



a world class African city

CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

General Information

MAYORAL COMMITTEE

EXECUTIVE MAYOR

Amos Masondo (Chairperson)
(1 JULY 2005 – 30 JUNE 2008)

COUNCILLORS

(1 JULY 2007 – 30 JUNE 2008)
Thomas Phakathi (Public Safety)
Ruby Mathang (Development Planning and Urban Management)
Nandi Mayathula - Khoza (Community Development)
Matshidiso Mfikoe (Health)
Rehana Moosajee (Transportation)
Prema Naidoo (Environment)
Strike Ralegoma (Housing)
Parks Tau (Finance)
Christine Walters (Corporate and Shared Services)
Ross Greeff (Infrastructure & Services)
Nkele Ntingane (Speaker of Council)
Bafana Sithole (Chief Whip)

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
61 Central Street
Houghton
2198

P O Box 91081
Auckland Park
2006

BANKERS

ABSA Bank Limited

CITY MANAGER

Mavela AV Dlamini

EXECUTIVE DIRECTOR: FINANCE

Mankodi Moitse

REGISTERED OFFICE

Metropolitan Centre,
Loveday Street,
Johannesburg
2001

Telephone:
+27 (0)11 407-6111
Facsimile:
+27 (0)11 339-5704

POSTAL ADDRESS

P O Box 1049
Johannesburg
2000

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Index

The reports and statements set out below comprise the group annual financial statements presented to the shareholder:

INDEX	PAGE
Municipal Manager's approval of the financial statements	4
Statement of Financial Position	5 - 6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8 - 11
Cash Flow Statement	12
Accounting Policies	13 - 28
Notes to the Group Annual Financial Statements	29 - 114
APPENDIX A: Schedule of External Loans	115
APPENDIX B: Analysis of Property, Plant and Equipment	119
APPENDIX C: Segmental Analysis of Property, Plant and Equipment	121
APPENDIX D: Segmental Statement of Financial Performance	123
APPENDIX E(1): Actual versus Budget (Revenue and Expenditure)	124
APPENDIX E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	125
APPENDIX F: Disclosures of Grants and subsidies in Terms of the Municipal Finance Management Act	126
APPENDIX G: Bank accounts	127
APPENDIX H: Directors remuneration	128

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Index

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
IPSAS	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)

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Municipal Manager's approval of annual financial statements

I am responsible for the preparation of these group annual financial statements, which are set out on pages 5 to 121, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 34 of these group annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

10 December 2008

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Financial Position as at June 30, 2008

	Note(s)	GROUP		CJMM	
		2008 R '000	2007 R '000	2008 R '000	2007 R '000
NET ASSETS AND LIABILITIES					
NET ASSETS					
Capital replacement reserve		104,162	102,712	104,162	102,712
Capitalisation reserve		358,811	389,120	358,811	389,120
Revaluation reserve		33,262	32,904	-	-
Government grant reserve		1,818,559	1,138,841	1,295,034	728,139
Donations and public contributions reserve		512,156	521,876	265,051	274,555
COID reserve		64,115	50,608	64,115	50,608
Accumulated Surplus		12,397,112	11,697,846	9,050,015	8,764,704
		15,288,177	13,933,907	11,137,188	10,309,838
LIABILITIES					
Non-Current Liabilities					
Long-term liabilities	3	8,080,931	6,033,812	7,960,469	5,879,986
Finance lease obligation	4	28,450	61,382	8,816	13,350
Unspent conditional grants and receipts	10	255,127	142,801	-	-
Deferred tax liability	11	44,878	14,899	-	-
Retirement benefit obligation	5	1,604,371	1,630,567	1,628,553	1,590,922
Non-current provisions	12	213,243	193,313	-	-
		10,227,000	8,076,774	9,597,838	7,484,258
Current Liabilities					
Current portion of long-term liabilities	3	170,263	136,974	136,899	98,869
Finance lease obligation	4	54,725	33,559	10,244	10,430
Current tax payable		19,988	2,469	-	-
Creditors	6	4,243,353	4,033,444	4,473,135	5,067,772
Consumer deposits	8	232,785	244,377	202,335	217,799
VAT payable	9	241,815	168,463	-	-
Unspent conditional grants and receipts	10	961,324	670,773	883,447	576,202
Current provisions	12	650,409	445,108	650,409	445,108
Bank overdraft	28	51,887	15,197	-	-
		6,626,549	5,750,364	6,356,469	6,416,180
Non-Current Liabilities		10,227,000	8,076,774	9,597,838	7,484,258
Current Liabilities		6,626,549	5,750,364	6,356,469	6,416,180
Liabilities of disposal groups		-	-	-	-
Total Liabilities		16,853,549	13,827,138	15,954,307	13,900,438
Equities		15,288,177	13,933,907	11,137,188	10,309,838
Liabilities		16,853,549	13,827,138	15,954,307	13,900,438
Total Net Assets and Liabilities		32,141,726	27,761,045	27,091,495	24,210,276

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Financial Position as at June 30, 2008

	Note(s)	GROUP		CJMM	
		2008 R '000	2007 R '000	2008 R '000	2007 R '000
ASSETS					
Non-Current Assets					
Biological assets	13	5,002	4,054	528	370
Investment property	14	1,133,003	1,134,900	1,055,610	1,057,087
Property, plant and equipment	15	22,953,520	19,598,269	13,881,374	12,066,176
Intangible assets	16	227,676	265,810	69,406	104,754
Investments in Municipal Entities	17	-	-	183,117	183,117
Investment in joint ventures	19	15,991	11,000	-	-
Investments in associates	20	2,390	2,253	-	-
Loans to Municipal Entities	18	-	-	5,295,717	5,080,769
Held to maturity investments	21	2,865,208	2,024,156	2,865,208	2,024,156
Non-current Receivables	23	74,776	44,960	74,776	44,960
Deferred tax asset	11	115,147	5,473	-	-
		27,392,713	23,090,875	23,425,736	20,561,389
Current Assets					
Inventories	24	117,568	122,859	31,648	27,763
Loans to Municipal Entities	18	-	-	491,346	406,844
Current tax receivable		5,626	7,690	-	-
Other loans and receivables	25	997,985	747,721	1,087,701	802,828
Consumer debtors	26	1,979,498	1,742,712	519,573	468,508
VAT receivable	9	257,989	285,011	188,364	224,221
Call investment deposits	27	920,467	1,687,490	905,955	1,674,439
Bank balances and cash	28	469,880	76,687	441,172	44,284
		4,749,013	4,670,170	3,665,759	3,648,887
Non-Current Assets		27,392,713	23,090,875	23,425,736	20,561,389
Current Assets		4,749,013	4,670,170	3,665,759	3,648,887
Non-current assets held for sale (and) (assets of disposal groups)		-	-	-	-
Total Assets		32,141,726	27,761,045	27,091,495	24,210,276

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Financial Performance

	Note(s)	GROUP		CJMM	
		2008 R '000	2007 R '000	2008 R '000	2007 R '000
Revenue					
Property rates	29	3,318,237	3,093,896	3,326,163	3,098,975
Service charges	30	8,189,607	7,407,203	404,189	281,135
Rental facilities and equipment		142,054	115,391	50,264	58,293
Interest earned - external investments		629,697	563,775	1,175,844	1,041,042
Interest earned - outstanding debtors		100,952	100,358	100,952	95,714
Fines		371,919	237,010	371,919	237,010
Licences and permits		1,231	967	1,231	967
Income from agency services		147,465	139,113	147,465	139,113
Government grants and subsidies	31	4,353,910	3,137,967	4,129,948	3,022,855
Public contributions, Donated and contributed property, plant and equipment		123,382	329,101	552	87,869
		17,378,454	15,124,781	9,708,527	8,062,973
		-	-	-	-
Other income	32	706,591	721,583	392,837	382,442
Surplus on disposal of property, plant and equipment		1,291	37,811	371	37,774
		17,378,454	15,124,781	9,708,527	8,062,973
		707,882	759,394	393,208	420,216
Total Revenue		18,086,336	15,884,175	10,101,735	8,483,189
Expenditure					
Employee related costs	33	(4,329,212)	(3,889,286)	(2,279,202)	(1,964,539)
Remuneration of councillors	34	(62,337)	(58,375)	(62,337)	(58,375)
Bad debts	35	(426,654)	(638,085)	(185,649)	(346,174)
Depreciation and amortisation	36	(800,361)	(880,930)	(428,072)	(504,216)
Repairs and maintenance		(403,260)	(257,354)	(90,783)	(60,793)
Interest paid		(852,125)	(836,759)	(753,514)	(750,957)
Bulk purchases	37	(4,376,141)	(3,956,200)	-	-
Contracted Services	38	(1,261,275)	(801,603)	(1,039,657)	(682,643)
Grants and subsidies paid	39	(1,434,351)	(539,974)	(3,274,431)	(2,334,996)
General expenses	40	(3,349,671)	(2,677,499)	(1,671,655)	(1,300,647)
(Impairments losses)/reversal of impairment losses	41	(51,225)	21,930	(47,062)	(72,768)
Loss on disposal of property, plant, plant and equipment		(15,255)	(30,651)	(14,186)	(28,752)
Total Expenditure		(17,361,867)	(14,544,786)	(9,846,548)	(8,104,860)
		724,469	1,339,389	255,187	378,329
		-	-	-	-
Surplus before taxation		724,469	1,339,389	255,187	378,329
Taxation	42	(57,640)	(255,398)	-	-
Surplus (deficit) before taxation		724,469	1,339,389	255,187	378,329
Taxation		(57,640)	(255,398)	-	-
Surplus for the year		782,109	1,594,787	255,187	378,329

Refer to Appendix E(1) for comparison with the approved budget

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Changes in Net Assets

	Note(s)	Capital replacement reserve	Capitalisation reserve	Revaluation reserve	Government grant reserve	Donations and public contributions reserve	COID reserve	Total reserves	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		98,783	439,360	4,073	757,108	466,191	38,596	1,804,111	9,633,027	11,437,138
Adjustments										
Prior year adjustments	48	(315)		1,869	10,502	884		12,940	390,585	403,525
Balance at July 1, 2006 as restated		98,468	439,360	5,942	767,610	467,075	38,596	1,817,051	10,023,612	11,840,663
Changes in equity										
Contribution to COID Reserve							27,207	27,207	(27,207)	-
COID claims processed							(15,195)	(15,195)	15,195	-
Revaluation reserve movement				26,962				26,962		26,962
Transfer to CRR		42,196						42,196	(42,196)	-
Assets found								-	211,394	211,394
Net income (expenses) recognised directly in equity		42,196	-	26,962	-	-	12,012	81,170	157,186	238,356
Surplus for the year								-	1,594,787	1,594,787
Total recognised income and expenses for the year		42,196	-	26,962	-	-	12,012	81,170	1,751,973	1,833,143
Capitalisation adjustment			(566)					(566)	566	-
PPE purchases from CRR		(37,952)						(37,952)	37,952	-
Capital grants used to purchase PPE					215,192			215,192	(215,192)	-
Donated/contributed PPE						89,081		89,081	(89,081)	-
Offsetting of depreciation			(49,674)		(104,062)	(34,280)		(188,016)	188,016	-
Assets under construction					260,101			260,101		260,101
Total changes		4,244	(50,240)	26,962	371,231	54,801	12,012	419,010	1,674,234	2,093,244
Opening balance as previously reported		102,712	389,120	32,904	1,138,841	521,876	50,608	2,236,061	11,714,194	13,950,255
Adjustments										
Prior year adjustments	48							-	(16,348)	(16,348)
Balance at July 1, 2007 as restated		102,712	389,120	32,904	1,138,841	521,876	50,608	2,236,061	11,697,846	13,933,907
Changes in equity										
Capitalisation adjustment			1,981		87,556	4,883		94,420	(73,041)	21,379
Contribution to COID Reserve							26,284	26,284	(26,284)	-
COID claims processed							(12,777)	(12,777)	12,777	-
Revaluation reserve movement				358				358	(358)	-
Transfer to CRR		135,422						135,422	(135,422)	-
Assets found								-	53,327	53,327
Net income (expenses) recognised directly in equity		135,422	1,981	358	87,556	4,883	13,507	243,707	(169,001)	74,706
Surplus for the year									782,109	782,109

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Changes in Net Assets

	Note(s)	Capital replacement reserve	Capitalisation reserve	Revaluation reserve	Government grant reserve	Donations and public contributions reserve	COVID reserve	Total reserves	Accumulated Surplus	Net Assets
		R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Total recognised income and expenses for the year		135,422	1,981	358	87,556	4,883	13,507	243,707	613,108	856,815
Asset disposal			(48)		(25)	(32)		(105)	105	-
PPE purchases from CRR		(133,972)						(133,972)	133,972	-
Capital grants used to purchase PPE					245,765			245,765	(245,765)	-
Donated/contributed PPE						1,093		1,093	(1,093)	-
Assets under construction					497,455			497,455		497,455
Offsetting of depreciation			(32,242)		(151,033)	(15,664)		(198,939)	198,939	-
Total changes		1,450	(30,309)	358	679,718	(9,720)	13,507	655,004	699,266	1,354,270
Balance at June 30, 2008		104,162	358,811	33,262	1,818,559	512,156	64,115	2,891,065	12,397,112	15,288,177

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Changes in Net Assets

	Note(s)	Capital replacement reserve	Capitalisation reserve	Revaluation reserve	Government grant reserve	Donations and public contributions reserve	COID reserve	Total reserves	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		98,783	439,360	-	503,084	207,860	38,596	1,287,683	7,833,042	9,120,725
Adjustments										
Prior year adjustments	48	(315)			10,502	884		11,071	328,218	339,289
Balance at July 1, 2006 as restated		98,468	439,360	-	513,586	208,744	38,596	1,298,754	8,161,260	9,460,014
Changes in net assets										
Contribution to COID Reserve							27,207	27,207	(27,207)	-
COID claims processed							(15,195)	(15,195)	15,195	-
Assets found								-	211,394	211,394
Transfer to CRR		42,196						42,196	(42,196)	-
Net income (expenses) recognised directly in equity Surplus for the year		42,196	-	-	-	-	12,012	54,208	157,186	211,394
								-	378,329	378,329
Total recognised income and expenses for the year		42,196	-	-	-	-	12,012	54,208	535,515	589,723
Capitalisation adjustment			(566)					(566)	566	-
PPE purchases from CRR		(37,952)						(37,952)	37,952	-
Capital grants used to purchase PPE					4,438			4,438	(4,438)	-
Donated/contributed PPE						87,890		87,890	(87,890)	-
Offsetting of depreciation			(49,674)		(49,986)	(22,079)		(121,739)	121,739	-
Business combinations					260,101			260,101		260,101
Total changes		4,244	(50,240)	-	214,553	65,811	12,012	246,380	603,444	849,824
Opening balance as previously reported		102,712	389,120	-	728,139	274,555	50,608	1,545,134	8,801,813	10,346,947
Adjustments										
Prior year adjustments	48							-	(37,109)	(37,109)
Balance at July 1, 2007 as restated		102,712	389,120	-	728,139	274,555	50,608	1,545,134	8,764,704	10,309,838
Changes in net assets										
Capitalisation adjustment			1,981		87,556	4,883		94,420	(73,041)	21,379
Contribution to COID Reserve							26,284	26,284	(26,284)	-
COID claims processed							(12,777)	(12,777)	12,777	-
Assets found								-	53,329	53,329
Transfer to CRR		135,422						135,422	(135,422)	-
Net income (expenses) recognised directly in equity Surplus for the year		135,422	1,981	-	87,556	4,883	13,507	243,349	(168,641)	74,708
									255,187	255,187
Total recognised income and expenses for the year		135,422	1,981	-	87,556	4,883	13,507	243,349	86,546	329,895
Asset disposal			(48)		(25)	(32)		(105)	105	-
PPE purchases from CRR		(133,972)						(133,972)	133,972	-
Capital grants used to purchase PPE					21,803			21,803	(21,803)	-
Donated/contributed PPE						507		507	(507)	-
Assets under construction					497,455			497,455		497,455

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Statement of Changes in Net Assets

	Note(s)	Capital replacement reserve	Capitalisation reserve	Revaluation reserve	Government grant reserve	Donations and public contributions reserve	COVID reserve	Total reserves	Accumulated Surplus	Net Assets
		R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Offsetting of depreciation			(32,242)		(39,894)	(14,862)		(86,998)	86,998	-
Total changes		1,450	(30,309)	-	566,895	(9,504)	13,507	542,039	285,311	827,350
Balance at June 30, 2008		104,162	358,811	-	1,295,034	265,051	64,115	2,087,173	9,050,015	11,137,188

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Cash Flow Statement

	Note(s)	GROUP		CJMM	
		2008 R '000	2007 R '000	2008 R '000	2007 R '000
Cash flows from operating activities					
Cash receipts from ratepayers, government and other		17,248,937	15,534,551	17,651,672	15,675,499
Cash paid to suppliers and employees		(14,787,030)	(11,539,764)	(17,321,136)	(13,202,300)
Cash generated from operations	43	2,461,907	3,994,787	162,189	2,473,199
Interest income		100,952	100,358	100,952	95,714
Interest income - external investments		629,697	563,775	1,175,844	1,041,042
Interest on external borrowings		(852,125)	(836,759)	(753,514)	(750,957)
Tax paid		(2,472)	(127,303)	-	-
Net cash from operating activities		2,337,959	3,694,858	685,471	2,858,998
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(4,129,353)	(3,308,793)	(2,230,537)	(1,474,564)
Sale of property, plant and equipment	15	14,539	86,833	2,794	42,869
Purchase of investment property	14	(223)	(200)	-	-
Sale of investment property	14	-	-	119	204
Purchase of other intangible assets	16	(13,189)	(126,645)	(46)	(97,949)
Sale of financial assets		(875,998)	(407,420)	(1,170,318)	(1,582,214)
Purchase of biological assets	13	(340)	(145)	(340)	(145)
(Increase) / decrease in call investment deposits		767,023	18,931	768,484	26,232
Net cash from investing activities		(4,237,541)	(3,737,439)	(2,629,844)	(3,085,567)
Cash flows from financing activities					
Increase in long-term liabilities		2,080,408	341,045	2,118,513	350,438
Movement in non-current provisions		199,035	(285,506)	242,932	(188,581)
Decrease finance lease payments - Non Current		(32,932)	(20,341)	(4,534)	(4,290)
Increase finance lease payments - Current		21,166	30,658	(186)	10,430
Increase / (decrease) in consumer deposits		(11,592)	26,567	(15,464)	15,821
Net cash from financing activities		2,256,085	92,423	2,341,261	183,818
Total cash movement for the year		356,503	49,842	396,888	(42,751)
Cash at the beginning of the year		61,490	11,648	44,284	87,035
Total cash at end of the year	28	417,993	61,490	441,172	44,284

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

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.

1.1 SIGNIFICANT JUDGEMENTS

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements. Significant judgements include:

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain of 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

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

1.5 COMPARATIVES INFORMATION

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

1.5.1 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.

1.6 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

1.7 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); 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 the 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, was 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.

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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

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.

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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

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.

1.10.5 Housing Subsidies

The City of Johannesburg Metropolitan Municipality provides housing subsidies in respect of certain qualifying staff members. In the event that the housing loan that the subsidy related to is not fully repaid at retirement date, the subsidy will continue into the members' retirement. The subsidy amount is based on the subsidy being received at the date of valuation. The subsidy amount is assumed to remain constant and to continue for a period of 10 years after retirement.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of City of Johannesburg Metropolitan Municipality who are entitled to benefits that relates to their service with the City of Johannesburg Metropolitan Municipality since the City of Johannesburg Metropolitan Municipality was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earns interest and against which the company may claim benefit payments made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the City of Johannesburg Metropolitan Municipality. 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.

1.10.6 Gratuities

The City of Johannesburg provides gratuities on retirement or prior death in respect of certain qualifying staff members who have service with the City of Johannesburg Metropolitan Municipality or City of Johannesburg Metropolitan Municipality when they were not members of one of the retirement funds and who meet certain service requirements in terms of the City of Johannesburg Metropolitan Municipality's conditions of employment. The gratuity amount is based on 1 month's salary per year of non-retirement funding service.

The liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of City of Johannesburg Metropolitan Municipality who are entitled to benefits that

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.10 RETIREMENT BENEFITS (continued)

relates to their service with the City of Johannesburg Metropolitan Municipality since the company was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earns interest and against which the company may claim benefit payments, made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the City of Johannesburg Metropolitan Municipality.

The expenditure is recognised in the statement of financial performance when the gratuity is due and payable.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.10 RETIREMENT BENEFITS (continued)

1.10.7 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 due and payable.

1.10.8 Purchase of services

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.

1.11 BIOLOGICAL ASSETS

Accounting for biological assets shall take place in accordance with the requirements of IAS 41.

The chief financial officer of Johannesburg Water (Pty) Ltd, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sale costs. Such valuation shall be undertaken by a recognized valuer in the line of the biological assets concerned. Losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in valuation shall be credited to the department or vote concerned as operating revenue.

Livestock and breeding stock are measured at their fair value estimated point-of-sale costs. The fair value is determined based on market prices of livestock of similar age, breed, and genetic merit, sold during the course of the year. Livestock is regarded as consumable biological assets. Management reviews the biological assets on a regular basis to determine which livestock are held as breeding stock to be sold.

If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the head of department concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record altogether, and such details shall reflect the information which the chief financial officer, in consultation with the head of department concerned and the internal auditor, deems necessary for accounting and control purposes.

The chief financial officer shall annually insure the CoJ's biological assets, in consultation with the head(s) of department concerned, provided the council of the CoJ considers such insurance desirable and affordable.

An entity shall recognise a biological asset when, and only when :

- successful completion of mandatory training programs.
- the fair value or cost of the asset can be measured reliably.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and accumulated impairment losses.

In the event of a loss of a biological asset e.g. death the biological asset shall be written off on SAP. Furthermore non-retirement processes must be followed.

Donated biological assets are not to be captured onto SAP prior to completion of the required training courses, which shall commence eighteen months after the donation.

Estimated useful lives shall be determined in accordance to Biological IAS 41, Property, Plant and Equipment GAMAP statement 17. Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Breeding stock	No depreciation
Bulls	No depreciation
Cows	No depreciation
Dogs	5 years
Horses	7 years

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.12 INVESTMENT PROPERTY

Investment properties, which are properties held to earn rental revenue or for capital appreciation, are stated at cost less accumulated impairment losses.

