338	0	921,367	640	1,399	0	879	413	1,076	909	676	375	373
Annual remuneration	571	391	202	0	756,500	640	896	0	690	328	777	723	386	351	373
Performance bonus	41	61	51	0	119,267	0	199	0	160	85	179	91	140	0	0
Car allowance	0	38	59	0	45,600	0	153	0	28	0	120	0	70	24	0
Contributions to UIF, medical and pension funds	70	0	26	0	0	0	151	0	1	0	0	95	80	0	0
Other Executive Directors	0	0	0	0	0	0	3,018	1,110	0	0	0	0	0	0	60
Annual remuneration	0	0	0	0	0	0	469	689	0	0	0	0	0	0	60
Performance bonus	0	0	0	0	0	0	557	114	0	0	0	0	0	0	0
Car allowance	0	0	0	0	0	0	0	189	0	0	0	0	0	0	0
Contributions to UIF, medical and pension funds	0	0	0	0	0	0	1,992	118	0	0	0	0	0	0	0
Senior Management	4,690	1,776	3,232	2,446	0	1,069	373	5,266	3,461	1,793	5,003	2,010	1,531	1,710	236
Annual remuneration	3,868	1,519	2,530	1,879	0	1,069	373	3,129	2,770	1,647	3,664	1,764	789	1,313	236
Performance bonus	160	71	348	251	0	0	0	532	221	146	870	164	252	0	0
Car allowance	0	186	79	316	0	0	0	971	324	0	469	0	217	397	0
Contributions to UIF, medical and pension funds	662	0	275	0	0	0	0	634	146	0	0	82	273	0	0

City of Johannesburg

Group Annual Financial Statements for the year ended 30 June 2007

APPENDIX H2

DIRECTOR'S REMUNERATION AS AT 30 JUNE 2006

	Johannesburg Fresh Produce Market (Pty) Ltd R 000s	Johannesburg Civic Theatre (Pty) Ltd R 000s	Johannesburg Zoo R 000s	Johannesburg Property Company (Pty) Ltd R 000s	Johannesburg Development Agency (Pty) Ltd R 000s	Metropolitan Trading Company (Pty) Ltd R 000s	City Power Johannesburg (Pty) Ltd R 000s	Johannesburg Water (Pty) Ltd R 000s	Pikitup Johannesburg (Pty) Ltd R 000s	Johannesburg Roads Agency (Pty) Ltd R 000s	Johannesburg City Parks R 000s	Johannesburg Social Housing Company (Pty) Ltd R 000s	Johannesburg Tourism Company R 000s	Johannesburg Metropolitan Bus Services (Pty) Ltd R 000s	Rooedeport City Theatre R 000s
Directors' fees	478	159	226	227	389	350	1,855	968	562	686	518	379	85	283	102
Travel	0	0	0	0	0	0	45	0	0	0	0	0	0	0	1
Chief Executive Officer	1,130	1,073	1,290	772	1,027	704	2,052	0	1,475	972	1,220	571	949	1,500	794
Annual remuneration	587	791	1,026	724	804	704	1,318	0	1,018	972	984	529	696	1,258	794
Performance bonus	8	164	264	0	158	0	513	0	286	0	203	0	68	0	0
Car allowance	300	86	0	48	62	0	98	0	140	0	32	42	108	180	0
Contributions to UIF, medical and pension funds	235	32	0	0	3	0	123	0	31	0	1	0	77	62	0
Chief Finance Officer	812	477	343	0	709	622	1,282	401	956	631	1,025	741	749	540	335
Annual remuneration	549	362	319	0	579	622	857	257	734	631	733	564	510	412	335
Performance bonus	0	56	24	0	0	0	167	23	153	0	171	23	51	0	0
Car allowance	194	36	0	0	112	0	140	74	68	0	120	154	70	108	0
Contributions to UIF, medical and pension funds	69	24	0	0	18	0	118	47	1	0	1	0	118	20	0
Other Executive Directors	0	0	0	0	0	0	5,855	1,791	0	0	0	0	0	0	0
Annual remuneration	0	0	0	0	0	0	3,691	982	0	0	0	0	0	0	0
Performance bonus	0	0	0	0	0	0	752	246	0	0	0	0	0	0	0
Car allowance	0	0	0	0	0	0	701	402	0	0	0	0	0	0	0
Contributions to UIF, medical and pension funds	0	0	0	0	0	0	711	161	0	0	0	0	0	0	0
Senior Management	3,610	1,567	3,140	2,449	870	508	11,177	2,628	2,631	2,569	4,494	1,690	522	1,388	221
Annual remuneration	2,274	1,151	2,691	1,884	532	508	7,213	1,617	1,649	2,569	3,373	1,346	377	907	221
Performance bonus	191	156	449	250	117	0	886	156	249	0	728	67	21	0	0
Car allowance	569	129	0	315	216	0	1,500	529	322	0	393	203	55	312	0
Contributions to UIF, medical and pension funds	576	131	0	0	5	0	1,578	326	411	0	0	74	69	169	0