Pikitup Johannesburg SOC Limited
Trading as Pikitup
Financial statements
for the year ended 30 June 2016

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Provides comprehensive waste management services on behalf of The City of Johannesburg Metropolitan Municipality to the residents and businesses within the City of Johannesburg Metropolitan Municipality geographic area.
BOARD OF DIRECTORS	Dr Hanekom P (Chairperson) Bp Adams DK Adv Badela G Mr Bahula M (Retired 31 August 2015) Mrs Bogatsu SR Mr Brenner L Ms Kana N (Appointed 16 March 2016) Mr Maharaj S (Chief Financial Officer) Mr Matshekga LJ Ms Nair A (Retired 31 August 2016) Dr Nyabeze WRR Adv Rampai TD
REGISTERED OFFICE	Jorrissen Place 66 Jorrissen Street Braamfontein Johannesburg 2001
BUSINESS ADDRESS	Jorrissen Place 66 Jorrissen Street Braamfontein Johannesburg 2001
POSTAL ADDRESS	Private Bag X74 Braamfontein Johannesburg 2001
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
AUDITORS	The Auditor General of South Africa
COMPANY SECRETARY	Mr Dekker FJ
COMPANY REGISTRATION NUMBER	2000/029899/07
CHIEF FINANCE OFFICER (CFO)	Mr Maharaj S
BANKERS	Standard Bank of South Africa Limited

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MOE's	Municipal Owned Entities
MSA	Municipal Systems Act
MFMA	Municipal Finance Management Act
COJ	City of Johannesburg
CJMM	City of Johannesburg Metropolitan Municipality
USDG	Urban Settlements Development Grant

Director's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) and Companies Act of South Africa (Act of 2008), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General is engaged as required by the Constitution s188 and MFMA s92 to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board set standards for internal control are aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. Pikitup is in the process of implenting a combined assuarance framework in line with the recommendation of King III. The combined assurance framework is currently at draft stage and will be implemented susequent to approval from the board of directors. The purpose of a combined assurance model is to optimise overall assurance to the board of directors by management,internal and external assurance providers on how risk affecting the entity is being managed or mitigated.

The entity is wholly dependent on the CJMM for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the CJMM has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Dr Hanekom P **Chairperson**	**Mr Dhlamini L** **Acting Managing Director**

Date:______________

Audit and Risk Committee Report

The Audit and Risk Committee presents its report for the year ended 30 June 2016 as recommended by the King III report and in compliance with Section 94(7)(f) of the Companies Act of 2008 and MFMA s166. The Audit and Risk Committee has adopted formal terms of reference that have been approved by the Board of Directors. The Committee has conducted and discharged its affairs and its responsibilities in compliance with its terms of reference , King III, Section 94(7)(f) of the Companies Act of 2008 and MFMA s166.

The members of the Audit and Risk Committee are Mr Brenner L, Mr Buys R, Mr Hattingh W, Mr Mufana G and Mr Matshekga LJ.The Committee held 10 meetings during the financial year to review matters necessary to fullfil its role.

Members of the Audit and Risk Committee

The Audit and Risk Committee consists of the members listed hereunder and met 10 times during the financial year to review matters necesary to fullfill its role.

Name of member	Number of meetings attended
Mr Matshekga LJ (Chairperson)	10
Mr Brenner L	10
Mr Buys R	7
Mr Hattingh W	6
Mr Mufana G	10

In the conduct of its duties, the Audit and Risk Committee reviewed the terms of reference during the period under review and perfomed the following functions:

External audit
- Received and reviewed reports from Auditor General concerning the effectiveness of Pikitup's internal control environment, systems and processes; and
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as consequence of audit findings.

Internal audit
- Considered the effectiveness of Internal Audit, which included approving the three year rolling plan and reviewed the annual internal audit charter;
- Received and reviewed reports from the internal auditors concerning the effectiveness of the company's internal controls, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective action plan as a consequence of audit findings;
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings.

The internal audit fuction reports fuctionally to the Audit and Risk Committee and provides reports at Audit and Risk Committee meetings. The Chief Audit Executive reports at each Audit and Risk Committee meeting and has direct reporting line to the Chairpersn of the Audit and Risk Committee. The annual audit plan is reviewed regularly to ensure it remains relevant and responsive to changes in the operating enviroment . During the year under review the Audit and Risk Committee met with the Chief Audit Executive and External Auditors without management being present.

Risk Management

Accountability for risk management lies with the Board . The risk appetite and tolerance levels are set by the Board and reviewed annually. The Board has delegated the oversight resposnsibility to the Audit and Risk Committee,which monitors that risk taken are within the tolerance and appetite levels. During the year under review , the Board held a risk workshop to review the top strategic risks. An experienced Chief Risk oficer was appointed to strengthen the risk management capability of the organisation . The company has procured an ERP solution to fulfill and strengthen the Risk Management capabilities.