Cost model

Investment property is carried at cost less accumulated impairment losses.

No depreciation is provided on investment property.

1.13 PROPERTY, PLANT AND EQUIPMENT

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 could not be measured at its fair value, its cost are 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.

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 assets commence 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 sites, where historical experience indicates that restoration costs will be incurred; a liability for the site 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 is met.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.13 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Land and Buildings	
• Land	No depreciation
• Buildings	20 to 50 years
Infrastructure	
• Roads, pavements, bridges & storm water	10 - 30 years
• Reservoirs - water	20 years
• Water meters	10 years
• Water mains	15 - 100 years
• Electricity mains	40 - 85 years
• Electricity peak-load equipment	20 years
• Sewerage purification & reticulation	20 years
Community assets	
• Parks, gardens, sport fields & recreation	20 - 30 years
• Other	3 - 20 years
Heritage assets	
• Historic buildings	No depreciation
• Artwork	No depreciation
• Other	2 - 5 years
Specialised vehicles	
• Buses	10 - 33 years
Other assets	
• Other motor vehicles	3 - 7 years
• Furniture & fittings	7 - 10 years
• Bins & containers	5 - 10 years
• Emergency equipment	5 - 10 years
• Other plant & equipment	2 - 5 years
• Computer equipment	5 years
• Other office equipment	3 - 7 years
• Other land and buildings	30 years
• Security measures	3 - 5 years
• Work in progress	No depreciation

1.14 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.

1.15 INTANGIBLE ASSETS

Intangible assets are carried at cost less any 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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.15 INTANGIBLE ASSETS (continued)

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.

Item	Useful life
Additional capacity rights	10 years
Servitudes	Indefinite
Computer software	2 - 8 years

1.16 IMPAIRMENT OF ASSETS

The municipality assesses before each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period.
- tests goodwill acquired in a business combination for impairment annually.

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 recovered.

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 fair value less cost of disposal and its 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 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-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.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.16 IMPAIRMENT OF ASSETS (continued)

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

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Property, plant and equipment and other non-current, and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Financial Performance for the amount by which the carrying amount of the asset exceeds its recoverable amount, that is, the higher of the asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.17 FINANCIAL INSTRUMENTS

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

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.

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in surplus or deficit for the period.

Transaction costs are recognised in surplus or deficit. Dividend income is recognised in the statement of financial performance as part of other income when the municipality's right to receive payment is established.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group annual financial statements establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Derivatives

A derivative is a financial instrument whose value changes in response to an underlying variable, requires little or no

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.17 FINANCIAL INSTRUMENTS (continued)

initial investment and is settled at a future date. In particular, derivatives are accounted for as hedges, when the instrument is entered into with the intention to hedge risk on a particular transaction; the hedge instrument is effective in hedging against volatility in interest rates. The City uses derivative instruments for non-speculative purposes.

Derivatives are initially recognized at fair value and re-measured subsequently at fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models which consider current market and contractual prices for the underlying instruments as well as the time value of money.

The fair value of interest rate swaps is the estimated amount that the City would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

All derivative instruments are carried as trading assets when the fair value is positive and as trading liabilities when the fair value is negative and there is no off-setting. Realised and unrealized gains and losses are recognized in surplus or deficit. A corresponding asset (unrealized gains) or liability (unrealized losses) is raised on the balance sheet.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

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 surplus or deficit' category are included in the Statement of Financial Performance in the period in which they arise.

Hedging activities

The municipality designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);

The municipality documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The municipality also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note .

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.17 FINANCIAL INSTRUMENTS (continued)

recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of financial performance within 'other income'.

Amounts accumulated in equity are recycled in the statement of financial performance in the periods when the hedged item affects surplus or deficit (for example, when the forecast sale that is hedged takes place).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of financial performance within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the statement of financial performance within 'other income'.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of financial performance.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of financial performance within 'other income'.

1.18 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.

1.19 INVESTMENTS IN ASSOCIATES

Municipal annual financial statements

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received.

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20 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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.20 INVENTORIES (continued)

an expense in 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.

1.21 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:

1.21.1 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 liability is recognised.

1.21.2 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.21 REVENUE (continued)

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.

1.22 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.

1.23 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

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The 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 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.

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.

1.24 TAX

Current tax assets and liabilities

The tax currently payable is based on taxable income for the year. Taxable income differs from surplus as reported in the statement of financial performance, because it includes income and expenses that are taxable or tax deductible in

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.24 TAX (continued)

other years and it further excludes items that are never taxable or tax deductible.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus and is accounted for using the statement of financial position liability method.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- goodwill for which amortisation is not deductible for tax purposes; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Taxation

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

1.25 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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Accounting Policies

1.26 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.

1.27 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.

1.28 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these group annual financial statements, the following Standards of GRAP were in issue but not yet effective. (Effective first annual period commencing on or after 01 July 2008).

GRAP 4 - The effects of changes in Foreign Exchange Rates.

GRAP 5 - Borrowing Costs.

GRAP 6 - Consolidated and Separate Financial Statements.

GRAP 7 - Investment in Associate.

GRAP 9 - Revenue from Exchange Transactions.

GRAP 10 - Financial Reporting in Hyperinflationary Economies.

GRAP 11 - Construction Contracts.

GRAP 12 - Inventories.

GRAP 13 - Leases.

GRAP 14 - Events after the Reporting Date.

GRAP 16 - Investment Property.

GRAP 17 - Property, Plant and Equipment.

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets.

GRAP 100 - Non Current Assets held for Sale and Discontinued Operations.

GRAP 101 - Agriculture.

GRAP 102 - Intangible Assets.

These Standards are in line with the current standards applied by the City and has no material impact on the Group Annual Financial Statements.

3. LONG-TERM LIABILITIES

Liabilities

Structured loans	1,380,269	1,309,776	1,380,269	1,309,776
Funding facility	17,900	33,303	17,900	33,303
Development Bank South Africa	448,494	511,803	448,494	511,803
Local Registered Stock Loans	30,000	30,000	30,000	30,000
Listed bonds	5,856,865	3,730,000	5,856,865	3,730,000
Other financial liabilities	517,666	555,904	363,840	363,973
Sub-total	8,251,194	6,170,786	8,097,368	5,978,855
	-	-	-	-
	8,251,194	6,170,786	8,097,368	5,978,855

Current portion of long term liabilities

Structured loans	17,643	21,278	17,643	21,278
Funding facility	50,499	14,153	50,499	14,153
Development Bank South Africa	68,627	63,308	68,627	63,308

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
3. LONG-TERM LIABILITIES (continued)				
Other financial liabilities	33,494	38,235	130	130
Sub-total	170,263	136,974	136,899	98,869
All long term liabilities are classified as held to maturity.				
There were no defaults during the period of the interest, principal, sinking fund and on redemptions.				
Non-current liabilities				
Total external loans	8,080,931	6,033,812	7,960,469	5,879,986
Current liabilities				
At amortised cost	170,263	136,974	136,899	98,869
	8,080,931	6,033,812	7,960,469	5,879,986
	170,263	136,974	136,899	98,869
Total	8,251,194	6,170,786	8,097,368	5,978,855
Municipal Manager's estimate of fair value of the financial liabilities carried at amortised cost				
Structured loans	1,380,269	1,309,776	1,380,269	1,309,776
Funding facility	17,900	33,303	17,900	33,303
Development Bank of South Africa	448,494	511,082	448,494	511,082
Local Registered Stock Loans	30,000	30,000	30,000	30,000
Listed bonds	5,428,750	3,730,000	5,428,750	3,730,000
Jozi Bonds	156,865	-	156,865	-
Other	187,190	230,036	-	-
	7,649,468	5,844,197	7,462,278	5,614,161

The fair values of the financial liabilities were determined as follows:

Listed bonds fair values were calculated using the prices as quoted on Bond Exchange South Africa(BESA) on the 30 June 2008. Retail bonds fair values were calculated using prices quoted on the Johannesburg Stock Exchange(JSE) on the 30 June 2008.

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

R 2,656 billion (2007 : R 1,838 billion) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. Refer to Note 44.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
4. FINANCE LEASE OBLIGATION				
Minimum lease payments due				
- within one year	47,045	29,237	12,453	13,178
- in second to fifth year inclusive	24,970	65,472	15,870	12,847
Sub-total	72,015	94,709	28,323	26,025
less: future finance charges	(10,793)	(21,620)	(2,843)	(4,345)
Present value of minimum lease payments	61,222	73,089	25,480	21,680
Present value of minimum lease payments due				
- within one year	39,747	19,970	10,244	10,430
- in second to fifth year inclusive	13,264	53,890	6,695	11,250
Total	53,011	73,860	16,939	21,680
Non-current liabilities	28,450	61,382	8,816	13,350
Current liabilities	54,725	33,559	10,244	10,430
	83,175	94,941	19,060	23,780

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

The carrying values of the finance lease obligations are included under other property, plant and equipment in the note to the financial statements as well as appendix B (Reconciliation of property, plant and equipment).

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS

5.1.1. Post-Retirement Medical Aid Plan

City of Johannesburg Metropolitan Municipality has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. Only pensioners and employees who were aged 50 or older and were members of Lamaf.

The City of Johannesburg Metropolitan Municipality operates on 6 accredited medical aid schemes, namely Global Health, Hosmed, Munimed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	1,163,223	1,195,714	1,082,263	1,081,368
In respect of notional accounts for employees of ME's	-	-	106,608	97,358
	1,163,223	1,195,714	1,188,871	1,178,726

Movements for the year

Opening balance	1,195,714	1,173,932	1,081,368	1,048,813
Benefits paid	(78,379)	(77,096)	(52,183)	(73,694)
Net expense recognised in the Statement of financial performance	45,888	98,878	53,079	106,249
Balance at end of year	1,163,223	1,195,714	1,082,264	1,081,368

Net expense recognised in the Statement of financial performance

Current service cost	5,405	7,458	2,821	4,096
Interest cost	94,436	102,805	85,000	92,000
Actuarial (gains) losses	(53,953)	(11,385)	(34,742)	10,153
Total, included in employee benefits expense	45,888	98,878	53,079	106,249

Notional loan account

Opening balance	-	-	97,358	90,146
Interest received	-	-	9,249	7,212
Balance at end of year	-	-	106,607	97,358

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	- %	- %	9.50 %	8.00 %
Expected rate of return on assets	- %	- %	9.50 %	8.00 %
Rate of increase in employer post-retirement medical contribution subsidy payments	- %	- %	7.50 %	5.75 %
Expected increase in salaries	- %	- %	7.00 %	5.00 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

Other assumptions:

Age of spouse	-	Husbands 5 years older than wives
Mortality of in-service members	-	In accordance with the SA 85-90 (Light) ultimate table (rated down 3 years for females)
Mortality of pensioners	-	In accordance with the PA(90) ultimate male and female tables

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

5.1.2. Post-Retirement Housing Subsidy Plan

The City of Johannesburg Metropolitan Municipality provides housing subsidies in respect of certain qualifying staff members. In the event that the housing loan that the subsidy related to is not fully repaid at retirement date, the subsidy will continue into the members' retirement. The subsidy amount is based on the subsidy being received at the date of valuation. The subsidy amount is assumed to remain constant and to continue for a period of 10 years after retirement.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of City of Johannesburg Metropolitan Municipality who are entitled to benefits that relates to their service with the City of Johannesburg Metropolitan Municipality since the City of Johannesburg Metropolitan Municipality was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earned interest of R 146,000 (2005: R 72,000) and against which the company may claim benefit payments made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the City of Johannesburg Metropolitan Municipality.

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	7,946	11,374	6,214	8,837
In respect of notional accounts for employees of ME's	-	-	1,679	1,533
	7,946	11,374	7,893	10,370

Movements for the year

Opening balance	11,374	10,525	8,837	8,954
Benefits paid	(1,230)	(1,378)	(845)	(1,378)
Net expense recognised in the Statement of financial performance	(2,198)	2,227	(1,777)	1,261
Balance at end of year	7,946	11,374	6,215	8,837

Net expense recognised in the Statement of financial performance

Current service cost	50	99	-	228
Interest cost	377	370	174	48
Actuarial (gains) losses	(2,625)	1,758	(1,951)	985
	(2,198)	2,227	(1,777)	1,261

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
5. RETIREMENT BENEFITS (continued)				
Notional loan account				
Opening balance	-	-	1,535	1,421
Interest received	-	-	144	114
Balance at end of year	-	-	1,679	1,535

Key assumptions used

Assumptions used on last valuation on 22 July 2008.

Discount rates used	- %	- %	9.50 %	8.00 %
Expected rate of return on assets	- %	- %	9.50 %	8.00 %

Other assumptions.

5.1.3. Post-Retirement Gratuity Plan

The City of Johannesburg provides gratuities on retirement or prior death in respect of certain qualifying staff members who have service with the City of Johannesburg Metropolitan Municipality or City of Johannesburg Metropolitan Municipality when they were not members of one of the retirement funds and who meet certain service requirements in terms of the City of Johannesburg Metropolitan Municipality's conditions of employment. The gratuity amount is based on 1 month's salary per year of non-retirement funding service.

The above liability is unfunded. However, the City of Johannesburg Metropolitan Municipality has undertaken to cover such portion of the liability for the staff of City of Johannesburg Metropolitan Municipality who are entitled to benefits that relates to their service with the City of Johannesburg Metropolitan Municipality since the company was established. This amount was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earned interest of R 1 089 000 (2005: R Nil) and against which the company may claim benefit payments, made. This loan does not constitute a plan asset and in terms of IAS 19 cannot be offset against the liability. It has however been included in the assets of the City of Johannesburg Metropolitan Municipality.

The plan is a post-retirement gratuity benefit plan.

The amounts recognised in the Statement of Financial Position were determined as follows:

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	433,202	423,479	130,046	118,943
In respect of notional accounts for employees of ME's	-	-	301,743	282,883
Liability (Surplus) in the Statement of Financial Position	433,202	423,479	431,789	401,826

Movements for the year

Opening balance	423,479	431,396	118,943	126,459
Benefits paid	(24,854)	(20,054)	(3,670)	(7,099)
Net expense recognised in the Statement of financial performance	34,577	12,137	14,774	(417)
Balance at end of year	433,202	423,479	130,047	118,943

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

Net expense recognised in the Statement of financial performance

Interest cost	34,149	37,249	9,511	11,142
Actuarial (gains) losses	428	(25,112)	5,263	(11,559)
Total, included in employee benefits expense	34,577	12,137	14,774	(417)

Notional loan account

Opening balance	-	-	282,883	289,881
Interest received	-	-	25,920	23,593
Payments against account	-	-	(7,059)	(30,591)
Balance at end of year	-	-	301,744	282,883

Key assumptions used

Assumptions used on last valuation on 22 July 2008.

The principal actuarial assumptions used were as follows:

Discount rates used	- %	- %	9.50 %	8.00 %
Expected rate of return on assets	- %	- %	9.50 %	8.00 %
Expected increase in salaries	- %	- %	7.00 %	5.50 %

5.2. 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

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.

5.2.1. 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 in so far 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.

5.2.2. 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
5. RETIREMENT BENEFITS (continued)				
5.2.3. 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	- %	- %	10.75 %	9.00 %
Change in Benefit Obligation				
Benefit Obligation at 30 June 2007	-	-	282,838	238,717
Plus Interest Cost	-	-	25,455	21,485
Plus Service Cost	-	-	-	-
Actuarial (Gain) / Loss	-	-	(22,344)	22,636
Benefits Paid / Settlements	-	-	(1,021)	-
Benefit Obligation at 30 June 2008	-	-	284,928	282,838
Change in Assets of the Fund				
Fair Value of Assets at 30 June 2007	-	-	269,959	223,178
Plus Member Contributions	-	-	-	-
Plus Employer Contributions	-	-	-	-
Plus Expected Return on Assets	-	-	24,296	20,086
Actuarial Gain / (Loss)	-	-	(21,327)	26,695
Benefits Paid	-	-	-	-
Fair Value of Assets at 30 June 2008	-	-	272,928	269,959
Valuation Results				
Fair Value of Assets	-	-	272,928	269,959
Defined Benefit Obligation as at June 2008	-	-	(284,928)	(282,838)
Funded status	-	-	(12,000)	(12,879)
Asset limitation	-	-	-	-
Net obligation	-	-	(12,000)	(12,879)
Components of Periodic Cost				
Service Cost	-	-	-	-
Interest Cost	-	-	25,455	21,485
Expected Return on Assets	-	-	(24,296)	(20,086)
Recognised Actuarial (Gain) / Loss	-	-	(1,017)	(4,059)
Adjustment in asset limitation	-	-	-	-
Employees contributions/Settlements	-	-	(1,021)	-
Periodic Pension Cost / (Credit)	-	-	(879)	(2,660)

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

5.2.4. 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:

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

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.”

5.2.5. 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 (R)	1,249,712,000	15,629,150	1.4 %
Number of Pensioners	2,975	-	-
Annual Pensions (R)	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.

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)
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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

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.

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	38,118,412
Liabilities	(48,528,223)	(48,528,223)
Deficit	(10,409,811)	(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 %
1 July 2007 to 30 June 2008	1.1 %

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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
5. RETIREMENT BENEFITS (continued)				
Assumptions				
Expected Return on Assets			10.75 %	9.00 %
Change in Benefit Obligation				
Benefit Obligation at 30 June 2007			91,538	68,520
Plus Interest Cost			8,238	6,167
Plus Service Cost			-	-
Actuarial (Gain)/Loss			(7,231)	16,851
Benefits Paid			-	-
Benefit Obligation at 30 June 2008			92,545	91,538
Change in Assets of the Fund				
Fair Value of Assets			71,902	53,822
Plus Member Contributions			-	-
Plus Employer Contributions			-	-
Plus Expected Return on Assets			6,471	4,844
Actuarial Gain/(Loss)			(5,680)	13,236
Benefits Paid			-	-
Total Fair Value of Assets			72,693	71,902
Valuation Results				
Fair Value of Assets			72,693	71,902
Defined Benefit Obligation			(92,545)	(91,538)
Asset limitation			-	-
Net obligation			(19,852)	(19,636)
Components of Periodic Cost				
Service Cost			-	-
Interest Cost			8,238	6,167
Expected Return on Assets			(6,471)	(4,844)
Recognised Actuarial (Gain)/Loss			(1,551)	3,615
Adjustment in asset limitation			-	-
Employees contributions			-	-
Periodic Pension Cost			216	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 (R)	228,768,000	141,289,960	61.8 %
Number of Pensioners	51	31	-
Annual Pensions (R)	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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

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.

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)
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%.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

5. RETIREMENT BENEFITS (continued)

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	509,821,469
Liabilities	(529,623,018)	(529,623,018)
Deficit	(19,801,549)	(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.

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 %
1 July 2007 to 30 June 2008	1.1 %

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	10.75 %	9.00 %
Change in Benefit Obligation		
Benefit Obligation at 30 June 2007	967,302	795,514
Plus Interest Cost	87,057	71,596
Plus Service Cost	-	-
Actuarial (Gain)/Loss	(76,416)	100,192
Benefits Paid	-	-
Benefit Obligation at 30 June 2008	977,943	967,302
Change in Assets of the Fund		
Fair Value of Assets	931,150	772,174
Plus Member Contributions	-	-
Plus Employer Contributions	-	-
Plus Expected Return on Assets	83,804	69,496
Actuarial Gain/(Loss)	(73,561)	89,480
Total Fair Value of Assets	941,393	931,150

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
5. RETIREMENT BENEFITS (continued)				
Valuation Results				
Fair Value of Assets			941,393	931,150
Defined Benefit Obligation			(977,943)	(967,302)
Asset limitation			-	-
Net obligation			(36,550)	(36,152)
Components of Periodic Cost				
Service Cost			-	-
Interest Cost			87,057	71,596
Expected Return on Assets			(83,804)	(69,496)
Recognised Actuarial (Gain)/Loss			(2,855)	10,712
Adjustment in asset limitation			-	-
Employees contributions			-	-
Periodic Pension Cost			398	12,812

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
6. CREDITORS				
Trade payables	2,744,483	2,575,137	548,651	440,931
Payments received in advance	322,368	328,706	3,432	11,269
Accrued employee costs	243,856	263,011	142,585	162,875
Retentions	150,264	80,108	35,230	25,181
Credit balances in consumer debtors	481,575	576,049	423,206	484,415
Other creditors	300,807	210,433	528,811	421,797
Related party creditor	47 -	-	2,791,220	3,521,304
Total Creditors	4,243,353	4,033,444	4,473,135	5,067,772

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

7. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

GROUP - 2008

	Financial liabilities at amortised cost	Total
Other financial liabilities	8,080,931	8,080,931
Finance lease obligation	83,175	83,175
Trade and other payables	5,862,851	5,862,851
Bank overdraft	51,887	51,887
	14,078,844	14,078,844

GROUP - 2007

	Financial liabilities at amortised cost	Total
Other financial liabilities	6,033,812	6,033,812
Finance lease obligation	94,941	94,941
Trade and other payables	5,228,370	5,228,370
Bank overdraft	15,197	15,197
	11,372,320	11,372,320

CJMM - 2008

	Financial liabilities at amortised cost	Total
Loans from group companies	2,791,220	2,791,220
Other financial liabilities	7,960,469	7,960,469
Finance lease obligation	19,060	19,060
Trade and other payables	2,904,597	2,904,597
	13,675,346	13,675,346

CJMM - 2007

	Financial liabilities at amortised cost	Total
Loans from group companies	3,521,304	3,521,304
Other financial liabilities	5,879,986	5,879,986
Finance lease obligation	23,780	23,780
Trade and other payables	2,439,339	2,439,339
	11,864,409	11,864,409

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
8. CONSUMER DEPOSITS				
Electricity and water deposits	229,003	241,029	198,553	214,451
Other deposits	3,782	3,348	3,782	3,348
Total Deposits	232,785	244,377	202,335	217,799

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

9. VAT PAYABLE

VAT receivable	257,989	285,011	188,364	224,221
VAT payable	(241,815)	(168,463)	-	-
Nett VAT Payable	16,174	116,548	188,364	224,221

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

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Conditional Grants from other spheres of Government

Provincial grants: capital projects	688,521	409,271	688,521	409,271
Municipal infrastructure grant	159,462	55,090	159,462	55,090
Financial management grant	1,753	2,191	1,753	2,191
Provincial grants: operating projects	2,254	5,899	2,254	5,899
Municipal system improvement grant	24,723	5,639	4,282	5,639
Provincial grant : Soccer city 2010	1,871	77,576	1,871	77,576
Gautrain grant	1,095	-	1,095	-
Public contributions				
Public contributions	336,772	257,908	24,209	20,536
Total Conditional Grants and Receipts	1,216,451	813,574	883,447	576,202

Non-current liabilities	255,127	142,801	-	-
Current liabilities	961,324	670,773	883,447	576,202
	1,216,451	813,574	883,447	576,202

See Note 31 for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
11. DEFERRED TAX LIABILITY				
Deferred tax asset (liability)				
Deffered tax	(12,793)	(5,845)	-	-
Deferred Income	(1,338)	(4)	-	-
Retirement benefit obligation	909	1,034	-	-
Provisions	(18,111)	314	-	-
Trade and other receivables	1,034	2,361	-	-
Tax Losses Availabbe for set off against future taxable income	746	-	-	-
Fair value and armotised cost adjustments	139	35	-	-
Recognised in Equity	39	27	-	-
Property, Plant and Equipment	109,633	-	-	-
Leases	265	154	-	-
Trade and other payables	591	721	-	-
Other Deferred Tax	(1,825)	329	-	-
Temporary difference	(9,021)	(8,551)	-	-
	70,268	(9,425)	-	-
Reconciliation of deferred tax asset/(liability)				
At beginning of the year	(9,130)	(1,640)	-	-
Movement in temporary timing differences	75,601	3,800	-	-
Prior year overprovisions	5,380	31,775	-	-
Leases	8,632	(1,639)	-	-
Income received in advance	(25,308)	4,435	-	-
Liabilities for health care benefits	21,535	(105)	-	-
Trade & other payable	(6,441)	(46,052)	-	-
	70,269	(9,426)	-	-
Deferred Tax Summary				
Deferred tax liability	(60,746)	(29,907)	-	-
Deferred tax asset	91,737	73,035	-	-
	30,991	43,128	-	-

12. PROVISIONS

Reconciliation of provisions - GROUP - 2008	Opening Balance	Additions	Utilised	Total
Environmental rehabilitation: Closed landfill site	72,338	7,457	-	79,795
Environmental rehabilitation: Open landfill site	120,975	12,437	-	133,448
Other provisions	445,108	205,301	-	650,409
	638,421	225,195	-	863,652
Reconciliation of provisions - GROUP - 2007	Opening Balance	Additions	Utilised	Total
Environmental rehabilitation: Closed landfill site	2,000	70,338	-	72,338

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
12. PROVISIONS (continued)				
Environmental rehabilitation: Open landfill site	175,270	15,931	(70,226)	120,975
Other provisions	413,599	31,509	-	445,108
	590,869	117,778	(70,226)	638,421
Reconciliation of provisions - CJMM - 2008	Opening Balance	Additions	Utilised	Total
Other provisions	445,108	205,301	-	650,409
Reconciliation of provisions - CJMM - 2007	Opening Balance	Additions	Utilised	Total
Other provisions	413,599	31,509	-	445,108
The provision is management's best estimate of the future performance bonus payout in respect of the past year based on past experience.				
Non-current liabilities	213,243	193,313	-	-
Current liabilities	650,409	445,108	650,409	445,108
	863,652	638,421	650,409	445,108

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

13. BIOLOGICAL ASSETS

GROUP	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Breeding stock	4,474	-	4,474	3,684	-	3,684
Dogs	285	(119)	166	214	(115)	99
Horses	536	(174)	362	403	(132)	271
Total	5,295	(293)	5,002	4,301	(247)	4,054

CJMM	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Dogs	285	(119)	166	214	(115)	99
Horses	536	(174)	362	403	(132)	271
Total	821	(293)	528	617	(247)	370

Reconciliation of biological assets - GROUP - 2008

	Opening Balance	Additions	Disposals	Revaluations	Depreciation	Total
Breeding stock	3,684	-	(1,372)	2,162	-	4,474
Dogs	99	139	(29)	-	(43)	166
Horses	271	201	(33)	-	(77)	362
Total	4,054	340	(1,434)	2,162	(120)	5,002

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

Figures in Rand thousand

13. 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 - CJMM - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Dogs	99	139	(29)	(43)	166
Horses	271	201	(33)	(77)	362
	370	340	(62)	(120)	528

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
13. BIOLOGICAL ASSETS (continued)				
Non – Financial information				
Quantities of each biological asset				
Breeding stock	217	173	-	-
Cattle/ Sheep	21	7	-	-
Pigs	638	454	-	-
Dogs	68	75	68	75
Horses	22	20	22	20
	966	729	90	95

Methods and assumptions used in determining fair value

The fair value of livestock is determined based on market prices of livestock of a similar age, breed, and genetic merit, sold on auction in June of that year.

14. INVESTMENT PROPERTY

GROUP	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,212,456	(79,453)	1,133,003	1,212,352	(77,452)	1,134,900
CJMM	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,059,933	(4,323)	1,055,610	1,060,052	(2,965)	1,057,087

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

14. INVESTMENT PROPERTY (continued)

Reconciliation of investment property - GROUP - 2008

	Opening Balance	Additions	Disposals	Impairments	Depreciation	Total
Investment property	1,134,900	223	(119)	(643)	(1,358)	1,133,003

Reconciliation of investment property - GROUP - 2007

	Opening Balance	Additions	Disposals	Other changes, movements	Impairments	Depreciation	Total
Investment property	1,073,162	200	(204)	49,736	13,464	(1,458)	1,133,003

Reconciliation of investment property - CJMM - 2008

	Opening Balance	Disposals	Depreciation	Total
Investment property	1,057,087	(119)	(1,358)	1,055,610

Reconciliation of investment property - CJMM - 2007

	Opening Balance	Disposals	Other changes, movements	Depreciation	Total
Investment property	1,008,616	(204)	50,133	(1,458)	1,057,087

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the municipality.

Refer to Appendix B for more detail on Investment property.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

15. PROPERTY, PLANT AND EQUIPMENT

GROUP	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	10,367,596	(1,520,547)	8,847,049	10,244,990	(1,344,752)	8,900,238
Infrastructure	4,999,698	(918,255)	4,081,443	4,447,296	(815,568)	3,631,728
Community assets	470,438	(153,936)	316,502	461,954	(126,888)	335,066
Heritage assets	110,712	(21,688)	89,024	110,637	(5,608)	105,029
Specialised vehicles	506,773	(258,965)	247,808	507,101	(222,593)	284,508
Other assets	5,462,827	(1,450,730)	4,012,097	4,923,330	(1,133,086)	3,790,244
Work-in-progress	5,359,597	-	5,359,597	2,551,456	-	2,551,456
Total	27,277,641	(4,324,121)	22,953,520	23,246,764	(3,648,495)	19,598,269

CJMM	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	9,432,579	(1,177,298)	8,255,281	9,347,021	(1,055,615)	8,291,406
Infrastructure	2,464,033	(720,790)	1,743,243	2,412,385	(663,201)	1,749,184
Community	470,441	(153,939)	316,502	461,954	(126,888)	335,066
Other property, plant and equipment	810,298	(435,846)	374,452	697,962	(309,385)	388,577
Heritage	98,085	(20,180)	77,905	98,092	(4,115)	93,977
Work-in-progress	3,113,991	-	3,113,991	1,207,966	-	1,207,966
Total	16,389,427	(2,508,053)	13,881,374	14,225,380	(2,159,204)	12,066,176

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - GROUP - 2008

	Opening Balance	Additions	Disposals	Found assets @ Fair Value	Transfers	Revaluations	Depreciation	Impairment deficit	Total
Land and buildings	8,900,238	50,617	(6,868)	50,621	30,586	-	(152,894)	(25,251)	8,847,049
Infrastructure	3,631,728	323,400	(8)	8	310,412	-	(180,215)	(3,883)	4,081,442
Community assets	335,066	8,501	1	-	173	-	(23,009)	(4,229)	316,503
Heritage assets	105,029	637	(559)	-	(3)	-	(60)	(16,021)	89,023
Specialised vehicles	284,508	5,877	(2,565)	-	-	-	(38,928)	(1,084)	247,808
Other assets	3,790,244	255,258	(16,247)	2,699	314,393	2	(334,142)	(109)	4,012,098
Work-in-progress	2,551,456	3,485,063	-	-	(676,922)	-	-	-	5,359,597
	19,598,269	4,129,353	(26,246)	53,328	(21,361)	2	(729,248)	(50,577)	22,953,520

Reconciliation of property, plant and equipment - GROUP - 2007

	Opening Balance	Additions	Disposals	Found assets @ Fair Value	Transfers	Revaluations	Depreciation	Impairments	Total
Land and buildings	8,609,943	113,568	(42,947)	203,767	170,433	18,431	(157,915)	(15,042)	8,900,238
Infrastructure	5,884,161	417,853	8,133	-	(2,362,124)	-	(316,295)	-	3,631,728
Community assets	564,835	9,530	(378)	-	(161,217)	-	(77,704)	-	335,066
Heritage assets	105,040	184	-	-	880	-	178	(1,253)	105,029
Specialised vehicles	201,395	122,605	(186)	-	(200)	-	(38,425)	(681)	284,508
Other assets	869,356	199,648	(42,955)	7,627	2,985,000	8,531	(202,836)	(34,127)	3,790,244
Work-in-progress	820,512	2,445,405	-	-	(714,461)	-	-	-	2,551,456
	17,055,242	3,308,793	(78,333)	211,394	(81,689)	26,962	(792,997)	(51,103)	19,598,269

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Disposals	Found assets @ fair value	Transfers	Depreciation	Impairment deficit	Total
Buildings	8,291,406	42,942	(6,868)	50,621	1,234	(98,799)	(25,255)	8,255,281
Infrastructure	1,749,184	51,649	(8)	8	81,411	(135,118)	(3,883)	1,743,243
Community	335,066	8,501	1	-	173	(23,010)	(4,229)	316,502
Other property, plant and equipment	388,577	120,157	(9,114)	2,699	14,413	(130,751)	(11,529)	374,452
Heritage	93,977	555	(558)	-	(3)	(46)	(16,020)	77,905
Work-in-progress	1,207,966	2,006,733	-	-	(100,708)	-	-	3,113,991
	12,066,176	2,230,537	(16,547)	53,328	(3,480)	(387,724)	(60,916)	13,881,374

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Disposals	Found assets @ fair value	Transfers	Depreciation	Impairment deficit	Total
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	446,380	74,072	611	7,627	1,074	(106,811)	(34,376)	388,577
Heritage	105,040	184	-	-	(10,172)	178	(1,253)	93,977
Work-in-progress	53,030	1,160,874	-	-	(5,938)	-	-	1,207,966
	10,966,441	1,474,564	(33,847)	211,394	(50,133)	(450,678)	(51,565)	12,066,176

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
15. PROPERTY, PLANT AND EQUIPMENT (continued)				
Assets subject to finance lease (Net carrying amount)				
Included within :				
Buildings	6,961	7,464	-	-
Other property, plant and equipment				
- Office Equipment	27,269	28,184	14,926	18,618
- Vehicles	470	1,909	-	-
- Bins and containers	21,462	30,942	-	-
	56,162	68,499	14,926	18,618

Refer to Appendix B for more detail on Property, plant and equipment.

16. INTANGIBLE ASSETS

GROUP	2008			2007		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Additional capacity rights	80,149	(8,580)	71,569	80,149	(6,613)	73,536
Servitudes	901	-	901	901	-	901
Computer software	438,512	(283,306)	155,206	410,038	(218,665)	191,373
Total	519,562	(291,886)	227,676	491,088	(225,278)	265,810

CJMM	2008			2007		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	239,223	(169,817)	69,406	239,176	(134,422)	104,754

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

Figures in Rand thousand

16. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - GROUP - 2008

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment deficit	Total
Additional capacity rights	73,536	-	-	-	(1,967)	-	71,569
Servitudes	901	-	-	-	-	-	901
Computer software	191,373	13,189	(703)	19,019	(67,667)	(5)	155,206
	265,810	13,189	(703)	19,019	(69,634)	(5)	227,676

Reconciliation of intangible assets - GROUP - 2007

	Opening Balance	Additions	Disposals	Classified as held for sale	Transfers	Foreign exchange movements	Other changes, movements	Amortisation	Impairment deficit	Total
Additional capacity rights	54,364	21,026	-	-	-	-	-	(1,854)	-	73,536
Servitudes	690	-	-	211	-	-	-	-	-	901
Computer software	186,667	105,619	(193)	1,289	24	16,769	6	(84,528)	(34,280)	191,373
	241,721	126,645	(193)	1,500	24	16,769	6	(86,382)	(34,280)	265,810

Reconciliation of intangible assets - CJMM - 2008

	Opening Balance	Additions	Transfers from work-in-progress	Amortisation	Impairment deficit	Total
Computer software	104,754	46	3,480	(38,869)	(5)	69,406

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM		
	2008 R '000	2007 R '000	2008 R '000	2007 R '000	
17. INVESTMENTS IN MUNICIPAL ENTITIES					
Name of company		% holding 2008	% holding 2007	Carrying amount 2008	Carrying amount 2007
City of Johannesburg Property Company (Pty) Ltd		100.00 %	100.00 %	1	1
City Power Johannesburg (Pty) Ltd		100.00 %	100.00 %	112,466	112,466
Johannesburg City Parks *		100.00 %	100.00 %	-	-
Johannesburg Development Agency (Pty) Ltd		100.00 %	100.00 %	6,623	6,623
Johannesburg Metropolitan Bus Services (Pty) Ltd		100.00 %	100.00 %	41,048	41,048
Johannesburg Roads Agency (Pty) Ltd		100.00 %	100.00 %	1	1
Johannesburg Social Housing Company (Pty) Ltd *		100.00 %	100.00 %	-	-
Johannesburg Tourism Company *		100.00 %	100.00 %	-	-
Johannesburg Water (Pty) Ltd		100.00 %	100.00 %	1	1
Metropolitan Trading Company (Pty) Ltd		100.00 %	100.00 %	2,977	2,977
Pikitup Johannesburg (Pty) Ltd *		100.00 %	100.00 %	-	-
Roodepoort City Theatre *		100.00 %	100.00 %	-	-
The Johannesburg Civic Theatre (Pty) Ltd *		100.00 %	100.00 %	-	-
The Johannesburg Fresh Produce Market (Pty) Ltd		100.00 %	100.00 %	20,000	20,000
The Johannesburg Zoo *		100.00 %	100.00 %	-	-
				<u>183,117</u>	<u>183,117</u>

* Nominal amount held

The City of Johannesburg Metropolitan Municipality holds 100% of the shares in the municipal entities. There was no changes in the shareholding from 30 June 2007 to 30 June 2008.

Refer to the impairments note 41 , 47 for, details of investments that have been impaired.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
18. LOANS TO/FROM MUNICIPAL ENTITIES				
Shareholder loans				
City of Johannesburg Property Company (Pty) Ltd Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	6,235	6,235
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 16%, Maturity = No set date for repayment	-	-	624,793	624,793
Johannesburg City Parks Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	28,098	28,240
Johannesburg Development Agency (Pty) Ltd Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	81,250	81,432
Johannesburg Metropolitan Bus Services (Pty) Ltd Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	13,726	13,726
Johannesburg Roads Agency (Pty) Ltd Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	39,064	35,981
Johannesburg Tourism Company Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	4,166	3,456
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 15%, Maturity = No set date for repayment	-	-	649,923	649,923
Metropolitan Trading Company (Pty) Ltd Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	94,994	95,638
Roodepoort City Theatre Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	2,179	5,097
The Johannesburg Fresh Produce Market (Pty) Ltd Terms and conditions: Rate = 15%, Maturity = 30 June 2017	-	-	18,000	24,000
The Johannesburg Zoo Terms and conditions: Rate = 0%, Maturity = No set date for repayment	-	-	2,847	1,867
	-	-	1,565,275	1,570,388

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
18. LOANS TO/FROM MUNICIPAL ENTITIES (continued)				
Conduit and additional loans				
City of Johannesburg Property Company (Pty) Ltd Terms and conditions: Rate = 12.21%, Maturity = 30 June 2011	-	-	3,412	-
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate range = 10.2 % to 17.5%, Maturity = 30 June 2017	-	-	2,406,557	2,082,057
Johannesburg Metropolitan Bus Services (Pty) Ltd Terms and conditions: Rate = 9%, Maturity = 30 June 2017	-	-	126,046	131,247
Johannesburg Roads Agency (Pty) Ltd Terms and conditions: Rate = 12.09%, Maturity = 31 July 2010	-	-	7,348	10,270
Johannesburg Water (Pty) Ltd Terms and conditions: Rate range = 10.2 % to 17.5%, Maturity = 30 June 2016	-	-	1,367,505	1,485,360
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate range = 10.2 % to 17.5%, Maturity = 30 June 2016	-	-	103,882	91,758
The Johannesburg Fresh Produce Market (Pty) Ltd Terms and conditions: Rate range = 10.2 % to 17.5%, Maturity = 30 June 2016	-	-	207,038	116,533
	-	-	4,221,788	3,917,225
All loans are repayable as per terms and conditions reflected above.	-	-	5,787,063	5,487,613
Non-current assets	-	-	5,295,717	5,080,769
Current assets	-	-	491,346	406,844
	-	-	5,787,063	5,487,613

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

18. LOANS TO/FROM MUNICIPAL ENTITIES (continued)

Credit quality of loans to group companies

The credit quality of municipal entities is not determined on an individual basis. The credit rating is done at a group level.

Credit rating

A+	-	-	5,787,063	5,487,613
----	---	---	-----------	-----------

Fair value of loans to and from group companies

The carrying amount is a reasonable approximation of the fair value.

Reconciliation of provision for impairment of loans to group companies

Opening balance	-	-	287,824	300,901
Reversal	-	-	(13,859)	(13,077)
	-	-	273,965	287,824

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance. No loans are currently past due, all loan repayments were done in terms of the loan agreements.

Note 41 details the loans which have been impaired

19. INVESTMENT IN JOINT VENTURES

Name of company	% holding 2008	% holding 2007	Carrying amount 2008	Carrying amount 2007
Joint Venture - Madulamoho	55.00 %	55.00 %	16,006	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.

The carrying amounts of Joint venture is shown at cost and not consolidated as at the date of preparation of the annual financial statements the Joshco Madulamoho Joint Venture's annual financial statements was not available. The opening balance was R11,000,000 and the movement for the year R 5,000,795 and the closing balance is R16,005,795.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
20. INVESTMENTS IN ASSOCIATES				
Name of company		% holding % holding	Carrying amount	Carrying amount
		2008 2007	2008	2007
Fried shelf 128 (Pty) Ltd		50.00 % 50.00 %	2,253	1,859
Greater Newtown Development Company (Pty) Ltd		23.00 % 23.00 %	-	-
Constitutional Hill Development Company (Pty) Ltd		13.00 % 13.00 %	-	-
			<u>2,253</u>	<u>1,859</u>

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

Fried shelf 128 (Pty) Ltd

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.

Greater Newtown Development Company (Pty) Ltd and Constitutional Hill Development Company (Pty) Ltd

The assignment of shares agreement between Johannesburg Development Agency (Pty) Ltd and City of Johannesburg Metropolitan Municipality was signed on 30 October 2007. The shareholding in the two development companies was assigned back to the City of Johannesburg Metropolitan Municipality and the their relevant investments have been fully impaired.

Associates with different reporting dates

The financial year end of Fried shelf 128 (Pty) Ltd is 28 February, Greater Newtown Development Company (Pty) Ltd and Constitutional Hill Development Company (Pty) Ltd is 31 March.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
21. HELD TO MATURITY INVESTMENTS				
Held to maturity - Listed Securities				
Other financial assets	2,865,208	2,024,156	2,865,208	2,024,156
	-	-	-	-
	-	-	-	-
	2,865,208	2,024,156	2,865,208	2,024,156
	-	-	-	-
Non-current assets				
Held to maturity *	2,865,208	2,024,156	2,865,208	2,024,156
Non-current assets	2,865,208	2,024,156	2,865,208	2,024,156
Current assets	-	-	-	-

	Amortised Cost	Market Values	Amortised Cost	Market Values
Eskom L168 11,00% Maturity - 01.06.2009	35	35	35	35
Jozi Bond Buyback Maturity - 27.09.2012	26,564	26,564	26,564	26,564
ABSA Investment Maturity - 20.12.2012	106,525	106,525	106,525	106,525
SMB Long Term Investment Maturity - 31.08.2013	22,905	22,905	22,905	22,905
Investment : RMB - E Maturity - 30.11.2014	33,219	33,219	33,219	33,219
Investment : RMB - E Maturity - 31.12.2012	636,923	636,923	636,923	636,923
Investment : RMB R10 Maturity - 30.11.2014	34,967	34,967	34,967	34,967
STD Bank: (AB0104/1) Maturity - 04.08.2009	181,981	170,807	181,981	170,807
STD Bank: (2496) Maturity - 30.11.2011	39,728	39,728	39,728	39,728
INCA & STD Bank Red Maturity - 30.06.2011	34,949	34,949	34,949	34,949
ABSA Sinking Fund 20 Maturity - 05.06.2018	1,714,724	1,714,724	1,714,724	1,714,724
Fixed Deposit - RMB Maturity - 30.11.2014	32,689	32,689	32,689	32,689
	2,865,209	2,854,035	2,865,209	2,854,035

Non-Current assets	Amortised Cost 2008	Amortised Cost 2007	Amortised Cost 2008	Amortised Cost 2007
Held to maturity *	2,865,209	2,024,155	2,865,209	2,024,155

The fair values of the financial assets were determined as follows:

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

21. HELD TO MATURITY INVESTMENTS (continued)

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

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

The total amount of change in fair value, estimated using discounted cash flow analysis.

The total investments pledged as collateral for CJMM Bonds

	Amortised Cost	Market Values	Amortised Cost	Market Values
Bond Redemption Fund Maturity - 05.06.2018	1,714,724	1,714,724	1,714,724	1,714,724

The investments pledged as collateral cannot be sold until the related liability is settled in full.