Perfomance Evaluation

The Audit and Risk Committee conducted its perfomance evaluation during the year . The result of the evaluation was satisfactory .

Audit and Risk Committee Report

Audit and Risk Committee Charter

The Audit and Risk Committee charter was reveiwed and approved by the board of directors during the year . The Committee complied with its terms of reference as outlined in the charter.

Furthermore the Audit and Risk Committee:

King III recommendations

Pikitup adopted King III as part of its code on corporate governance. The assurance work conducted by assurance providers during the year included all principles of King III. Based on the assurance work provided , the Audit and Risk Committee is satisfied that King III recommendations were fully complied with during the year.

Assessment of the financial function

The Audit and Risk Committee satisfied itself that the Chief Financial Officer has appropriate financial experience . The committee continues to make recommendations for enhancing the functioning and improvement of the finance function to management where appropriate.

The Committee also considered the Annual Report for the year under review and recommended approval thereof to the Board of Directors. The Audit and Risk Committee is satisfied that it complies with its legal, statutory and delegated responsibilities.

Internal Control Environment

The Audit and Risk Committee has overseen a process by which Internal Audit perfomed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls.
The Audit and Risk Committee noted that in the certain instances management were slow to implement corrective actions required. The Committee has made recommendations for ensuring that the internal control enviroment is improved and better accountability from management is established.

In addition to work conducted by Internal Audit, the Audit and Risk Committee rely on the work conducted by the external auditors in the determining the effectiveness and adequacy of the system of internal control within the entity. In the previous financial year ,external auditors raised audit findings in its management report. Audit and Risk Committee is satisfied with the progress made in resolving these audit findings.

In the opinion of the Audit and Risk Committee, the internal controls of the Company are considered appropriate in terms of:
- Meeting the strategic objectives of the Company;
- Evaluating and mitigating the key risks facing the Company;
- Ensuring compliance with applicable laws and regulations;
- Ensuring that the Company's assets are safeguarded; and
- Ensuring that transactions undertaken are correctly recorded in accounting records.

The Audit and Risk Committee has evaluated the financial statements for the year ended 30 June 2016 and considers that they comply, in all material respects, with the requirements of the Companies Act, Municipal Finance Management Act, the Public Audit Act and the South African Statements of Generally Recognised Accounting Practice (GRAP).

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Signed: Chairperson of the Audit and Risk Committee

Date: ______________________________

Director's Report

The directors submit their report for the year ended 30 June 2016.

1. INCORPORATION

The entity was incorporated on 28 November 2000 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The entity is engaged in providing comprehensive waste management services on behalf of the City of Johannesburg metropolitan municipality to the residents and businesses within the City of Johannesburg metropolitan municipality geographic area.

During the year under review there were no changes in the activities of the business.

Net surplus after taxation of the entity was R 293 414 693 (2015: deficit R 55 492 646). This is despite the entity incuring additional expenditure relating to the industrial action experienced during the financial period. The net expenditure incurred during the strike amounts to R102,5 million. The company implemented the no work no pay principle during the unprotected industrial action period resulting in savings on employee costs. Point 15 of the Director's report contains more information on the expenditure incurred during the industrial action.

3. GOING CONCERN AND UNDERTAKING OF SUPPORT

As at 30 June 2016, the entity had an accumulated surplus of R 417 504 036 (2015 R124,089,343) and that the entity's total assets exceed its liabilities by R 460 506 844 (2015 R167,092,151).

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

4. DIRECTORS' DECLARATION OF PERSONAL FINANCIAL INTEREST

The directors declared that they have no interest in the contracts of the company.

5. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).

6. SHARE CAPITAL

The company was incorporated with an authorised share capital of 1,000 ordinary shares of R1 each which were issued at par value.

According to the company's register at 30 June 2016 The City of Johannesburg Metropolitan Municipality held 100% of the ordinary share capital of the company.

There were no changes in the authorised or issued contributions from owners of the company during the year under review.

Director's Report

7. BORROWING LIMITATIONS

In terms of the of Memorandum of Incorporation and the Delegation of Authority, Pikitup Johannesburg (SOC) Limited does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of the The City of Johannesburg Metropolitan Municipality Asset and Liability Management Committee.

8. MANAGEMENT AGREEMENT

The City of Johannesburg Metropolitan Municipality operates on a consolidated billing system for its revenue and certain of its controlled entities, which includes this company. In terms of this system, the City of Johannesburg Metropolitan Municipality invoices commercial and domestic customers on behalf of this company, and collects the receipts thereof from these customers.