	Amortised Cost	Market Values	Amortised Cost	Market Values
RMB R95m Maturity - 30.11.2014	33,219	33,219	33,219	33,219
RMB R248m Maturity - 31.12.2012	636,923	636,923	636,923	636,923
RMB R100m Maturity - 30.11.2014	34,967	34,967	34,967	34,967
RMB - Security Deposit Maturity - 30.11.2014	32,689	32,689	32,689	32,689
	737,798	737,798	737,798	737,798

Investments at fair value

Listed - at fair value

	Amortised Cost	Market Values	Amortised Cost	Market Values
Eskom L168 11,00% Maturity - 01.06.2009	35	35	35	35
STD Bank: (AB0104/1) Maturity - 04.08.2009	181,981	170,807	181,981	170,807
	182,016	170,842	182,016	170,842

There were no gains or losses realised on the disposal of held to maturity financial assets in 2008 and 2007, as all the financial assets were disposed of at their redemption date.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

21. HELD TO MATURITY INVESTMENTS (continued)

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Held to maturity instruments

	Amortised Cost	Market Values	Amortised Cost	Market Values
Eskom L168 11,00% Rating - (AAA)	35	35	35	35
Jozi Bond Buyback Rating - (A-)	26,417	26,417	26,417	26,417
ABSA Investment Rating - (AAA)	106,525	106,525	106,525	106,525
SCMB Long Term Investment Rating - (A-)	22,905	22,905	22,905	22,905
Investment : RMB - E Rating - (AAA)	33,219	33,219	33,219	33,219
Investment : RMB - E Rating - (AAA)	636,923	636,923	636,923	636,923
Investment : RMB R10 Rating - (AAA)	349,673	34,967	349,673	34,967
Share Capital UAC'S Rating - (A+)	183,117	183,117	183,117	183,117
STD Bank: (AB0104/1) Rating - (A-)	181,981	170,807	181,981	170,807
STD Bank: (2496) Rating - (A-)	39,728	39,728	39,728	39,728
INCA & STD Bank Red Rating - (A-)	34,949	34,949	34,949	34,949
ABSA Sinking Fund 20 Rating - (BBB+)	1,714,724	1,714,724	1,714,724	1,714,724
Fixed Deposit - RMB Rating - (AAA)	32,689	32,689	32,689	32,689
	3,362,885	3,037,005	3,362,885	3,037,005

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

21. HELD TO MATURITY INVESTMENTS (continued)

Loans and receivables

	Amortised Cost	Market Values	Amortised Cost	Market Values
Fixed Deposits STD Bank Rating - (F1+)	2,527	2,527	2,527	2,527
Call Deposits ABSA Rating - (F1+)	160,997	160,997	160,997	160,997
Call Deposits RMB Rating - (F1+)	25,297	25,297	25,297	25,297
Call Deposits COMMERZ BNK Rating - (F1)	209,385	209,385	209,385	209,385
Call Deposits INVESTEC Rating - (F1+)	11,402	11,402	11,402	11,402
Call Deposits NEDCOR Rating - (F1+)	85,136	85,136	85,136	85,136
Call Deposits CITY BANK Rating - (F1+)	17,766	17,766	17,766	17,766
Call Deposits ABN AMRO Rating - (F1+)	92,796	92,796	92,796	92,796
Call Deposits DEUTSCHE BK Rating - (F1+)	3,500	3,500	3,500	3,500
Call Deposits TCTA Rating - (F1+)	116,000	116,000	116,000	116,000
Call Deposits LANDBANK Rating - (F1+)	50	50	50	50
Calyon SA Rating - (F1+)	51,100	51,100	51,100	51,100
Stanlib Call Investment Rating - (F1+)	130,000	130,000	130,000	130,000
	905,956	905,956	905,956	905,956

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

22. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

GROUP - 2008

	Loans and receivables	Held to maturity	Total
Other financial assets	-	2,865,208	2,865,208
Loans and Receivables	2,977,483	-	2,977,483
Cash and cash equivalents	1,390,347	-	1,390,347
	4,367,830	2,865,208	7,233,038

GROUP - 2007

	Loans and receivables	Held to maturity	Total
Other financial assets	-	2,024,156	2,024,156
Loans and Receivables	2,846,591	-	2,846,591
Cash and cash equivalents	1,764,177	-	1,764,177
	4,610,768	2,024,156	6,634,924

CJMM - 2008

	Loans and receivables	Held to maturity	Total
Loans to group companies	491,346	5,295,717	5,787,063
Other financial assets	-	2,865,208	2,865,208
Loans and Receivables	1,647,845	-	1,647,845
Cash and cash equivalents	1,347,127	-	1,347,127
	3,486,318	8,160,925	11,647,243

CJMM - 2007

	Loans and receivables	Held to maturity	Total
Loans to group companies	406,844	5,080,769	5,487,613
Other financial assets	-	2,024,156	2,024,156
Loans and Receivables	1,316,296	-	1,316,296
Cash and cash equivalents	1,718,723	-	1,718,723
	3,441,863	7,104,925	10,546,788

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

23. RECEIVABLES

Long-term receivables

Fleet Africa *	31,438	12,565	31,438	12,565
Housing Selling scheme loans **	18,810	27,630	18,810	27,630
Other loans and receivables	24,528	4,765	24,528	4,765
	74,776	44,960	74,776	44,960

Non-current assets

Long term receivables	74,776	44,960	74,776	44,960
-----------------------	--------	--------	--------	--------

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.

24. INVENTORIES

Consumable stores	106,941	113,385	31,648	27,763
Spare parts	12,111	11,704	-	-
Water	5,682	4,872	-	-
Subtotal	124,734	129,961	31,648	27,763
Inventories (write-downs)	(7,166)	(7,102)	-	-
	117,568	122,859	31,648	27,763

CJMM

Inventory to the value of R 1,379 (rounded to the nearest thousand) has been written off during the year, due to theft, obsolete stock and damages.

25. OTHER LOANS AND RECEIVABLES

Prepayments	17,481	10,984	9,976	4,899
Sundry debtor	484,650	375,873	497,813	336,957
Insurance debtor	256,553	201,747	236,799	191,269
Housing debtors	236,149	155,797	236,149	155,797
Fruitless and wasteful expenditure to be investigated	3,152	3,320	3,152	3,320
Related party debtors	47	-	103,812	110,586
	997,985	747,721	1,087,701	802,828

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
26. CONSUMER DEBTORS				
Gross Balances				
Rates	2,510,293	2,609,895	2,510,293	2,609,895
Electricity	1,745,732	1,577,848	-	-
Water	4,127,422	3,636,665	-	-
Refuse	480,037	619,752	402,337	552,075
Regional services levies	-	178,631	-	178,631
Housing rental	412,602	464,836	412,602	464,836
Total	9,276,086	9,087,627	3,325,232	3,805,437
Less Provision for bad debts				
Rates	(2,067,486)	(2,220,777)	(2,067,486)	(2,220,777)
Electricity	(1,087,014)	(978,204)	-	-
Water	(3,354,128)	(2,981,085)	-	-
Refuse	(386,522)	(521,907)	(336,735)	(473,210)
Regional services levies	-	(177,654)	-	(177,654)
Housing rental	(401,438)	(465,288)	(401,438)	(465,288)
Total	(7,296,588)	(7,344,915)	(2,805,659)	(3,336,929)
Net Balance				
Rates	442,807	389,118	442,807	389,118
Electricity	658,718	599,644	-	-
Water	773,294	655,580	-	-
Refuse	93,515	97,845	65,602	78,865
Regional services levies	-	977	-	977
Housing rental	11,164	(452)	11,164	(452)
Total	1,979,498	1,742,712	519,573	468,508
Rates				
Current (0 -30 days)	381,241	457,608	381,241	457,608
31 - 60 days	124,501	101,796	124,501	101,796
61 - 90 days	98,206	82,847	98,206	82,847
91 - 120 days	74,962	80,051	74,962	80,051
121 - 365 days	473,210	307,073	473,210	307,073
> 365 days	1,358,173	1,580,520	1,358,173	1,580,520
Total	2,510,293	2,609,895	2,510,293	2,609,895
Electricity				
Current (0 -30 days)	139,869	276,439	-	-
31 - 60 days	178,570	67,839	-	-
61 - 90 days	62,864	44,898	-	-
91 - 120 days	48,465	52,676	-	-
121 - 365 days	194,326	61,722	-	-
> 365 days	1,121,638	1,074,274	-	-
Total	1,745,732	1,577,848	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Water				
Current (0 -30 days)	13,271	3,705	-	-
31 - 60 days	187,676	161,348	-	-
61 - 90 days	134,210	118,047	-	-
91 - 120 days	117,163	109,193	-	-
121 - 365 days	644,064	591,696	-	-
> 365 days	3,031,038	2,652,676	-	-
Total	4,127,422	3,636,665	-	-
Refuse				
Current (0 -30 days)	44,808	37,577	28,314	20,618
31 - 60 days	31,495	37,190	16,181	30,181
61 - 90 days	18,224	16,399	14,027	12,642
91 - 120 days	17,273	13,951	13,274	10,995
121 - 365 days	72,735	56,085	47,997	45,740
> 365 days	295,502	458,550	282,544	431,899
Total	480,037	619,752	402,337	552,075
Regional services levies				
> 365 days	-	178,631	-	178,631
Housing rental				
Current (0 -30 days)	8,428	2,920	8,428	2,920
31 - 60 days	6,051	8,679	6,051	8,679
61 - 90 days	7,996	7,220	7,996	7,220
91 - 120 days	14,873	23,673	14,873	23,673
121 - 365 days	98,754	100,526	98,754	100,526
> 365 days	276,500	321,818	276,500	321,818
Total	412,602	464,836	412,602	464,836

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Credit quality of trade and other receivables				
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to the customer classification and historical information about counterparty default rates:				
Consumers - Gross balances				
Current (0 -30 days)	355,681	274,775	238,888	226,261
31 - 60 days	248,318	241,139	67,326	79,211
61 - 90 days	177,762	171,222	54,235	54,012
91 - 120 days	165,122	181,537	56,347	76,984
121 - 365 days	1,238,248	1,029,625	616,506	463,495
> 365 days	4,230,225	4,193,340	1,021,319	1,337,977
Sub-total	6,415,356	6,091,638	2,054,621	2,237,940
Less: Provision for bad debts	(4,928,878)	(4,661,877)	(1,792,770)	(1,819,568)
Total	1,486,478	1,429,761	261,851	418,372
Consumers - Past due and impaired				
Current (0 -30 days)	21,977	47,543	20,533	46,786
31 - 60 days	44,549	43,128	41,632	42,333
61 - 90 days	36,356	32,008	34,906	31,216
91 - 120 days	122,162	92,941	97,373	71,137
121 - 365 days	756,374	669,274	603,046	435,929
> 365 days	3,947,460	3,776,983	995,280	1,192,167
Total	4,928,878	4,661,877	1,792,770	1,819,568
Consumers - Past due and not impaired				
Current (0 -30 days)	333,704	227,232	218,355	179,475
31 - 60 days	203,769	198,011	25,694	36,878
61 - 90 days	141,406	139,214	19,329	22,796
91 - 120 days	42,960	88,596	(41,026)	5,848
121 - 365 days	481,874	360,351	13,460	27,566
> 365 days	282,765	416,357	26,039	145,809
Total	1,486,478	1,429,761	261,851	418,372

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Industrial/ commercial				
Current (0 -30 days)	227,803	277,416	164,521	183,384
31 - 60 days	268,663	222,203	77,032	60,371
61 - 90 days	135,049	102,919	62,956	48,678
91 - 120 days	99,962	85,055	44,958	41,918
121 - 365 days	494,807	368,792	272,977	195,202
> 365 days	1,453,130	1,640,883	597,522	937,077
Sub-total	2,679,414	2,697,268	1,219,966	1,466,630
Less: Provision for bad debts	(2,246,169)	(2,475,189)	(975,875)	(1,453,364)
Total	433,245	222,079	244,091	13,266
Industrial/ commercial - Past due and impaired				
Current (0 -30 days)	53,105	84,860	42,452	73,354
31 - 60 days	39,540	32,652	38,670	30,306
61 - 90 days	50,803	40,430	34,248	26,481
91 - 120 days	144,640	137,889	44,059	41,080
121 - 365 days	832,912	673,419	267,517	191,298
> 365 days	1,125,169	1,505,939	548,929	1,090,845
Total	2,246,169	2,475,189	975,875	1,453,364
Industrial/ commercial - Past due and not impaired				
Current (0 -30 days)	174,698	192,556	122,069	110,030
31 - 60 days	229,123	189,551	38,362	30,065
61 - 90 days	84,246	62,489	28,708	22,197
91 - 120 days	(44,678)	(52,834)	899	838
121 - 365 days	(338,105)	(304,628)	5,460	3,904
> 365 days	327,961	134,945	48,593	(153,768)
Total	433,245	222,079	244,091	13,266

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
National and provincial government				
Current (0 -30 days)	7,410	30,479	12,614	21,662
31 - 60 days	17,998	19,900	2,375	8,439
61 - 90 days	11,043	16,360	3,038	7,265
91 - 120 days	9,467	16,782	1,804	7,033
121 - 365 days	33,811	62,165	6,977	18,247
> 365 days	101,587	153,035	23,837	38,221
Sub-total	181,316	298,721	50,645	100,867
Less: Provision for bad debts	(121,541)	(207,849)	(37,014)	(63,997)
Total	59,775	90,872	13,631	36,870
National and provincial government - Past due and impaired				
Current (0 -30 days)	5,109	8,665	5,109	8,665
31 - 60 days	1,192	4,236	1,192	4,236
61 - 90 days	1,653	3,952	1,653	3,952
91 - 120 days	5,359	12,766	1,768	6,892
121 - 365 days	27,701	56,976	6,837	17,892
> 365 days	80,527	121,254	20,455	22,360
Total	121,541	207,849	37,014	63,997
National and provincial government - Past due and not impaired				
Current (0 -30 days)	2,301	21,813	7,505	12,997
31 - 60 days	16,806	15,663	1,183	4,203
61 - 90 days	9,390	12,408	1,385	3,313
91 - 120 days	4,108	4,016	36	141
121 - 365 days	6,110	5,189	140	355
> 365 days	21,060	31,783	3,382	15,861
Total	59,775	90,872	13,631	36,870
Total				
Current (0 -30 days)	590,894	582,670	416,023	431,307
31 - 60 days	534,979	483,242	146,733	148,021
61 - 90 days	323,854	290,501	120,229	109,955
91 - 120 days	274,551	283,374	103,109	125,935
121 - 365 days	1,766,866	1,460,582	896,460	676,944
> 365 days	5,784,942	5,987,258	1,642,678	2,313,275
Sub-total	9,276,086	9,087,627	3,325,232	3,805,437
Less: Provision for bad debts	(7,296,588)	(7,344,915)	(2,805,659)	(3,336,929)
Total	1,979,498	1,742,712	519,573	468,508
Reconciliation of bad debt provision				
Balance at beginning of the year	7,344,915	6,889,550	3,336,929	3,094,413
Contributions to provision	846,877	1,203,209	171,400	455,287
Bad debt written off against provision	(833,513)	(726,753)	(441,333)	(212,771)
Provision reversal	(61,691)	(21,091)	(261,337)	-
Total	7,296,588	7,344,915	2,805,659	3,336,929

An adjustment to consumer debtors was made, transferring credit balances in the debtors' book to sundry creditors.

GROUP: R 481,6 million (2007: R 576,0 million)

CJMM: R 423,0 million (2007: R484,0 million). Refer note 6.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
27. CALL INVESTMENT DEPOSITS				
Call investment deposits	920,467	1,687,490	905,955	1,674,439
Call investment deposits that have been ring-fenced for following future expenditure				
Underwriting of COID reserve	49,200	43,786	49,200	43,786
Capital replacement reserve	106,884	-	106,884	-
Repayment of long term liabilities	300,000	300,000	300,000	300,000
	456,084	343,786	456,084	343,786

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

28. 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	399	346	165	180
Bank balances	467,688	75,505	441,007	44,104
Other cash and cash equivalents	1,793	836	-	-
Bank overdraft	(51,887)	(15,197)	-	-
	417,993	61,490	441,172	44,284
Current assets	469,880	76,687	441,172	44,284
Current liabilities	(51,887)	(15,197)	-	-
	417,993	61,490	441,172	44,284

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
29. PROPERTY RATES				
Rates received				
Residential	1,525,063	1,416,611	1,525,063	1,416,611
Commercial	1,659,194	1,510,721	1,667,120	1,515,800
State	133,980	166,564	133,980	166,564
Total Assessment Rates	3,318,237	3,093,896	3,326,163	3,098,975
Valuations				
Residential	577,265,127	47,971,290	577,265,127	47,971,290
Prior year comparatives have been restated as a result of re-classification of Property Rates categories				
30. SERVICE CHARGES				
Refuse removal	538,779	347,589	363,110	246,403
Sale of electricity	4,156,786	3,809,692	-	-
Sale of water	2,212,191	2,126,620	-	-
Sewerage and sanitation charges	1,210,777	1,094,027	-	-
Other service charges	71,074	29,275	41,079	34,732
Total service charges	8,189,607	7,407,203	404,189	281,135
31. GOVERNMENT GRANTS AND SUBSIDIES				
Ambulance subsidy	64,633	85,809	64,633	60,759
Equitable share	2,579,342	2,252,848	2,579,342	2,252,848
Financial management grant	938	4,323	938	4,323
Municipal infrastructure grant	130,092	118,457	130,092	118,457
Municipal system improvement grant	1,357	1,401	1,357	1,401
Provincial grants: Soccer city 2010	1,138,060	417,306	1,138,060	417,306
Gautrain	905	6,514	905	6,514
Provincial grants: capital projects	229,990	93,955	6,028	3,893
Provincial grants: operating projects	6,334	3,498	6,334	3,498
Provincial grants: top structure of houses	151,409	88,912	151,409	88,912
Provincial health subsidies	50,850	50,888	50,850	50,888
Restructuring grant	-	14,056	-	14,056
Total government grants and subsidies	4,353,910	3,137,967	4,129,948	3,022,855
Ambulance subsidy				
Current year receipts	64,633	-	64,633	-
Transfers from creditors	-	85,809	-	60,759
Conditions met - transferred to revenue	(64,633)	(85,809)	(64,633)	(60,759)
Conditions still to be met - transferred to liabilities	-	-	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Equitable share				
Current year receipts	2,579,342	2,252,848	2,579,342	2,252,848
Conditions met - transferred to revenue	(2,579,342)	(2,252,848)	(2,579,342)	(2,252,848)
Conditions still to be met - transferred to liabilities	-	-	-	-

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

Financial management grant

Balance unspent at beginning of year	2,191	6,014	2,191	6,014
Current year receipts	500	500	500	500
Conditions met - transferred to revenue	(938)	(4,323)	(938)	(4,323)
Conditions still to be met - transferred to liabilities	1,753	2,191	1,753	2,191

Municipal infrastructure grant

Balance unspent at beginning of year	60,331	32,865	60,331	32,865
Current year receipts	339,174	234,868	339,174	234,868
Transfers from creditors	(109,951)	(94,186)	(109,951)	(94,186)
Conditions met - transferred to revenue	(130,092)	(118,457)	(130,092)	(118,457)
Conditions still to be met - transferred to liabilities	159,462	55,090	159,462	55,090

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	5,639	3,040	5,639	3,040
Current year receipts	20,441	4,000	-	4,000
Conditions met - transferred to revenue	(1,357)	(1,401)	(1,357)	(1,401)
Conditions still to be met - transferred to liabilities	24,723	5,639	4,282	5,639

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

Provincial grants: Soccer city 2010

Balance unspent at beginning of year	77,576	-	77,576	-
Current year receipts	988,615	494,882	988,615	494,882
Transfers from creditors	73,740	-	73,740	-
Conditions met - transferred to revenue	(1,138,060)	(417,306)	(1,138,060)	(417,306)
Conditions still to be met - transferred to liabilities	1,871	77,576	1,871	77,576

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Gautrain				
Current year receipts	2,000	6,514	2,000	6,514
Conditions met - transferred to revenue	(905)	(6,514)	(905)	(6,514)
Conditions still to be met - transferred to liabilities	1,095	-	1,095	-
Provincial grants: capital projects				
Balance unspent at beginning of year	403,425	133,991	403,425	133,991
Current year receipts	838,487	510,062	614,525	420,000
Transfers from creditors	(323,401)	(20)	(323,401)	(20)
Conditions met - transferred to utilised (revenue in controlling entity)	-	(140,807)	-	(140,807)
Conditions met - transferred to revenue	(229,990)	(93,955)	(6,028)	(3,893)
Conditions still to be met - transferred to liabilities	688,521	409,271	688,521	409,271

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	5,899	4,556	5,899	4,556
Current year receipts	2,689	4,841	2,689	4,841
Conditions met - transferred to revenue	(6,334)	(3,498)	(6,334)	(3,498)
Conditions still to be met - transferred to liabilities	2,254	5,899	2,254	5,899

These grants are provided to finance community projects.

Provincial grants: top structure of houses

Current year receipts	151,409	88,912	151,409	88,912
Conditions met - transferred to revenue	(151,409)	(88,912)	(151,409)	(88,912)
Conditions still to be met - transferred to liabilities	-	-	-	-

Provincial health subsidies

Current year receipts	50,850	50,888	50,850	50,888
Conditions met - transferred to revenue	(50,850)	(50,888)	(50,850)	(50,888)
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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Restructuring grant				
Balance unspent at beginning of year	-	14,056	-	14,056
Conditions met - transferred to revenue	-	(14,056)	-	(14,056)
Conditions still to be met - transferred to liabilities	-	-	-	-

This grant is made available to support municipal restructuring initiatives.

32. OTHER INCOME

Cut off fees	29,989	29,159	-	-
Disposal of obsolete materials	6,345	6,437	-	-
Fees earned	20,242	18,169	-	-
Internal recoveries - MEs	-	-	149,238	162,603
Meter reading	11,087	11,005	-	-
Street pole adds	3,939	3,781	-	-
Sundry revenue	634,989	653,032	243,599	219,839
	706,591	721,583	392,837	382,442

33. EMPLOYEE RELATED COSTS

Employee related costs : Salaries and wages	3,200,897	2,896,868	1,620,246	1,418,459
Employee related costs : Social contributions	528,391	506,685	307,204	285,815
Housing benefits and allowances	34,847	33,588	22,572	17,612
Overtime payments	206,998	163,557	112,012	84,095
Bonus	100,726	97,088	18,258	19,410
Travel, motor car, accommodation, subsistence and other allowances	222,022	197,930	164,627	146,337
Less: Employee costs included in other expenses	35,331	(6,430)	34,283	(7,189)
	4,329,212	3,889,286	2,279,202	1,964,539

Remuneration of the Executive Mayor

Annual Remuneration	517	404
Car Allowance	170	170
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	86	145
Total	773	719

Remuneration of the City Manager

Annual Remuneration	1,259	1,359
Car Allowance	125	125
Performance Bonuses	245	-
Contributions to UIF, Medical and Pension Funds	278	16
Total	1,907	1,500

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Remuneration of Executive Director : 2010				
Annual Remuneration			911	997
Performance Bonuses			178	128
Contributions to UIF, Medical and Pension Funds			17	1
Car Allowance			282	94
Total			1,388	1,220
Remuneration of the Executive Director : Central Planning Unit				
Annual Remuneration			710	747
Performance Bonuses			124	121
Contributions to UIF, Medical and Pension Funds			161	28
Car Allowance			110	110
Board fees			-	-
Retainer			-	-
Total			1,105	1,006
Remuneration of the Chief Information Officer				
Annual Remuneration			677	626
Car Allowance			144	-
Performance Bonuses			88	-
Contributions to UIF, Medical and Pension Funds			126	249
Total			1,035	875
Remuneration of the Director : External Relations				
Annual Remuneration			580	577
Car Allowance			47	47
Performance Bonuses			-	75
Contributions to UIF, Medical and Pension Funds			18	21
Total			645	720
Remuneration of the Executive Director : Comm. Marketing and Events				
Annual Remuneration			855	572
Car Allowance			96	72
Performance Bonuses			57	-
Contributions to UIF, Medical and Pension Funds			2	1
Total			1,010	645
Remuneration of the Executive Head : Joburg Risk Audit Services				
Annual Remuneration			610	529
Car Allowance			220	220
Performance Bonuses			105	130
Contributions to UIF, Medical and Pension Funds			1	1
Total			936	880

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Remuneration of the Director : Legal and Compliance				
Annual Remuneration			698	564
Car Allowance			82	28
Performance Bonuses			103	-
Contributions to UIF, Medical and Pension Funds			34	143
Total			917	735
Remuneration of the Executive Director : Finance				
Annual Remuneration			1,288	1,177
Car Allowance			72	72
Performance Bonuses			175	170
Contributions to UIF, Medical and Pension Funds			25	1
Total			1,560	1,420
Remuneration of the Executive Director : Economic Development				
Annual Remuneration			1,026	187
Car Allowance			132	38
Performance Bonuses			-	-
Contributions to UIF, Medical and Pension Funds			2	-
Total			1,160	225
Remuneration of the Executive Director : Revenue and Customer Relations Management				
Annual Remuneration			989	954
Car Allowance			101	-
Performance Bonuses			138	8
Contributions to UIF, Medical and Pension Funds			1	22
Total			1,229	984
Remuneration of the Executive Director : Community Development				
Annual Remuneration			975	898
Car Allowance			138	86
Performance Bonuses			86	174
Contributions to UIF, Medical and Pension Funds			30	1
Total			1,229	1,159
Remuneration of the Executive Director : Development Planning and Urban Development				
Annual Remuneration			991	612
Car Allowance			60	20
Performance Bonuses			89	-
Contributions to UIF, Medical and Pension Funds			1	1
Total			1,141	633

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Remuneration of the Executive Director : Environmental Management				
Annual Remuneration			764	349
Car Allowance			108	54
Performance Bonuses			81	-
Contributions to UIF, Medical and Pension Funds			2	1
Total			955	404
Remuneration of the Executive Director : Infrastructure and Services				
Annual Remuneration			1,080	787
Performance Bonuses			38	-
Contributions to UIF, Medical and Pension Funds			2	-
Total			1,120	787
Remuneration of the Executive Director : Housing				
Annual Remuneration			876	867
Car Allowance			110	37
Performance Bonuses			127	54
Contributions to UIF, Medical and Pension Funds			16	1
Total			1,129	959
Remuneration of the Chief of Police				
Annual Remuneration			786	794
Car Allowance			102	102
Performance Bonuses			97	63
Contributions to UIF, Medical and Pension Funds			157	69
Total			1,142	1,028
Remuneration of the Executive Head : Emergency Management Services				
Annual Remuneration			817	727
Car Allowance			109	109
Performance Bonuses			117	132
Contributions to UIF, Medical and Pension Funds			2	1
Total			1,045	969
Remuneration of the Executive Director : Transportation				
Annual Remuneration			890	865
Car Allowance			72	24
Performance Bonuses			89	100
Contributions to UIF, Medical and Pension Funds			2	1
Total			1,053	990

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Remuneration of the Executive Director : Health				
Annual Remuneration			927	908
Car Allowance			108	27
Performance Bonuses			131	164
Contributions to UIF, Medical and Pension Funds			2	1
Total			1,168	1,100
Remuneration of the Executive Director : Corporate Services				
Annual Remuneration			925	833
Car Allowance			144	144
Performance Bonuses			139	113
Contributions to UIF, Medical and Pension Funds			30	15
Total			1,238	1,105
Remuneration of the Director : Office of the City Manager				
Annual Remuneration			576	572
Car Allowance			-	72
Contributions to UIF, Medical and Pension Funds			2	1
Total			578	645
Remuneration of the Head : Private Office of the Executive Mayor				
Annual Remuneration			609	865
Car Allowance			104	24
Performance Bonuses			90	100
Contributions to UIF, Medical and Pension Funds			2	1
Total			805	990

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
34. REMUNERATION OF COUNCILLORS				
Executive Mayor	773	719	773	719
Mayoral Committee Members	6,379	5,934	6,379	5,934
Speaker	619	575	619	575
Councillors	48,724	45,433	48,724	45,433
Councillors' pension contribution	5,842	5,714	5,842	5,714
Total Councillors' Remuneration	62,337	58,375	62,337	58,375

In-kind Benefits:

The Executive Mayor, Deputy 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 stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards. The Executive Mayor, Deputy Mayor and speaker have two full-time bodyguards.

35. BAD DEBTS

Bad debts	222,155	497,451	(205,045)	133,403
Contributions to bad-debt provision other debtors	(186,260)	(73,403)	-	-
Contributions to bad-debt provision consumer debtors	846,877	1,203,209	171,400	455,287
Bad debts written off other debtors	439,086	(241,328)	921,964	(29,745)
Bad debts written off consumer debtors	(833,513)	(726,753)	(441,333)	(212,771)
Consumer debtors provision reversal	(61,691)	(21,091)	(261,337)	-
	426,654	638,085	185,649	346,174

Refer to note 25.

36. DEPRECIATION

Depreciation

Investment properties	1,358	1,458	1,358	1,458
Biological assets	120	94	120	94
Property, plant and equipment	729,248	792,997	387,724	450,678
Intangible assets	69,634	86,382	38,869	51,987
	800,360	880,931	428,071	504,217

37. BULK PURCHASES

Electricity	2,841,548	2,478,554	-	-
Water	1,534,593	1,477,646	-	-
Total Bulk Purchases	4,376,141	3,956,200	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
38. CONTRACTED SERVICES				
Information Technology Services	253,232	205,925	253,232	205,925
Fleet Services	43,664	34,201	43,664	34,201
Operating Leases	147,765	112,801	147,463	112,688
Specialist Services	581,864	317,588	581,864	317,422
Other Contractors	234,750	131,088	13,434	12,407
Total Contracted Services	1,261,275	801,603	1,039,657	682,643
39. GRANTS AND SUBSIDIES PAID				
Grants paid to ME's				
City of Johannesburg Property Company (Pty) Ltd	-	-	11,130	723
Johannesburg City Parks	-	-	364,145	343,679
Johannesburg Development Agency (Pty) Ltd	-	-	28,400	28,032
Johannesburg Metropolitan Bus Services (Pty) Ltd	-	-	258,343	223,708
Johannesburg Roads Agency (Pty) Ltd	-	-	371,316	353,643
Johannesburg Social Housing Company (Pty) Ltd	-	-	13,827	14,785
Johannesburg Tourism Company	-	-	19,258	24,923
Johannesburg Water (Pty) Ltd	-	-	-	150,000
Metropolitan Trading Company (Pty) Ltd	-	-	35,972	31,354
Pikitup Johannesburg (Pty) Ltd	-	-	678,494	575,144
Roodepoort City Theatre	-	-	6,728	4,432
The Johannesburg Civic Theatre (Pty) Ltd	-	-	15,823	14,745
The Johannesburg Zoo	-	-	36,644	29,854
	-	-	1,840,080	1,795,022
Other subsidies				
Grant paid: Sporting Organisations (Marks Park Sports Club)	944	898	944	898
Grant paid: Other	21,695	15,718	21,695	15,718
Grant paid: Housing top structures	173,652	106,052	173,652	106,052
Grant paid: 2010 Stadiums	1,238,060	417,306	1,238,060	417,306
	1,434,351	539,974	1,434,351	539,974
Total Grants and Subsidies Paid	1,434,351	539,974	3,274,431	2,334,996

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 Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
40. GENERAL EXPENSES				
Administration and management fees	25,043	16,223	-	-
Advertising	35,488	21,117	1,741	-
Auditors remuneration	12,140	9,516	-	-
Bank charges	53,357	50,078	48,480	45,313
Billing and meter reading charges	68,738	53,776	-	-
Cleaning	17,767	17,847	-	-
Commission paid	30,628	25,918	-	-
Computer expenses	18,744	11,790	-	-
Conferences and seminars	12,326	5,013	5,709	-
Consulting and professional fees	124,851	102,804	48,532	41,129
Consumables	58,025	50,311	-	-
Debt collection	43,477	61,364	43,413	61,345
Donations	500	614	-	-
ME - charges	-	-	425,696	282,871
Post retirement expenses	168,347	-	168,347	-
Fleet	306,714	241,020	-	-
Hire	16,647	9,323	15,529	8,142
Horticulture	29,830	16,560	-	-
Insurance	149,619	169,548	88,636	112,383
Other expenses	1,377,018	1,134,056	529,378	519,205
Lease rentals on operating lease	215,420	193,779	57,666	52,173
Marketing and promotions	34,895	19,517	22,494	8,279
Motor vehicle expenses	99,542	71,351	-	-
Placement fees	3,768	3,297	-	-
Printing and stationery	55,108	58,844	38,935	43,317
Productions	6,729	12,464	-	-
Promotions	3,282	1,922	-	-
Security (Guarding of municipal property)	229,013	185,057	109,513	81,660
Software expenses	17,198	28,851	-	-
Staff welfare	4,376	4,525	-	-
Subscriptions and membership fees	34,371	8,865	29,275	7,163
Telecommunication costs (Telephone, faxes and cell phones)	80,825	77,737	38,311	37,667
Training	12,016	11,461	-	-
Uniforms	3,869	2,951	-	-
	3,349,671	2,677,499	1,671,655	1,300,647
41. IMPAIRMENT LOSSES/(REVERSAL OF IMPAIRMENT LOSSES)				
Loans impaired				
Johannesburg Development Agency (Pty) Ltd	-	(93,849)	-	-
Pikitup Johannesburg (Pty) Ltd	-	-	(13,859)	(13,077)
	-	(93,849)	(13,859)	(13,077)
Impairments				
Investment property	643	(13,464)	-	-
Property, plant and equipment	50,577	51,103	60,916	51,565
Intangible assets	5	34,280	5	34,280
Other financial liabilities	-	(93,849)	(13,859)	(13,077)
	51,225	(21,930)	47,062	72,768

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
42. TAXATION				
Major components of the tax expense (income)				
Current				
Local income tax - current period	24,663	5,959	-	-
Local income tax - recognised in current tax for prior periods	(1,645)	(184)	-	-
Local income tax - prior year adjustment	(965)	-	-	-
	22,053	5,775	-	-
Deferred				
Deferred tax	(82,264)	4,380	-	-
Originating and reversing temporary differences	2,285	7	-	-
Changes in tax rates	147	-	-	-
Arising from prior period adjustments	139	(256,560)	-	-
	(79,693)	(252,173)	-	-
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	28.00 %	29.00 %	- %	- %
Deffered tax	21.11 %	(0.64)%	- %	- %
Impact of exempt entities	20.94 %	196.50 %	- %	- %
Effect of Temporary differences	0.59 %	- %	- %	- %
Disallowable charges	(85.39)%	(300.80)%	- %	- %
Prior year adjustment	(0.04)%	38.71 %	- %	- %
	(14.79)%	(37.23)%	- %	- %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
43. CASH GENERATED FROM OPERATIONS				
Surplus before taxation	724,469	1,339,389	255,187	378,329
Adjustments for:				
Depreciation - property, plant and equipment	800,361	880,931	428,072	504,216
Surplus on sale of assets	(1,291)	(37,811)	(371)	(37,774)
Deficit on sale of assets	15,255	30,651	14,186	28,752
Contribution to bad debt provision	426,654	638,085	185,649	346,174
Interest earned - external investments	(629,697)	(563,775)	(1,175,844)	(1,041,042)
Interest earned - outstanding debtors	(100,952)	(100,358)	(100,952)	(95,714)
Interest on external borrowings	852,125	836,759	753,514	750,957
Loss on impairment	51,225	(21,930)	60,921	72,768
Capitalisation adjustment	21,380	-	21,380	-
Grant income not recognised for assets under construction	497,455	260,101	497,455	260,101
Non-cashflow asset movements	178	150	-	-
Changes in working capital:				
Inventories	5,289	(34,958)	(3,885)	(8,520)
Decrease/(increase) in other debtors	(250,265)	6,865	(284,873)	(215,413)
Increase in consumer debtors	(663,439)	(294,379)	(236,713)	(25,886)
Increase in creditors	209,909	963,622	(594,639)	1,451,955
(Decrease)/Increase in VAT payable	100,374	(414,896)	35,857	(257,895)
Unspent conditional grants and receipts	402,877	506,341	307,245	362,191
	2,461,907	3,994,787	162,189	2,473,199
44. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities	8,251,194	6,170,786	8,097,368	5,978,855
Used to finance property, plant and equipment – at cost	(7,310,045)	(5,891,821)	(7,156,219)	(5,699,890)
Sub- total	941,149	278,965	941,149	278,965
Cash set aside for the repayment of long-term liabilities	1,714,724	1,559,050	1,714,724	1,559,050
	2,655,873	1,838,015	2,655,873	1,838,015

Non-current liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that non-current liabilities can be repaid on redemption date.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
45. COMMITMENTS				
Commitments in respect of capital expenditure:				
Already contracted for but not provided for				
• Infrastructure	1,645,825	1,993,244	443,869	727,562
• Community	231,952	25,936	231,952	25,936
• Other	587,483	699,767	99,368	148,448
• Heritage	7,000	2,551	7,000	2,551
	2,472,260	2,721,498	782,189	904,497
Already contracted for and provided for				
• Infrastructure	2,535,008	1,608,424	1,579,062	971,064
• Community	76,185	288,000	76,185	288,000
• Other	187,036	143,364	168,690	137,364
	2,798,229	2,039,788	1,823,937	1,396,428
	5,270,489	4,761,286	2,606,126	2,300,925
This expenditure will be financed from:				
External Loans	2,706,321	2,472,878	1,085,727	1,176,000
Capital Replacement Reserve	188,755	134,207	32,155	132,929
Government Grants	1,967,995	1,592,021	1,488,244	991,996
Internal cash	153,690	562,180	-	-
Other	253,728	-	-	-
	5,270,489	4,761,286	2,606,126	2,300,925
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	371,318	191,760	20,364	16,809
- in second to fifth year inclusive	858,018	761,619	51,622	47,349
- later than five years	58,827	117,933	36,068	49,874
	1,288,163	1,071,312	108,054	114,032
According to the Housing Code, the City of Johannesburg has a responsibility to provide housing to the poor. Housing rental is billed on a monthly basis of which only a portion is recovered from the household beneficiaries, and the balance is provided for by the Department of Housing. The Department of Housing is currently transferring these properties to the effected beneficiaries and therefore the City does not believe that these rentals should be treated as leases.				
Operating leases – as lessor (income)				
Minimum lease payments due				
- within one year	2,147	5,946	-	-
- in second to fifth year inclusive	1,635	5,883	-	-
- later than five years	19	3,940	-	-
	3,801	15,769	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2008 R '000	2007 R '000	2008 R '000	2007 R '000

46. CONTINGENCIES

GROUP

Roodepoort City Theatre

The Theatre entered into a contractual agreement with the National Lotteries Board during 2006 for the production of Three operas (Zauberflöte, Gräfin Mariza and Don Giovanni). These productions were executed during 2006 and the First quarter of 2007, and it was funded by the Theatre from operational funds. The expectation was that, as before, This was a logistical arrangement for a very short period of time. As per the Theatre's previous experience, the Experience of other organizations in Arts and Culture and the standard procedures of the Lottery as understood at the Time, the expenses incurred was to be claimed from the Lottery on completion of the above mentioned productions. The Theatre submitted all the required documentation to the Lottery promptly and within required timeframes. In fact, throughout the last 18 months, management had been very diligent in responding to all requests for further information from the Lottery. There is still R1, 660 million outstanding in funding, for the second consecutive year.

Johannesburg Roads Agency (Proprietary) Limited

These are 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 attorney's best estimates of the possible amount payable. Refer to cases below:

- Manong & Associates v JRA (Unfair discrimination) Amount involved R 4 million.
- 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.

The Johannesburg Fresh Produce Market (Proprietary) Limited

CCMA Cases

The company is involved in litigation with certain employees whose employment was terminated as a result of Reorganization or dismissals due to disciplinary reasons. These matters are currently with the CCMA which the company is defending. The company's total possible exposure is approximately R 3,496,571.

Frameworks Media cc

Frameworks Media CC (R 19,880,000) – This claim is based on a supposed contract for the distribution of fresh produce to various 'Score Supermarket' outlets. The matter was initially set down for hearing on the 9th May 2008 but has subsequently been postponed sine die as the JFPM (defendant) has sought and been granted leave to amend its plea. The amendments to the plea are based on a discovery of possible collusion and fraud in the matter. A forensic investigation has been initiated into the claimed contract award and a former employee of the JFPM who has been implicated in the possible fraudulent activities regarding this matter has been joined as a third party in the action. It is unlikely that the matter will be heard during the 2008 calendar year. Legal opinion of Senior Counsel indicates that the JFPM has a good chance of successfully defending the matter.

Ikageng Cleaning Services

Ikageng Cleaning Services (R 2,269,710) – An action for damages arising out of loss of earnings has been brought against the JFPM by Ikageng Cleaning Services, a service provider whose contract was terminated for poor and/ or nonperformance (breach of contract) over a period of four months. All the material terms of the contract relating to termination for breach were met. The JFPM has filed its notice of intention to defend and plea. A date of set down is now awaited. Legal opinion of Senior Counsel is that the matter will be successfully defended.

Energy Management

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2008 R '000	2007 R '000	2008 R '000	2007 R '000

46. CONTINGENCIES (continued)

Energy Management (R 42,000) - An unsolicited bid was presented to the JFPM by a company alleging that a saving could be realized in the utility costs incurred by the JFPM. The savings, if realized through effecting of the measures suggested by the bidder, were to be shared on 50 / 50 bases. The cost saving measures so suggested were not implemented, however owing to other measures undertaken by the JFPM savings were realized in the utility costs. Energy Management has now brought a claim based on the 50% of the savings realized in the 2006/07 financial year. It is postulated that the matter will be successfully defended.

Metropolitan Bus Services (Pty) Ltd

Litigation is continuing 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 continuing 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 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. The company has a material number of traffic fines outstanding against its name. These fines are being transferred on a continuous basis into the name of the bus operators who were responsible for the transgressions noted on these fines. A provision of R 50 000 is maintained to cover the future cost of those fines where the company will be unable to allocate to the correct person.

City Power (Pty) Ltd

Litigation is in process against another company relating to damages for alleged breach of contract for the sum of R707 367. The matter is currently in the High court.

CORE

INSURED CLAIMS AND LITIGATION

Five Plaintiffs brought action against the Council in the 1990's, arising from major road and other construction works at the Empire Interchange. They allegedly suffered damages as a result of the Council having closed the road temporarily. The claims total R8,6 million plus interest at 15,5%. One of the plaintiffs proceeded against the City and a judgment was given which effectedly dismissed most of the claim against the City except for the diminution of the value of the property which theoretically can still be claimed against the City, however this potential claim will now be reduced substantially (this claim was originally for R4 146 583-00 the majority of which was for loss of earnings). The approximate amount that the plaintiff could now claim would be in the order of approximately R500 000-00. This contingent liability can now be reduced by R3 000 000-00(Three Million Rand).

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

Possible Court action against the City emanating from the termination of an insurance agreement for an amount of R23 million. Although the claimant has lately been pressurising the City for payment, no summons has yet been received as at end July 2008.

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. The matter is still in process.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

46. CONTINGENCIES (continued)

Claim for compensation issued against the City and the Gauteng Provincial Government emanating from a road widening by the City. The amount claimed for compensation is R1 million. As at 31 July 2008, the action has been dormant for the last two years.

Claim for compensation against the City in respect of a property expropriated by it in terms of the Better Buildings Programme. The claim amounts to R1 million and is still in process. The Plaintiff is claiming compensation for an amount more than the amount which the building was valued at, at the date of expropriation.

A claim for damages was instituted by Engen Petroleum as a result of the 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. The judge partially ruled in favour of the Plaintiff insofar as it was held that the Council's action amounted to a diversion. The City is appealing this ruling.

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

Claim for an amount of R311 102 261 from an external service provider for loss of income as result of alleged illegal termination of contract. Initially the claim was for R57m, but the plaintiff amended their claim. Risk is considered as medium. The claim is subject to arbitration which is expected to take place towards the end of 2008.

Claim for payment of medical aid contributions in the amount of R20m. This is an application for the City to continue paying 75% medical aid contributions in respect of pensioner members of a medical aid. The matter is still in process.

Claim for damages for R10m in respect of relocation of homeless people. The Plaintiff is suing the City because it alleges that the City relocated homeless people onto its property, without consent, making it impossible for it to develop the property. The matter is still in process.

Claim for damages in the amount of R4.5m in respect of termination of contract. The employee is claiming that the City unlawfully terminated his contract of employment. The matter is still in process.

Possible liability for the complete rehabilitation of a mine dump site in the region of R19,815,800. Risk is considered as low to medium.

Default judgment against the City for two amounts (R81 225 + R686 580. 69) in total R767 806 granted on 30 July 2008 for non payment for services rendered. Application for rescission of the judgment is being made.

Claim for R7m relating to the City's alleged unlawful repudiation of contracts. Was dormant but has revived again. Substitution order guaranteed by the High Court of South Africa (WLD) for the substitution of parties on 8 April 2008. COJ filed plea and Rule 23 Notice in May 2008. Have not received anything from the plaintiffs thus far. COJ intends to file Notice Requesting Security for Costs.

Application by residents to have the prepaid water meter system installed declared unconstitutional and unlawful. The possible financial implications cannot yet be quantified.

Claim for repayment of pre-2003 RSC Levies in the amount of R1,5m. The claim is based on the alleged, incorrect payment by the plaintiff of RSC Levies to the City, instead of Ekerhuleni. The matter is still in process.

PENSION FUND MATTERS

Claim for outstanding contributions R780 000 - case will be settled - risk is considered as very low. The plaintiff is claiming payment (supposedly meant to be made by the City), of both members and City contributions to the pension fund for a period between 2003 and 2007. The matter is still in process.

Claim for outstanding contributions ±R2.3m - risk is considered to be low. The plaintiff is claiming payment (supposedly meant to be made by the City), of both members and City contributions to the pension fund for a period between 2005 and 2008. The matter is still in process.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

46. CONTINGENCIES (continued)

Applications not to withdraw from Pension Fund. Mediation taking place currently. Unknown financial implications. Risk considered to be medium.

Application for redundancy benefits for employees of MOE's - unknown financial implications - low to medium low risk

Claim for outstanding contributions for R10m - no summons yet.

LABOUR RELATIONS MATTERS

Claim for damages, contract was terminated. R3.8m

INSURED CLAIMS

There are a number of possible public liability claims totaling + R4 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.

The Defendant sued the City allegedly because the City relocated homeless people onto the Defendant's property without his consent, making it impossible for him to develop the property.

GUARANTEES

Guarantees were issued to the following companies:

CDC Globeleq - R141.3 million in terms of a power purchasing agreement, in terms of the purchasing agreement with Kelvin Power, as City Power does bulk purchases on credit.

South African Post Office - R2.2 million in respect of bulk mailings. The City uses the post office in order to distribute their monthly accounts, thus the need for the Guarantee.

RE-INSTATEMENT OF CONTRACTS

Claim by Johnic Property Developments - R473 000 in respect of external engineering services at the Dainfern development. This matter is still pending.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

47. 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 19
 Joshco JV
 Refer to note 20
 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	59,434	89,135
Pikitup Johannesburg (Pty) Ltd	292,840	192,990
City Power Johannesburg (Pty) Ltd	754,459	1,305,921
City of Johannesburg Property Company (Pty) Ltd	23,917	49,980
Johannesburg Water (Pty) Ltd	657,730	1,011,064
Johannesburg Zoo	12,922	23,933
Johannesburg City Parks	249,771	263,758
Johannesburg Roads Agency (Pty) Ltd	152,379	176,109
The Johannesburg Fresh Produce Market (Pty) Ltd	18,849	30,291
	2,222,301	3,143,181

Loan accounts - Owing to related parties

Roodepoort City Theatre	198	-
Johannesburg Social Housing Company (Pty) Ltd	70,513	17,133
Johannesburg Metropolitan Bus Services (Pty) Ltd	-	13,726
Pikitup Johannesburg (Pty) Ltd	204,326	202,321
City Power Johannesburg (Pty) Ltd	3,031,350	2,706,850
City of Johannesburg Property Company (Pty) Ltd	21,058	-
Johannesburg Water (Pty) Ltd	1,895,574	1,841,061
Johannesburg Zoo	9,053	15,538
Johannesburg Tourism Company	739	-
Johannesburg Development Agency (Pty) Ltd	238,748	35,266
Johannesburg Roads Agency (Pty) Ltd	7,348	10,270

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
47. RELATED PARTIES (continued)				
The Johannesburg Fresh Produce Market (Pty) Ltd			233,679	233,682
City Housing Company (Pty) Ltd			5,050	5,050
			5,717,636	5,080,897
Amounts included in Trade receivable regarding related parties				
City of Johannesburg Metropolitan Municipality			24,738	1,730
Johannesburg Social Housing Company (Pty) Ltd			1,910	1,210
Johannesburg Metropolitan Bus Services (Pty) Ltd			-	824
Pikitup Johannesburg (Pty) Ltd			1,179	2,539
Johannesburg Zoo			-	919
Metropolitan Trading Company (Pty) Ltd			34,071	25,645
Johannesburg City Parks			40,376	45,995
Johannesburg Development Agency (Pty) Ltd			575,449	233,771
Johannesburg Roads Agency (Pty) Ltd			113,690	-
			791,413	312,633
Amounts included in Trade Creditors regarding related parties				
City of Johannesburg Metropolitan Municipality			2,791,220	3,521,304
Johannesburg Metropolitan Bus Services (Pty) Ltd			128	-
City Power Johannesburg (Pty) Ltd			124,693	58,048
Johannesburg Zoo			7,194	-
Johannesburg Civic Theatre (Pty) Ltd			274	394
The Johannesburg Fresh Produce Market (Pty) Ltd			424	738
			2,923,933	3,580,484
Related party transactions				
Sales to related parties				
Johannesburg Metropolitan Bus Services (Pty) Ltd			(258,343)	(223,708)
Pikitup Johannesburg (Pty) Ltd			(678,494)	(596,504)
City Power Johannesburg (Pty) Ltd			(61,646)	(98,870)
Johannesburg Zoo			(35,878)	(30,451)
Metropolitan Trading Company (Pty) Ltd			-	(326)
Johannesburg Tourism Company			(17,758)	(15,980)
Johannesburg Civic Theatre (Pty) Ltd			(18,164)	(3,225)
Johannesburg City Parks			(364,145)	(335,679)
Johannesburg Development Agency (Pty) Ltd			(28,400)	(25,050)
			(1,462,828)	(1,329,793)
Purchases from related parties				
City of Johannesburg Metropolitan Municipality			1,864,965	1,814,915
Roodepoort City Theatre			1,990	1,371
Johannesburg Metropolitan Bus Services (Pty) Ltd			6,018	5,114
Pikitup Johannesburg (Pty) Ltd			1,408	1,480
City Power Johannesburg (Pty) Ltd			48,698	41,980
Johannesburg Zoo			551	530
Johannesburg City Parks			8,186	1,764
Johannesburg Development Agency (Pty) Ltd			463	400
			1,932,279	1,867,554

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
48. PRIOR YEAR ERRORS				
The correction of the error(s) results in the restatement of comparative figures as follows:				
Statement of financial position				
CJMM - Accumulated depreciation adjustment on Investment property	(1,457)	(1,508)	(1,457)	(1,508)
CJMM - Consumer debtors	(19,506)	147,182	(19,506)	147,182
CJMM - Correction reserves	6,518	-	6,518	-
CJMM - Creditors	(961)	(26,070)	(961)	(26,070)
CJMM - Finance lease obligation	(1,971)	(4,261)	(1,971)	(4,261)
CJMM - Non-current provisions	(15,090)	-	(15,090)	-
CJMM - Other debtors	94	(2,229)	94	(2,229)
CJMM - Property, plant and equipment	(303)	232,997	(303)	232,997
CJMM - Related party creditor	(10,313)	-	(10,313)	-
CJMM - Related party debtor	-	(7,054)	-	(7,054)
CJMM - VAT	5,880	(10,839)	5,880	(10,839)
CITYPARKS - Trade and other receivables	-	30	-	-
CITYPARKS - Trade and other payables	-	411	-	-
CITYPARKS - Loan from sharemember	-	142	-	-
JFPM - Property, plant and equipment	(7,825)	(3,272)	-	-
JFPM - Investment property	651	-	-	-
JFPM - Trade and other receivables	(334)	-	-	-
JFPM - Deferred tax	56	-	-	-
JFPM - Current tax receivable	146	-	-	-
JFPM - Trade and other payables	624	-	-	-
JFPM - Loans from shareholders	1,038	-	-	-
JFPM - Finance lease liability	35	-	-	-
JRA - Prior year inventory correction	-	6,398	-	-
JRA - Increase in deferred tax liability	-	(1,688)	-	-
JRA - Trade and other payables	2,094	-	-	-
JRA - Increase in post retirement gratuity asset	33	-	-	-
MBUS - Increase in property, plant and equipment	-	754	-	-
MBUS - Increase in finance lease liability	-	(818)	-	-
MTC - Decrease trade and other payables	-	4,803	-	-
MTC - Decrease in provisions	-	252	-	-
PIKITUP - Property, plant and equipment	5,094	-	-	-
PIKITUP - Accumulated depreciation	(8,637)	-	-	-
PIKITUP - Accumulated amortisation	(5)	-	-	-
PIKITUP - Provision for the rehabilitation of landfill sites	46,912	(65,913)	-	-
POWER - Deferred taxation liability written back	-	121,317	-	-
WATER - Decrease in trade and other receivables	(19,121)	-	-	-
ZOO - Plant and equipment	-	425	-	-
ZOO - Deferred income	-	(474)	-	-
	(16,348)	390,585	(37,109)	328,218

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
48. PRIOR YEAR ERRORS (continued)				
Statement of financial performance				
CJMM - Adjustment of regional services levies	-	(11,401)	-	(11,401)
CJMM - Adjustment of service fees - City Power	-	7,054	-	7,054
CJMM - Adjustment of the portfolio account	(112)	2,229	(112)	2,229
CJMM - Adjustment of trade payables - Masana	497	-	497	-
CJMM - Correction of assets	303	-	303	-
CJMM - Correction of debtors	18	-	18	-
CJMM - Correction of reserves	(6,518)	-	(6,518)	-
CJMM - Correction of leases	1,971	-	1,971	-
CJMM - Depreciation adjustment in Investment property	1,457	1,508	1,457	1,508
CJMM - Housing debtors	19,506	(135,781)	19,506	(135,781)
CJMM - Other	464	(795)	464	(795)
CJMM - Pension fund adjustment	15,090	-	15,090	-
CJMM - Recognition of finance leases	-	4,261	-	4,261
CJMM - Related party corrections	10,313	-	10,313	-
CJMM - Review of assets useful life and impairment	-	(232,997)	-	(232,997)
CJMM - Smoothing of operating leases	-	26,865	-	26,865
CJMM - VAT adjustment for Super Fleet	-	10,839	-	10,839
CJMM - VAT adjustments	(5,880)	-	(5,880)	-
CITYPARKS - Salaries and allowances	-	(411)	-	-
CITYPARKS - Investment income	-	(172)	-	-
JFPM - Increase in rental facilities and equipment	(608)	-	-	-
JFPM - Increase in fair value adjustment	3,340	3,272	-	-
JFPM - Increase in deficit on disposal of assets	1,036	-	-	-
JFPM - Increase in depreciation	1,078	-	-	-
JFPM - Increase in interest received	(225)	-	-	-
JFPM - Increase in finance costs	381	-	-	-
JFPM - Decrease in other operating costs	(13)	-	-	-
JFPM - Increase in tax expense	620	-	-	-
JRA - Decrease in material expenditure	-	(6,398)	-	-
JRA - Increase in the 2007 taxation charge	-	1,688	-	-
JRA - Decrease in hostel expenses	(2,094)	-	-	-
JRA - Decrease in gratuity expenses	(33)	-	-	-
MBUS - Increase in depreciation	-	390	-	-
MBUS - Increase in finance lease charges	-	179	-	-
MBUS - Decrease in lease charges	-	(505)	-	-
MTC - Decrease utilities	-	(4,803)	-	-
MTC - Decrease employment expenses	-	(252)	-	-
PIKITUP - Depreciation	3,543	-	-	-
PIKITUP - Amortisation	5	-	-	-
PIKITUP - Discounting of landfill site provision	(46,912)	65,913	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
48. PRIOR YEAR ERRORS (continued)				
POWER - Deferred tax liability previously reported	-	(189,157)	-	-
POWER - Deferred tax written back	-	67,840	-	-
WATER - Decrease in revenue	19,121	-	-	-
ZOO - Other income	-	49	-	-
Net effect on surplus/ deficit for the year	16,348	(390,585)	37,109	(328,218)

GROUP

Johannesburg Fresh Produce Market (Pty) Ltd

The loans from shareholders were discounted in terms of IAS 39 at the prime interest rate as at the inception date of the loan in the prior financial year. It has since been confirmed that the interest rate applicable to the loans are in fact market related and the discounting effect was thus reversed.

Depreciation were incorrectly charged on buildings in the prior year and was therefore corrected in the financial year in which the error occurred.

During the asset verification exercise done in the current financial year, it was found that certain assets were duplicated in the fixed asset register and thus in the accounting records. These assets were written off in order to correct the prior year error.

Changes were made to the straight-lining effect on rental income for the prior years due to new information that came to light during the current financial year.

The invoices for rental income are prepared during the month prior to the month it relates to however, these invoices were recognized as rental income in the month in which it was generated. The error of recognizing the income in the incorrect period were therefore corrected.

The interest raised on tax assessments received from SARS were not raised in the prior financial years. The error was corrected by recognizing the interest payable or receivable in the financial year in which the assessments were completed.

Changes were made to the finance lease obligation and related accounts for the prior year due to new information that came to light during the current financial year in terms of escalation clauses applicable.

Johannesburg Roads Agency (Pty) Ltd

Payroll payables

The correction relates to the reversal of prior year hostel charges that were over accrued:

Post Retirement Gratuity Asset

The correction of the prior period relates to the misstatement of the prior years' post retirement gratuity asset.

The correction relates to an adjustment to inventory in the prior year which was understated.

City Parks (Pty) Ltd

During the 2004 financial year, un-reconciled items within salaries and wages totaling R 410 775 were ring-fenced for a prescriptive period of three years. No claims were made against this funds and were thus written back to the opening retained income as at 1 July 2006.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

48. PRIOR YEAR ERRORS (continued)

An adjustment in the timing of withdrawals during the previous financial year from the Gratuity Notional Account held was made during the current financial year. The impact on the retained earnings for the year ended 30 June 2007 was an increase in investment income of R 172 098.

During the previous financial year, the company re-registered for VAT in terms of Small Business Tax Amnesty and Amendment Taxation Laws Act, 2006 (Act No. 9 of 2006). During the implementation of the above, an error in the calculation of the investment by the share-member occurred. The adjustment of R 141 519 did not impact the retained earnings.

Pikitup (Pty) Ltd

Property, plant and equipment

During prior year, cost of Property, plant and equipment was incorrectly stated due to timing differences in the financial system. The useful lives of some assets were also not estimated correctly as some assets were still in use although they were fully depreciated at the end of the 06/07 financial year. This caused an over statement of the accumulated depreciation amount disclosed for 2005/6 and 2006/7 years.

City Power (Pty) Ltd

The correction of the prior year error relates to a deferred tax liability that was overstated in previous years. The company had unrecognised deferred tax assets which it is entitled to raise in accordance with IAS 12 par. 35.

The write down of inventory relating to capex stock has been reclassified to property, plant and equipment where the capital value of the stock is reflected.

Johannesburg Water

Revenue adjustments

During the current financial year revenue adjustments amounting to R19,121 million (2007: R 25,412 million) were performed.

The adjustments relate to reversals of water and sewer charges charged during the previous financial years.

These adjustments have now been reflected as a prior year adjustment resulting in the prior year being restated.

The effect on the Statement of Financial Performance is an increase in 2008 revenue of R 19,121 million (2007: R25,412 million) and a decrease in 2007 revenue of R19,121 million (2007: R25,412 million). In the Statement of Financial Position the 2007 Trade Debtors value has been reduced with an amount of R19,121 million (2007: R 25,412 million).

Metropolitan Bus Company (Pty) Ltd

Prior year adjustment - Finance Leases

The company used to classify all operating leases as such in the past. There are however some leases where the lease period is over the major part of the useful life of the asset. The office equipment leases are now disclosed as required. The effect of the change was a decrease in the lease charges of R504,430 and increases in the depreciation and lease interest charges of R390 356 and R178 516 respectively for the periods ended 30 June 2006 (the deferred tax effect is a decrease of R18 560). Due to the failure to use recognise these leases as required, these changes were treated as prior period errors in terms of IAS 8 Accounting Policies, Changes

Johannesburg Zoo (Pty) Ltd

Office equipment (leased)

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

48. PRIOR YEAR ERRORS (continued)

The Zoo depreciated leased office equipment over the lease term of the assets. Because ownership does not transfer to the Zoo, these assets is now depreciated over the shorter of the lease term and the useful live.

Property, plant and equipment received as grant

Assets received in prior years for no consideration were not capitalised. An extensive exercise was undertaken to verify, age and determine costs for items of plant and equipment. Useful lives and residual values were also reviewed and changed where necessary to more appropriate estimates. The assets have subsequently been identified and retrospectively capitalised, as a grant from government.

Overpayment of grant

Grants received from the City of Joburg included an amount for VAT, which the Zoo subsequently declared and paid over to SARS. Grants are not subject to VAT, and a receivable from SARS was recognised, and a payable to the City of Joburg was raised to reflect the fact that the VAT should be refunded to the Zoo and paid over to the City of Joburg.

Audit fees

The provision for audit fees for the prior period was reversed to reflect audit fees in the relevant period.

The Metropolitan Trading Company (Pty) Ltd

During 2008, The Metropolitan Trading Company (Pty) Ltd discovered that some of the accruals and provisions for the year ended 30 June 2007 were erroneous. This was corrected as prescribed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

CORE

2008 ERRORS

Adjustment of the portfolio account - (R 0,112 million)

This adjustment relates to the portfolio take-on debtors in prior years.

Adjustment of trade payables - Masana - R 0,497 million

Correction of assets under construction - R 0,303 million

Adjustment of the debtors account - R 0,018 million

This adjustment relates to the salary advance account.

Correction of reserves - (R 6,518 million)

Correction of leases - R1,971 million

Housing debtors - R 19,506 million

Adjustment of the provision for bad debts relating to housing debtors for the 2006/07 financial year.

Adjustment of the pension fund account - R 15,090 million

This adjustment relates to the actuarial gains and losses during the 2006/07 financial year.

Related party corrections - R 10,313 million

VAT adjustments - (R 5,880 million)

2007 ERRORS

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

48. PRIOR YEAR ERRORS (continued)

Regional Services Levies adjustment - (R 11,401 million)

This amount is in respect of Regional services levies collected during the 2006/07 financial year.

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.

Housing debtors - (R 135,781 million)

Adjustment of the provision for bad debts relating to housing debtors for the 2005/06 financial year.

Recognition of Finance Leases - R 4,261 million

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

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)

Smoothing of Operating Leases - R 26,865 million

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

VAT 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.

49. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

50. RISK MANAGEMENT

50.1. Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 18, 4, 3, cash and cash equivalents disclosed in note 28.

In order to maintain or adjust the capital structure, the municipality may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

50. RISK MANAGEMENT (continued)

50.2. Financial risk management

The Municipality's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk, liquidity risk and credit risk). The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

The Municipality uses derivative financial instruments to hedge certain risk exposures. Financial risk is managed by a CJMM treasury department (municipality treasury).

Municipality treasury identifies, quantify and set up control measures to manage financial risks in close co-operation with the municipality's operating units. CJMM treasury executes its responsibility in line with approved policies and procedures by the City of Johannesburg's assets and liabilities committee.

50.3. Liquidity risk

The municipality's risk to liquidity arise mainly due to funding liquidity risk i.e the risk that the municipality will not be able to meet payment obligations due to insufficient funds being available.

The Municipal Treasury manages both the short term and long term cash requirements. Most of the municipality's funds are invested short term using various money market instruments from the financial institutions. Long-term liquidity risk is managed through borrowings, mainly using a domestic medium term note (DMTN) programme.

The City also enjoys short term borrowing facilities of R200 million granted by its primary bankers, ABSA Bank. This facility has never been used as the City has never been in an overdraft position.

50.4. Credit risk

This is the risk of losses due to counterparties being unable or unwilling to fulfill their contractual obligations.

The City Treasury manages credit risk through an approved counterparty limits and credit ratings policy.

50.5. Market Risk

50.5.1. Interest rate risk

The City Treasury manages interest rates risk within the ambit of the Treasury Risk Management Policy. The City's Risk Management Objective is to contain the negative impact of adverse interest rate movements on City's net borrowing position. The composition of the debt portfolio is 94% fixed interest rates and 6% is linked to floating interest rates.

A long term investment portfolio has been established and managed by external fund managers with an objective to match the long term liability profile.

The City utilises swap instruments to hedge its interest rate risk on the debt portfolio.

The City invests surplus cash into call and short term deposit instruments with approved financial institutions.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

50. RISK MANAGEMENT (continued)

Fair value interest rate risk

	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
RMB R200m	12.90 %	3,477,348	-	-	-	-
RMB R319m	10.52 %	3,840,373	-	-	-	-
RMB R400M	12.90 %	4,545,052	-	-	-	-
SCMB R300M	10.57 %	1,428,575	-	-	-	-
L121	14.70 %	-	-	-	-	30,000,000
ABSA R150m	12.27 %	-	-	-	-	150,000,000
INVESTEC R100m	11.77 %	-	-	-	-	4,055,207
RMB R95m	16.50 %	-	-	-	-	95,000,000
RMB R100m	15.56 %	-	-	-	-	100,000,000
RMB R248m	16.50 %	-	-	-	-	248,000,000
EKURHULENI	16.21 %	-	-	-	41,125,355	-
ABSA SPRINGFIELD	8.90 %	-	-	-	-	130,000
DBSA	13.00 %	-	4,159,236	64,014	4,468,094	31,049,653
COJ01	11.95 %	-	1,000,000,000	-	-	-
COJ02	11.90 %	-	-	-	-	1,000,000,000
COJ03	9.70 %	-	-	-	-	700,000,000
COJ04	9.00 %	-	-	-	-	1,200,000,000
COJ05	12.21 %	-	-	-	-	1,800,000,000

50.5.2. Price risk

Although the municipality is not directly exposed to foreign currency risk from its 2010 World cup construction project, there is an indirect exposure to foreign exchange risk in that the rand equivalent of the euro cost associated with the procurement of various components from overseas, is passed to the City at the exchange rate equivalent to the ruling spot rate on the day of invoicing.

51. HEDGING ACTIVITIES

Instruments	2008	2009	2010	2011	Total
SWAP R200M RMB	(6,840,243)	(3,601,938)	(2,776,448)	(233,417)	(13,452,046)
SWAP R300M SCMB	6,387,779	2,758,490	1,578,978	90,232	10,815,479
SWAP R319M RMB	6,989,079	3,064,587	1,805,700	108,618	11,967,984
SWAP R400M RMB	(8,146,567)	(3,425,008)	(1,855,609)	(94,746)	(13,521,930)
Total	(1,609,952)	(1,203,869)	(1,247,379)	(129,313)	(4,190,513)

Risk Matrix

Basis Points	(1.00)	(0.50)	-	0.50	1.00
Profit/ Loss	4,800,972.94	4,492,897.50	4,190,512.64	3,893,685.10	3,602,285.34

SWAP market-to-market as at 30 June 2008

Opening Balance	(8,586,603)	(8,586,603)	(8,586,603)	(8,586,603)
Adjustment	4,396,090	-	4,396,090	-
	(4,190,513)	(8,586,603)	(4,190,513)	(8,586,603)

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2008 R '000	2007 R '000	2008 R '000	2007 R '000

51. HEDGING ACTIVITIES (continued)

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.

Interest rate derivatives with a notional value of R619 million and with a positive fair value of R3, 1 million were entered into 3/12/2001 to hedge a loan exposure of R619 million. The loan was subsequently repaid on 30 June 2004. The CoJ entered into interest rate swaps on 30/06/2004 with a notional value of R600 million and with a negative fair value of R3, 9 million to cover the position.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

51. HEDGING ACTIVITIES (continued)

Intrument	Purchase/Sale	Amount	Date entered into
SWAP R319m RMB	Purchase	319,552	03/12/2001
SWAP R300m SCMB	Purchase	300,000	03/12/2001
SWAP R200m RMB	Sale	(200,000)	30/06/2004
SWAP R400m RMB	Sale	(400,000)	30/06/2004

52. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

Unauthorised expenditure current year	-	292,658	-	292,658
---------------------------------------	---	---------	---	---------

CORE

1. Incident

Legitimate over-expenditure on budget

1. Disciplinary steps/criminal proceedings

Disciplinary steps are not applicable.

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	261	-	-	-
Fruitless and wasteful expenditure current year	15,974	3,581	1,591	3,320
Condoned or written off by Council	(56)	-	-	-
Transfer to other debtors for verification	(3,152)	(3,320)	(3,152)	(3,320)
Fruitless and wasteful expenditure under investigation	1,561	-	1,561	-
Fruitless and wasteful expenditure awaiting condonement	14,588	261	-	-

GROUP

The Johannesburg Fresh Produce Market (Pty) Ltd

1. Incident

Penalty paid to SARS relating to alleged fraudulent activities of a consultant - R 761 153

1.1 Disciplinary steps/criminal proceedings

Senior employee suspended for negligence and subsequently resigned. Criminal charges were laid against the consultant.

2. Incident

Interest paid to SARS (R336 145) for under payment of PAYE relating to previous financial years

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2008 R '000	2007 R '000	2008 R '000	2007 R '000

2.1 Disciplinary steps/criminal proceedings

No action taken as previous employees have left the employ of the company.

3. Incident

Interest of R4 525 was paid for late payments to suppliers

3.1 Disciplinary steps/criminal proceedings

Disciplinary steps are not applicable.

Johannesburg City Parks (Pty) Ltd

1. Incident

Interest on late payment of creditors R 5000.00

1.1 Disciplinary steps/criminal proceedings

No disciplinary steps/criminal procedures undertaken. Processes have been put in place to mitigate such from recurring.

Johannesburg Roads Agency (Pty) Ltd

1. Incident

SARS Interest charges on late VAT payment R 528,006.

1.1 Disciplinary steps/criminal proceedings

No disciplinary steps/criminal procedures undertaken. Processes have been put in place to mitigate such from recurring.

2. Incident

Payments to supplier.

2.1 Disciplinary steps/criminal proceedings

Legal proceedings have been initiated.

Pikitup Johannesburg (Pty) Ltd

1. Incident

R584 365 Sars penalties & interest in respect of VAT on grants
R12 777 038 - Penalties paid to Fleet Africa for overloading as per fleet africa agreement

Roodepoort City Theatre

1. Incident

Late submission of VAT return due to ASDL connection problems when offices were re-allocated R 4,599.

1.1 Disciplinary steps/criminal proceedings

Will be submitted to Board of Directors. For reporting, discussion and decision making.

CORE

1. Incident

Interest raised on late payments R 1591.

1. Disciplinary steps/criminal proceedings

Awaiting Council Decision

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
Irregular expenditure				
Reconciliation of irregular expenditure				
Irregular expenditure current year	7,838	-	-	-

GROUP

The Johannesburg Fresh Produce Market (Pty) Ltd

1. Incident

Fictitious refund of cheque deposit - R 49 811.

1.1 Disciplinary steps/criminal proceedings

Employee who authorised the refund has left the company and has emigrated. Cannot trace fraudster, a fraud case has been opened with SAPS.

2. Incident

Payment to fictitious suppliers bank account - R 30 003.

2.1 Disciplinary steps/criminal proceedings

Employee was suspended immediately and was given a final written warning. Cannot trace fraudster, a fraud case has been opened with SAPS.

Johannesburg Development Agency (Pty) Ltd

Expenditure amounting to R 1,351,184 which contravenes the Supply Chain Management Regulations, as per the MFMA to be condoned.

The Metropolitan Trading Company (Pty) Ltd

1. Incident

Transactions to the amount of R6,407,697 are currently investigated. There is a possibility that some of these were irregular in that the proper supply chain policies and procedures were not followed.

1.1 Disciplinary steps/criminal proceedings

These are subject to the outcome of the investigation. The new management are in the process of tightening controls to ensure that a similar situation does not repeat itself in future. Additional text

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
53. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
Contributions to organized local government				
Council subscriptions	7,500	6,399	7,500	6,399
Amount paid - current year	(7,500)	(6,399)	(7,500)	(6,399)
Other	(19,679)	-	(19,679)	-
Balance unpaid (included in creditors)	(19,679)	-	(19,679)	-
Audit fees				
Opening balance	4,122	3,141	1,143	1,908
Current year audit fee	25,488	20,019	11,148	8,837
Amount paid - current year	(20,500)	(15,896)	(11,525)	(9,602)
Amount paid - previous years	(5,198)	(3,142)	-	-
Balance unpaid (included in creditors)	3,912	4,122	766	1,143

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000
VAT				
VAT	257,989	285,011	188,364	224,221

VAT inputs receivables and VAT outputs receivables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

PAYE and UIF

Opening balance	32,164	25,917	25,393	19,430
Current year payroll deductions	616,059	550,540	355,104	319,623
Amount paid - current year	(570,193)	(518,431)	(324,963)	(294,230)
Amount paid - previous years	(32,161)	(25,862)	(25,393)	(19,430)
Balance unpaid (included in creditors)	45,869	32,164	30,141	25,393

The balance represents PAYE and UIF deducted from the June 2008 payroll. These amounts were paid during July 2008.

Pension and Medical Aid Deductions

Opening balance	36,287	42,016	30,137	37,833
Current year payroll deductions	846,528	805,673	559,007	537,487
Amount paid - current year	(793,361)	(770,486)	(509,439)	(507,350)
Amount paid - previous years	(36,287)	(40,916)	(30,137)	(37,833)
Balance unpaid (included in creditors)	53,167	36,287	49,568	30,137

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

Councillors Arrears

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2008. All amounts are disclosed in rands and not rounded to the nearest thousand rand.

30 June 2008	<u>Outstanding less than 90 days (Rands)</u>	<u>Outstanding more than 90 days (Rands)</u>	<u>Total</u>
Bailey LR	580	3,401	3,981
Barnes AE	3,086	2,011	5,097
Bittkau R	4,860	22	4,882
Botes C	-	12,667	12,667
Dewes DS	941	1,503	2,444
Dhlomo AN	160	1,518	1,678
Dlamini TJ	1,256	11,204	12,460
Hlomendlini IN	22	9	31
Khanyi CJ	192	316	508
Makhubo MM	112	5	117
Mendelsohn JJ	1,138	1	1,139
Moepi NR	623	5,370	5,993
Mokoena A	110	84	194
Mulauzi MS	860	336	1,196
Ndhlovu EM	1,707	17,261	18,968
Nkomo E	118	339	457
Putsoa A	621	5,883	6,504
Seboyane MA	497	330	827
Shange BV	2,721	13,165	15,886
Strydom D	3,091	134	3,225
Tamela ZZ	3,496	100	3,596
Van Der Merwe MT	1,248	3,044	4,292
Total Councillor Arrear Consumer Accounts	27,439	78,703	106,142

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

During the 2008 year the following Councillors' had arrear accounts outstanding for more than 90 days

30 June 2008	<u>Highest amount outstanding > than 90 days (Rands)</u>	<u>Total (Rands)</u>	<u>Comments</u>	
Abrahams BL	1,025	3,006	Arrears 90+days	Arrange on salary
Bailey LR	4,881	5,460	Arrears 90+days	
Barnes AE	2,011	5,097	Arrears 90+days	
Bittkau R	22	4,882	Arrears 90+days	
Blaymire CEB	769	6,355	Arrears 90+days	Arrange on salary
Botes C	1,198	9,294	Arrears 90+days	Arrange on salary
Botes C	12,667	12,667	Arrears 90+days	
Cachalia MS	7	1,149	Arrears 90+days	
Da Gama VM	185	311	Arrears 90+days	Arrange on salary
Dewes DS	1,503	2,445	Arrears 90+days	
Dewes DS	3,457	6,840	Arrears 90+days	
Dhlomo AN	1,518	1,679	Arrears 90+days	
Dladla N J	1,040	1,895	Arrears 90+days	Arrange on salary
Dlamini TJ	12,579	13,850	Arrears 90+days	
Gololo MJ	1,370	1,538	Arrears 90+days	
Griffin S	814	1,482	Arrears 90+days	Arrange on salary
Griffin S	1,326	2,479	Arrears 90+days	
Hlatshwayo TL	7,472	8,044	Arrears 90+days	Arrange on salary
Hlomendlini IN	56	79	Arrears 90+days	
Khanyi CJ	7,092	7,285	Arrears 90+days	
Kotze SD	20	4,397	Arrears 90+days	
Lekgetho JK	1,917	2,534	Arrears 90+days	Arrange on salary
Lichaba DL	3,776	4,488	Arrears 90+days	Arrange on salary
Mabotja TM	7,871	16,316	Arrears 90+days	
Madiba DZY	13,760	14,343	Arrears 90+days	Arrange on salary
Makhubo MM	54	167	Arrears 90+days	
Masina P	929	1,542	Arrears 90+days	Arrange on salary
Matladi JM	589	611	Arrears 90+days	Arrange on salary
Mayathula-Khoza NP	3,379	9,565	Arrears 90+days	
Mbasela JV	501	2,505	Arrears 90+days	
Mendelsohn JJ	7	1,603	Arrears 90+days	
Mfaba WB	311	617	Arrears 90+days	Arrange on salary
Mlambo PE	13,930	14,515	Arrears 90+days	
Moepi NR	6,132	6,754	Arrears 90+days	
Mokoena A	1,647	1,766	Arrears 90+days	
Mokoena H	779	1,386	Arrears 90+days	
Mtembu NG	71	186	Arrears 90+days	
Mulauzi MS	2,814	5,149	Arrears 90+days	Arrange on salary
Mulauzi MS	868	1,468	Arrears 90+days	
Ndhlovu EM	17,261	18,968	Arrears 90+days	
Ndhlovu EM	510	10,214	Arrears 90+days	
Ndlela NM	5,126	5,245	Arrears 90+days	
Nemaungani MJ	43	120	Arrears 90+days	
Ngwedzeni N	779	1,359	Arrears 90+days	Arrange on salary
Nkoane MM	249	438	Arrears 90+days	Arrange on salary
Nkomo E	339	457	Arrears 90+days	
Ntombela P	977	1,091	Arrears 90+days	Arrange on salary
Nyambe AT	76	98	Arrears 90+days	
Putsoa A	6,758	7,380	Arrears 90+days	
Putsoa A	452	570	Arrears 90+days	
Rakitla JB	176	198	Arrears 90+days	

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

30 June 2008 (Continued)

	<u>Highest amount outstanding > than 90 days (Rands)</u>	<u>Total (Rands)</u>	<u>Comments</u>
Ramafola SM	611	874	Arrears 90+days
Sabbagh ST	1,902	7,647	Arrears 90+days
Seboyane MA	476	977	Arrears 90+days
Shange BV	13,165	15,885	Arrears 90+days
Sithole B	1,248	7,503	Arrears 90+days
Sotshantsha FN	4	25	Arrears 90+days
Strydom D	134	3,224	Arrears 90+days
Sun YH	7	5,822	Arrears 90+days
Sun YH	1,155	4,659	Arrears 90+days
Sun YH	7	3,007	Arrears 90+days
Tamela ZZ	100	3,596	Arrears 90+days
Van Der Merwe MT	3,044	4,292	Arrears 90+days
Van Der Schyf WN	1,024	4,218	Arrears 90+days
Van Zijl LA	87	3,727	Arrears 90+days

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

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

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

30 June 2007	<u>Outstanding less than 90 days (Rands)</u>	<u>Outstanding more than 90 days (Rands)</u>	<u>Total (Rands)</u>
Botes C	9,022	1,557	10,579
Dladla MJ	798	349	1,147
Griffin S	611	417	1,028
Homendlini 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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

	GROUP		CJMM	
	2008 R '000	2007 R '000	2008 R '000	2007 R '000

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>
Baloyi RT	3,414	4,743	Arrears 90+days
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
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
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
Makhubo MM	175	279	Arrears 90+days
Mambo NM	1,181	1,739	Arrears 90+days
Maseko OM	193,122	198,190	Arrears 90+days
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
Mendelsohn JJ	546	2,140	Arrears 90+days
Mfabo WB	501	768	Arrears 90+days
Mfenyana NJ	16,343	16,889	Arrears 90+days
Mhlongo TW	4,968	6,969	Arrears 90+days
Milner CDA	29	1,384	Arrears 90+days
Moche MM	6,546	6,674	Arrears 90+days
Moepi NR	666	1,205	Arrears 90+days
Molutsi MP	2,677	5,302	Arrears 90+days
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
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
Seboyane MA	177	650	Arrears 90+days
Turk BD	3,338	5,825	Arrears 90+days
Van Rooyen PF	53	5,827	Arrears 90+days
Zitha P	439	1,265	Arrears 90+days

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended June 30, 2008

Notes to the Group Annual Financial Statements

GROUP		CJMM	
2008 R '000	2007 R '000	2008 R '000	2007 R '000

54. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

Description:

- The Libraries and Information Services 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.
JMPD Choir - Telkom/Old Mutual Choral Music Festival.
- JMPD received the following donations from External Parties:
7 dogs from the public.
8 television sets from Phillips.
1 Printer from Canon.
- GDACE sponsored an EIA administrator course for 8 city officials.
- Various gifts were donated to the Executive Mayor. Full details are contained in a register at the Executive Mayor's Office.
- Emergency Management Services received donations for an "Urban Search and Rescue" workshop held in the UK.
- African Academy of Sciences sponsored the travel and accomodation of an "Environment" councillor, who attended a 3 day workshop in Dar Es Salaam, Tanzania.

APPENDIX A

June 2008

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

Loan Number	Redeemable	Balance at 30 June 2007 (000's)	Received during the period (000's)	Redeemed written off during the period (000's)	Balance at 30 June 2008 (000's)	Carrying Value of Property, Plant & Equip (000's)	Other Costs in accordance with the MFMA (000's)	
LOAN STOCK								
Loan stock @ 14.70%	121	31/08/2013	-	-	-	-	-	
Loan stock @ 14.70%	121	31/08/2013	30,000	-	30,000	-	-	
Loan stock @ 14.70%	121	31/08/2013	30,000	-	30,000	-	-	
Loan stock @ 14.70%	121	31/08/2013	30,000	-	30,000	-	-	
			120,000	-	120,000	-	-	
					Undefined 1.5.? 400.100.200.			
					Difference: 400.000.00000.000			
STRUCTURED LOANS								
ABSA 12.27%	ABSA R150M	20/12/2012	150,000	-	150,000	-	-	
RMB 14.53%	RMB R95M	30/11/2014	108,675	1,356	110,031	-	-	
RMB 15.56%	RMB R210M	31/12/2012	533,584	78,986	612,570	-	-	
RMB 16.50%	RMB R100M	30/11/2014	114,436	1,486	115,922	-	-	
Ekurhuleni 16.21%	EKURHULENI	30/06/2011	41,125	-	41,125	-	-	
SCMB 12.16%	SCMB R200M	30/09/2018	163,333	-	149,999	-	-	
ABSA 16.22%	ABSA MIDRAND	30/11/2011	53,387	-	335	53,052	-	
Investec 11.77%	INVESTEC R100M	24/12/2013	84,619	-	7,540	77,079	-	
INCA Loan @ 14.59%	JMBS-00-0001	31/12/2011	131,247	-	13,007	118,240	-	
RMB 14.53%	RMB R95M	30/11/2014	108,675	1,356	110,031	-	-	
RMB 15.56%	RMB R210M	31/12/2012	533,584	78,986	612,570	-	-	
RMB 16.50%	RMB R100M	30/11/2014	114,436	1,486	115,922	-	-	
ABSA 12.27%	ABSA R150M	20/12/2012	150,000	-	150,000	-	-	
Ekurhuleni 16.21%	EKURHULENI	30/06/2011	41,125	-	41,125	-	-	
SCMB 12.16%	SCMB R200M	30/09/2018	163,333	-	13,334	149,999	-	
ABSA 16.22%	ABSA MIDRAND	30/11/2011	53,387	-	335	53,052	-	
Investec 11.77%	INVESTEC R100M	24/12/2013	84,619	-	7,540	77,079	-	
			2,629,565	163,656	55,425	2,737,796	118,240	-
					Undefined 1.5.? 400.100.200.			
					Difference: 120.000.00000.000			
FUNDING FACILITY								
RMB 11.65%	RMB L123	30/04/2009	47,433	-	14,130	33,303	-	-
RMB 11.65%	RMB L123	30/04/2009	47,433	-	14,130	33,303	-	-
			94,866	-	28,260	66,606	-	-

APPENDIX A

June 2008

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

Loan Number	Redeemable	Balance at 30 June 2007	Received during the period	Redeemed written off during the period	Balance at 30 June 2008	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		(000's)	(000's)	(000's)	(000's)	(000's)	(000's)

Undefined 1.5.?400.100.200.
Difference: 130.000.00000.000

(1,611)

DEVELOPMENT BANK OF SOUTH AFRICA

		-	-	-	-	-	-
DBSA @ 16.55%	12717	31/12/2012	432	-	41	391	-
DBSA @ 16.55%	12716	31/12/2012	233	-	23	210	-
DBSA @ 15.26%	12388	31/12/2012	1,639	-	162	1,477	-
DBSA @ 15.74%	12208	31/12/2009	3,438	-	804	2,634	-
DBSA @ 15.26%	12038	31/12/2012	322	-	32	290	-
DBSA @ 15.26%	12037	31/12/2012	1,377	-	136	1,241	-
DBSA @ 15.26%	12036	31/12/2011	572	-	73	499	-
DBSA @ 15.26%	12035	31/12/2011	123	-	16	107	-
DBSA @ 16.67%	12034	31/12/2011	405	-	50	355	-
DBSA @ 16.67%	12033	31/12/2011	757	-	93	664	-
DBSA @ 16.15%	12032	31/12/2010	431	-	71	360	-
DBSA @ 10.00%	10295	30/06/2016	1,448	-	90	1,358	-
DBSA @ 9.39%	13541/1	30/09/2020	144,075	-	10,111	133,964	-
DBSA @ 10.63%	11073/2	30/09/2013	30,368	-	4,049	26,319	-
DBSA @ 10.00%	2513/103	31/03/2009	18,907	-	5,699	13,208	-
DBSA @ 10.00%	8250/102	31/03/2014	5,946	-	515	5,431	-
DBSA @ 10.00%	8056/103	30/09/2011	36,720	-	5,299	31,421	-
DBSA @ 12.00%	9726/104	30/09/2014	2,354	-	205	2,149	-
DBSA @ 10.00%	9637/102	31/03/2014	2,906	-	252	2,654	-
DBSA @ 10.00%	9337/101	30/09/2014	23,804	-	1,889	21,915	-
DBSA @ 10.00%	9005/103	31/03/2013	219,392	-	22,955	196,437	-
DBSA @ 10.63%	11073/101	30/09/2013	10,216	-	1,362	8,854	-
DBSA @ 16.50%	11064/102	31/03/2020	2,195	-	13	2,182	-
DBSA @ 13.22%	11984 - 11993	30/06/2014	62,465	-	4,782	57,683	-
DBSA @ 9.39%	13541/1	30/09/2020	144,075	-	10,111	133,964	-
DBSA @ 10.63%	11073/2	30/09/2013	30,368	-	4,049	26,319	-
DBSA @ 16.55%	12717	31/12/2012	432	-	41	391	-
DBSA @ 16.55%	12716	31/12/2012	233	-	23	210	-
DBSA @ 15.26%	12388	31/12/2012	1,639	-	162	1,477	-
DBSA @ 15.74%	12208	31/12/2009	3,438	-	804	2,634	-
DBSA @ 15.26%	12038	31/12/2012	322	-	32	290	-
DBSA @ 15.26%	12037	31/12/2012	1,377	-	136	1,241	-
DBSA @ 15.26%	12036	31/12/2011	572	-	73	499	-
DBSA @ 15.26%	12035	31/12/2011	123	-	16	107	-
DBSA @ 16.67%	12034	31/12/2011	405	-	50	355	-
DBSA @ 16.67%	12033	31/12/2011	757	-	93	664	-

APPENDIX A

June 2008

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

Loan Number	Redeemable	Balance at 30 June 2007 (000's)	Received during the period (000's)	Redeemed written off during the period (000's)	Balance at 30 June 2008 (000's)	Carrying Value of Property, Plant & Equip (000's)	Other Costs in accordance with the MFMA (000's)
DBSA @ 16.15%	12032	431	-	71	360	-	-
DBSA @ 10.00%	10295	1,448	-	90	1,358	-	-
DBSA @ 10.00%	2513/103	18,907	-	5,699	13,208	-	-
DBSA @ 10.00%	8250/102	5,946	-	515	5,431	-	-
DBSA @ 10.00%	8056/103	36,720	-	5,299	31,421	-	-
DBSA @ 12.00%	9726/104	2,354	-	205	2,149	-	-
DBSA @ 10.00%	9637/102	2,906	-	252	2,654	-	-
DBSA @ 10.00%	9337/101	23,804	-	1,889	21,915	-	-
DBSA @ 10.00%	9005/103	219,392	-	22,955	196,437	-	-
DBSA @ 10.63%	11073/101	10,216	-	1,362	8,854	-	-
DBSA @ 16.50%	11064/102	2,195	-	13	2,182	-	-
DBSA @ 13.22%	11984 - 11993	62,465	-	4,782	57,683	-	-
		1,141,050	-	117,444	1,023,606	-	-
				Undefined 1.5.?.400.100.200. Difference: 190.000.00000.000	(1,023,606)		
BONDS							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
OTHER LOANS							
		-	-	-	-	-	-
		-	-	-	-	-	-
				Undefined 1.5.?.400.100.200. Difference: 900.000.00000.000	153,826		
TOTAL EXTERNAL LOANS							
LOAN STOCK		120,000	-	-	120,000	-	-
STRUCTURED LOANS		2,629,565	163,656	55,425	2,737,796	118,240	-
FUNDING FACILITY		94,866	-	28,260	66,606	-	-
DEVELOPMENT BANK OF SOUTH AFRICA		1,141,050	-	117,444	1,023,606	-	-
BONDS		-	-	-	-	-	-
OTHER LOANS		-	-	-	-	-	-
LEASE LIABILITY		-	-	-	-	-	-
ANNUITY LOANS		-	-	-	-	-	-
GOVERNMENT LOANS		-	-	-	-	-	-
		-	-	-	-	-	-

APPENDIX A

June 2008

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

Loan Number	Redeemable	Balance at 30 June 2007 (000's)	Received during the period (000's)	Redeemed written off during the period (000's)	Balance at 30 June 2008 (000's)	Carrying Value of Property, Plant & Equip (000's)	Other Costs in accordance with the MFMA (000's)
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		3,985,481	163,656	201,129	3,948,008	118,240	-
					(3,436,498)		

Undefined 1.5?.400.100.200.
Difference: ???0.0000.00
0

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Cost/Revaluation

Accumulated Depreciation

	Opening Balance (000's)	Additions (000's)	Disposals (000's)	Classified as held for sale (000's)	Transfers (000's)	Closing Balance (000's)	Opening Balance (000's)	Disposals (000's)	Transfers (000's)	Depreciation (000's)	Impairment deficit (000's)	Closing Balance (000's)	Carrying value (000's)
Land and buildings													
Land	5,373,194	756	(6,868)	50,621	(8,466)	5,409,237	(1,487)	-	(19,392)	-	-	(20,879)	5,430,116
Buildings	4,882,516	58,969	-	1,322	13,276	4,978,100	(1,350,374)	-	21,742	(153,849)	(25,254)	(1,507,735)	6,485,835
	10,255,710	59,725	(6,868)	51,943	4,810	10,387,337	(1,351,861)	-	2,350	(153,849)	(25,254)	(1,528,614)	11,915,951
Infrastructure													
Roads, pavements, bridges & storm water	1,923,744	49,411	-	-	(812)	1,972,343	(564,598)	-	81,332	(114,420)	(3,244)	(600,930)	2,573,273
Reservoirs - water	1,142,781	123,603	-	198,930	813	1,491,272	(109,870)	-	-	(26,309)	(104)	(136,338)	1,627,610
Water meters	54,596	34,264	-	24,747	-	113,607	(5,350)	-	-	(10,151)	-	(15,501)	129,108
Water mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity mains	2,958,188	64,446	(126)	8	-	3,270,095	(296,081)	-	337	(99,255)	-	(394,999)	3,665,094
Electricity peak-load equipment	5,313	-	-	-	(1)	5,312	(3,396)	-	(258)	428	(457)	(3,683)	8,995
Sewerage purification & reticulation	1,240,422	50,177	-	5,325	-	1,336,518	(118,693)	-	(1)	(26,359)	(78)	(145,076)	1,481,594
	7,325,044	321,901	(126)	229,010	-	8,189,147	(1,097,988)	-	81,410	(276,066)	(3,883)	(1,296,527)	9,485,674
Community Assets													
Parks, gardens, sport fields & recreation	196,956	7,788	-	-	(7,076)	197,668	(86,945)	1	56,831	(14,930)	(4,020)	(49,063)	246,731
Other	277,611	795	-	-	7,060	285,466	(41,808)	-	(56,642)	(9,630)	(209)	(108,289)	393,755
	474,567	8,583	-	-	(16)	483,134	(128,753)	1	189	(24,560)	(4,229)	(157,352)	640,486
Heritage assets													
Historic buildings	85,554	432	(559)	-	(1,184)	84,243	-	-	1,004	-	(7,524)	(6,520)	90,763
Artwork	14,554	123	-	-	1,180	15,857	(4,115)	-	(1,003)	(46)	(8,497)	(13,661)	29,518
	100,108	555	(559)	-	(4)	100,100	(4,115)	-	1	(46)	(16,021)	(20,181)	120,281
Specialised vehicles													
Buses	507,101	5,877	(6,205)	-	-	507,225	(222,593)	3,640	-	(38,928)	-	(259,418)	766,643
	507,101	5,877	(6,205)	-	-	507,225	(222,593)	3,640	-	(38,928)	-	(259,418)	766,643
Other assets													
Other motor vehicles	15,197	1,386	(1,425)	-	1	13,058	(9,565)	199	(1)	(567)	(167)	(7,359)	20,417
Furniture and fittings	352,092	33,655	(1,840)	1,305	(2,015)	383,249	(153,118)	1,614	578	(54,458)	(8,465)	(213,915)	597,164
Bins & containers	118,911	24,001	(946)	-	942	142,908	(46,784)	2	(2)	(19,631)	(143)	(66,558)	209,466
Emergency equipment	15,689	4,723	(118)	-	(2)	20,292	(7,148)	73	2	(1,630)	(136)	(8,839)	29,131
Other plant & equipment	807,099	16,199	(424)	38,727	240	861,841	(264,705)	85	70	(51,700)	(799)	(317,049)	1,178,890
Computer equipment	127,213	16,215	(1,289)	2,417	1,198	144,786	(62,009)	317	(1)	(9,485)	(188)	(71,419)	216,205
Other office equipment	347,208	73,466	(13,438)	1,499	6,862	415,343	(153,892)	5,040	8,694	(73,038)	(2,059)	(215,248)	630,591
Other land and buildings	494	-	-	-	-	494	(112)	-	-	(100)	-	(212)	706
Landfill sites	119,782	-	-	-	-	119,782	(76,790)	-	-	(5,104)	-	(81,894)	201,676
Work in progress	2,551,456	3,484,284	-	(282,348)	(110,116)	5,359,853	-	-	-	-	-	-	5,359,853
Other	113,282	12,759	(1,136)	9,670	(1,061)	133,576	(67,170)	1,041	889	(12,817)	-	(77,946)	211,522
	4,568,423	3,666,688	(20,616)	(228,730)	(103,951)	7,595,182	(841,293)	8,371	10,229	(228,530)	(11,957)	(1,060,439)	8,655,621

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation					Accumulated Depreciation							
	Opening Balance (000's)	Additions (000's)	Disposals (000's)	Classified as held for sale (000's)	Transfers (000's)	Closing Balance (000's)	Opening Balance (000's)	Disposals (000's)	Transfers (000's)	Depreciation (000's)	Impairment deficit (000's)	Closing Balance (000's)	Carrying value (000's)
Total property plant and equipment													
Land and buildings	10,255,710	59,725	(6,868)	51,943	4,810	10,387,337	(1,351,861)	-	2,350	(153,849)	(25,254)	(1,528,614)	11,915,951
Infrastructure	7,325,044	321,901	(126)	229,010	-	8,189,147	(1,097,988)	-	81,410	(276,066)	(3,883)	(1,296,527)	9,485,674
Community Assets	474,567	8,583	-	-	(16)	483,134	(128,753)	1	189	(24,560)	(4,229)	(157,352)	640,486
Heritage assets	100,108	555	(559)	-	(4)	100,100	(4,115)	-	1	(46)	(16,021)	(20,181)	120,281
Specialised vehicles	507,101	5,877	(6,205)	-	-	507,225	(222,593)	3,640	-	(38,928)	-	(259,418)	766,643
Other assets	4,568,423	3,666,688	(20,616)	(228,730)	(103,951)	7,595,182	(841,293)	8,371	10,229	(228,530)	(11,957)	(1,060,439)	8,655,621
	23,230,953	4,063,329	(34,374)	52,223	(99,161)	27,262,125	(3,646,603)	12,012	94,179	(721,979)	(61,344)	(4,322,531)	31,584,656
Undefined Difference:	(14,243)	(360)	1,385	1	79	(13,358)	324	(1,168)	(83)	359		(568)	8,631,135
Biological assets													
Biological assets	4,300	340	(1,508)	-	-	5,296	(246)	73	-	(120)	-	(293)	5,589
	4,300	340	(1,508)	-	-	5,296	(246)	73	-	(120)	-	(293)	5,589
Undefined Difference:	3,684					3,485							586
Intangible assets													
Intangible assets	491,089	13,967	(828)	1,105	1,060	519,577	(225,280)	473	2,587	(69,982)	(5)	(291,904)	811,481
	491,089	13,967	(828)	1,105	1,060	519,577	(225,280)	473	2,587	(69,982)	(5)	(291,904)	811,481
Undefined Difference:						(1)	280			(69,982)		(2)	583,806
Investment properties													
Investment properties	1,212,351	223	(119)	-	-	1,212,455	(74,487)	-	-	-	(246)	(75,130)	1,287,585
	1,212,351	223	(119)	-	-	1,212,455	(74,487)	-	-	-	(246)	(75,130)	1,287,585
Undefined Difference:						(1)	4,323					4,323	154,582
Total													
Land and buildings	10,255,710	59,725	(6,868)	51,943	4,810	10,387,337	(1,351,861)	-	2,350	(153,849)	(25,254)	(1,528,614)	11,915,951
Infrastructure	7,325,044	321,901	(126)	229,010	-	8,189,147	(1,097,988)	-	81,410	(276,066)	(3,883)	(1,296,527)	9,485,674
Community Assets	474,567	8,583	-	-	(16)	483,134	(128,753)	1	189	(24,560)	(4,229)	(157,352)	640,486
Heritage assets	100,108	555	(559)	-	(4)	100,100	(4,115)	-	1	(46)	(16,021)	(20,181)	120,281
Specialised vehicles	507,101	5,877	(6,205)	-	-	507,225	(222,593)	3,640	-	(38,928)	-	(259,418)	766,643
Other assets	4,568,423	3,666,688	(20,616)	(228,730)	(103,951)	7,595,182	(841,293)	8,371	10,229	(228,530)	(11,957)	(1,060,439)	8,655,621
	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	4,300	340	(1,508)	-	-	5,296	(246)	73	-	(120)	-	(293)	5,589
Intangible assets	491,089	13,967	(828)	1,105	1,060	519,577	(225,280)	473	2,587	(69,982)	(5)	(291,904)	811,481
Investment properties	1,212,351	223	(119)	-	-	1,212,455	(74,487)	-	-	-	(246)	(75,130)	1,287,585
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
24,938,693	4,077,859	(36,829)	53,328	(98,101)	28,999,453	(3,946,616)	12,558	96,766	(792,081)	(61,595)	(4,689,858)	33,689,311	

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation								Accumulated Depreciation									
	Opening Balance	Additions	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Closing Balance	Opening Balance	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Depreciation	
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	
Johannesburg Metropolitan Municipality																		
Environmental Protection	5,229	3,342	(100)	582	-	-	-	-	9,053	(1,607)	56	-	-	-	-	-	-	(817)
Infrastructure and Services	6,477	314	(271)	-	-	-	-	-	6,520	(4,474)	173	-	-	-	-	-	-	(568)
Transportation	160,709	478,274	(16)	-	-	-	-	-	638,967	(989)	10	-	-	-	-	-	-	(358)
Executive Mayor and City Manager	431,332	205,523	(1,723)	-	-	(17)	-	-	635,115	(159,514)	1,107	-	-	10	-	-	-	(39,497)
Finance, Revenue and Economic Development	519,397	182,956	(2,704)	232	-	-	-	-	699,881	(174,427)	1,420	-	-	-	-	-	-	(70,287)
Development Planning & Urban Management	861,622	411,291	(2,311)	12	-	-	-	-	1,270,614	(206,188)	1,329	-	-	-	-	-	-	(43,356)
Health	127,185	14,539	(818)	-	-	-	-	-	140,906	(55,506)	432	-	-	-	-	-	-	(9,124)
Community Development	1,129,331	291,172	(1,021)	59	-	-	-	-	1,419,541	(333,113)	539	-	-	-	-	-	-	(39,013)
Housing	1,392,090	212,081	(442)	5	-	-	-	-	1,603,734	(587,872)	221	-	-	-	-	-	-	(35,218)
Corporate Support and Shared Services	144,290	4,699	(485)	-	-	-	-	-	148,504	(83,985)	250	-	-	-	-	-	-	(11,804)
Johannesburg Metropolitan Police Department	183,038	12,308	(1,217)	1,812	-	-	-	-	195,941	(97,283)	582	-	-	-	-	-	-	(21,435)
Emergency Management Services	129,096	10,127	(444)	-	-	-	-	-	138,779	(65,961)	256	-	-	-	-	-	-	(5,516)
Agencies	10,432,365	393,519	(11,436)	50,621	-	-	-	-	10,865,069	(522,953)	-	-	-	-	-	-	-	(155,035)
	15,522,161	2,220,145	(22,988)	53,323	-	(17)	-	-	17,772,624	(2,293,872)	6,375	-	-	10	-	-	-	(432,028)
Undefined Difference:	(9,427,091)	(1,858,074)	9,445	(4)	98,180	13,967	(78,023)	(883)	(11,236,704)	1,657,671	(3,333)	-	(96,849)	10	47	(1,114)	-	290,430

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Cost/Revaluation

Accumulated Depreciation

	Opening Balance	Additions	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Closing Balance	Opening Balance	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Depreciation
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Municipal Owned Entities																	
The Johannesburg Fresh Produce Market (Pty) Ltd	244,742	50,951	(1,432)	-	-	-	-	-	294,261	(30,498)	1,248	-	-	-	-	-	(11,205)
Johannesburg Civic Theatre (Pty) Ltd	17,879	590	-	-	-	-	-	-	18,469	(2,170)	-	-	-	-	-	-	(2,580)
Johannesburg Zoo	9,853	2,745	(1,147)	-	(1,324)	-	-	-	10,127	(2,141)	-	-	-	-	-	-	(1,391)
City of Johannesburg Property Company (Pty) Ltd	5,224	1,629	(145)	-	-	-	-	-	6,708	(2,617)	-	-	-	-	(47)	-	(665)
Johannesburg Development Agency (Pty) Ltd	1,659	2,669	(109)	-	-	-	-	-	4,219	(383)	-	-	-	-	-	-	(504)
Metropolitan Trading Company (Pty) Ltd	3,000	402	(24)	-	-	-	-	-	3,378	(1,178)	15	-	-	-	-	-	(498)
City Power Johannesburg (Pty) Ltd	3,817,489	1,037,721	(814)	-	-	(13,532)	256	-	4,841,120	(415,105)	-	-	-	-	-	-	(114,700)
Johannesburg Water (Pty) Ltd	3,717,219	673,259	(926)	(1,106)	-	-	65,739	-	4,454,185	(510,726)	533	46	-	-	-	-	(114,475)
Pikitup Johannesburg (Pty) Ltd	411,802	24,326	-	-	-	-	(1,504)	-	434,624	(199,393)	-	-	-	-	-	-	(37,169)
Johannesburg Roads Agency (Pty) Ltd	139,097	4,572	(151)	-	-	-	-	65	143,583	(56,982)	-	-	-	-	-	-	(3,706)
Johannesburg City Parks	36,646	22,898	(324)	-	-	-	-	-	59,220	(11,004)	-	-	-	-	-	-	(4,345)
City Housing Company (Pty) Ltd	14,153	-	-	-	-	-	-	-	14,153	(232)	-	-	-	-	-	-	-
Johannesburg Tourism Company	4,540	577	-	-	-	-	-	-	5,117	(1,215)	-	-	-	-	-	-	(823)
Johannesburg Metropolitan Bus Services (Pty) Ltd	590,927	9,412	(1,882)	-	(1,145)	(452)	-	(1,197)	595,663	(252,621)	894	-	972	-	-	1,161	(41,517)
Roodepoort City Theatre	2,809	153	-	-	-	-	-	-	2,962	(677)	-	-	-	-	-	-	(268)
Johannesburg Social Housing Company (Pty) Ltd	2,778	1,248	(3)	-	(1)	-	-	-	4,022	(782)	-	-	-	-	-	-	(769)
	9,019,817	1,833,152	(6,957)	(1,106)	(2,470)	(13,984)	64,491	(1,132)	10,891,811	(1,487,724)	2,690	46	972	-	(47)	1,161	(334,615)
Undefined Difference:	(407,274)	(24,922)	2,488	(1,110)	95,710	(17)	(13,549)	(2,015)	(344,893)	169,947	(643)	46	(95,877)	10		47	(44,185)
Total	24,541,978	4,053,297	(29,945)	52,217	(2,470)	(14,001)	64,491	(1,132)	28,664,435	(3,781,596)	9,065	46	972	10	(47)	1,161	(766,643)

City of Johannesburg Metropolitan Municipality

APPENDIX E(1) for the ended 30 June 2008

	Eliminated Balances (000's)	Original Budget (000's)	Revised Budget (000's)	Variance (000's)	Explanation of Significant Variances greater than 10% versus Budget
				Var	
Revenue					
Property rates	3,318,238	3,454,398	3,454,398	(136,160)	(3.9) (Explanations to be recorded)
Service charges	8,189,608	8,273,391	8,273,391	(83,783)	(1.0)
Regional Services Levies - Turnover	-	(1)	-	-	-
Rental facilities and equipment	142,053	86,708	95,444	46,609	53.8
Interest earned - external investments	629,698	247,125	247,125	382,573	154.8
Interest earned - outstanding debtors	100,952	33,157	33,157	67,795	204.5
Fines	371,919	436,329	436,329	(64,410)	(14.8)
Licences and permits	1,231	-	-	1,231	-
Income from agency services	147,465	340,506	340,342	(192,877)	(56.6)
Government grants	4,353,910	4,968,239	5,041,660	(687,750)	(13.8)
Public contributions, Donated and contributed property, plant and equipment	123,383	-	-	123,383	-
	17,378,457	17,839,852	17,921,846	(543,389)	(3.0)
Other income					
Other income	706,588	604,747	587,705	118,883	19.7
Surplus on disposal of property, plant, plant and equipment	1,291	37,000	37,000	(35,709)	(96.5)
	707,879	641,747	624,705	83,174	13.0
Total Revenue	18,086,336	18,481,599	18,546,551	(460,215)	(2.5)
Expenses					
Employee related costs	(4,329,208)	(4,466,910)	(4,408,059)	78,851	(1.8)
Remuneration of councillors	(62,336)	(57,648)	(57,648)	(4,688)	8.1
Bad debts	(426,654)	(755,633)	(754,823)	328,169	(43.4)
Depreciation	(800,361)	(987,049)	(985,578)	185,217	(18.8)
Repairs and maintenance	(403,260)	(318,585)	(355,705)	(47,555)	14.9
Finance costs	(852,126)	(829,741)	(829,881)	(22,245)	2.7
Bulk purchases	(4,376,140)	(4,278,379)	(4,278,379)	(97,761)	2.3
Contracted Services	(1,261,278)	(1,919,697)	(2,020,336)	759,058	(39.5)
Grants and subsidies paid	(1,434,351)	(1,375,487)	(1,423,800)	(10,551)	0.8
General expenses	(3,349,667)	(2,232,594)	(2,157,913)	(1,191,754)	53.4
Impairments	(51,226)	-	-	(51,226)	-
Surplus on disposal of property, plant, plant and equipment	(15,257)	(165)	(1,487)	(13,770)	3,345.5
	(17,361,864)	(17,221,888)	(17,273,609)	(88,255)	0.5
Operating profit	724,472	1,259,711	1,272,942	(548,470)	(43.5)
Other revenue and costs					
Net surplus/ (deficit) for the year	724,472	1,259,711	1,272,942	(548,470)	(43.5)
Taxation					
Current	(22,054)	-	-	(22,054)	-
Deferred tax	79,693	(50,178)	(50,626)	130,319	(259.7)
	57,639	(50,178)	(50,626)	108,265	(215.8)
Profit /(Loss) for the year	782,111	1,209,533	1,222,316	(440,205)	(36.4)

BUDGET ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Additions (000's)	Original Budget (000's)	Revised Budget (000's)	Variance (000's)	Variance %	Explanation of significant variances from budget
Johannesburg Metropolitan Municipality						
Environmental Protection	3,342	-	-	(3,342)	-	
Infrastructure and Services	314	-	-	(314)	-	
Transportation	478,274	-	-	(478,274)	-	
Executive Mayor and City Manager	205,523	-	-	(205,523)	-	
Finance, Revenue and Economic Development	182,956	-	-	(182,956)	-	
Development Planning & Urban Management	411,291	-	-	(411,291)	-	
Health	14,539	-	-	(14,539)	-	
Community Development	291,172	-	-	(291,172)	-	
Housing	212,081	-	-	(212,081)	-	
Corporate Support and Shared Services	4,699	-	-	(4,699)	-	
Johannesburg Metropolitan Police Department	12,308	-	-	(12,308)	-	
Emergency Management Services	10,127	-	-	(10,127)	-	
Regions	-	-	-	-	-	
Contract Management Unit/Shareholder unit	-	-	-	-	-	
Agencies	393,519	-	-	(393,519)	-	
Public Safety	-	-	-	-	-	
Sport & Recreation	-	-	-	-	-	
Waste Management	-	-	-	-	-	
Water	-	-	-	-	-	
Electricity	-	-	-	-	-	
Other	-	-	-	-	-	
	2,220,145	-	-	(2,220,145)	-	
Undefined Difference:	(10,777)					
Municipal Owned Entities						
Roodepoort City Theatre	-	-	-	-	-	
	-	-	-	-	-	
Undefined Difference:	(4,451,067)					
Total	2,220,145	-	-	(2,220,145)	-	

City of Johannesburg Metropolitan Municipality

APPENDIX F for the ended 30 June 2008

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

June 2008

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.