9. BOARD OF DIRECTORS

The directors of the entity during the year and to the date of this report are as follows:
All directors are non-executive directors with the exeption of the Accounting officer and Chief Financial officer .

Dr Hanekom P (Chairperson)	South African	
Bp Adams DK	South African	
Adv Badela G	South African	
Mr Bahula M	South African	Retired 31 August 2015
Mrs Bogatsu SR	South African	
Mr Brenner L	South African	
Ms Kana N	South African	Appointed 15 March 2016
Mr Maharaj S (Chief Financial Officer)	South African	
Mr Matshekga LJ	South African	
Ms Nair A (Accounting Officer)	South African	Retired 31 August 2016
Dr Nyabeze WRR	South African	
Adv Rampai TD	South African	

10. SECRETARY

The secretary of the entity is Mr Dekker FJ of:

Business address

Jorrissen Place
66 Jorrissen Street
Braamfontein
Johannesburg
2001

Postal address

Private Bag X74
Braamfontein
Johannesburg
2017

Director's Report

11. CORPORATE GOVERNANCE

General

The directors are committed to business integrity, transparency and professionalism in all their activities. As part of this commitment, the directors support the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors.
  - Accounting officer.
  - Chief Financial Officer.

Chairperson and Accounting Officer

The Chairperson of the Board is a non-executive director.

The roles of the Chairperson and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

The Acting Managing Director was seconded from Johannesburg Water SOC Limited.

Remuneration

The remuneration of the Accounting Officer is determined by the Shareholder.

The remuneration of the directors is determined by the City of Johannesburg as agreed by special resolution at the Annual General Meeting.

Director's Report

Board meetings

The directors held 18 meetings in the current financial period.

BOARD AND COMMITTEE MEETINGS

Name	Board Committee	Audit and Risk Committee	Operations and Service Delivery Committee	Social, Ethics and Human Resources Committee
Dr Hanekom P (Chairperson)	18	1	4	1
Bp Adams DK	15	1	4	4
Adv Badela G	11		2	1
Mr Bahula M	2		1	1
Mrs Bogatsu SR	17	1	4	4
Mr Brenner L	14	10		
Ms Kana N	7	1	1	1
Mr Matshekga LJ	16	10		1
Dr Nyabeze WRR	17	1	4	1
Adv Rampai TD	14			4

Audit and Risk Committee

The members of the Audit and Risk Committee are Mr Brenner L, Mr Hattingh W, Mr Buys R, Mr Mufana G and Mr Matshekga LJ. The Audit and Risk Committee held 10 meetings during the 2015/16 financial year to review matters necessary to fullfill their role.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

Name	Audit and Risk Committee
Total number of meetings held	10
Mr Matshekga LJ (Chairperson)	10
Mr Brenner L	10
Mr Buys R	7
Mr Hattingh W	6
Mr Mufana G	10

Internal audit

The internal audit function was performed using in-house capacity, where required assistance was co-sourced from a panel of internal auditors.This is in compliance with Municipal Finance Management Act, 2003.

12. CONTROLLING ENTITY

The company's parent is The City of Johannesburg Metropolitan Municipality.

Director's Report

13. INVESTMENT IN ASSOCIATES

Name of investment	Purpose of the company	Propotionate share of net income (loss) after tax
Friedshelf 128 (Pty) Ltd	Property company	(4 254 617)

Pikitup holds 50% equity interest in Friedshelf 128 (Pty) Ltd whose underlying assets comprise of the building situated at the following address: Corner Bertha and Juta Street in Braamfontein, Johannesburg.

The financial year-end of Friedshelf 128 (Pty) Ltd is the end of February.

14. BANKERS

Standard Bank of South Africa.

The management of the treasury function within the company is managed under the auspices of the The City of Johannesburg Metropolitan Municipality Treasury department. The company has a sweeping arrangement with The City of Johannesburg Metropolitan Municipality whereby all cash is wept on a daily basis to The City of Johannesburg Metropolitan Municipality's bank account.

15. 2015/16 INDUSTRIAL ACTION EXPERIENCED

Pikitup experienced industrial strike action during the 2015/16 financial period ,which resulted in additional expenditure to maintain cleanliness levels across the City. The expenditure incurred by Pikitup was mainly on the following categories:

Hire of plant	(R20,7 million)
Net additional fleet cost	(R28,7 million)
Hire of casual labour	(R33,7 million)
Security services	(R51,6 million)
Other general expenses	(R8,4 million)
Estimated loss on commercial revenue	(R3,7 million)
Total Strike cost	(R146,8 million)
Less : Employee cost saving as a resullt of no work no pay	(R44,2 million)
Net strike costs	(R102,6 million)

The City established a Joint Operations Committee (JOC) to assist Pikitup to clear the waste backlog at a cost of R20,9 million.

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act of 2008

In terms of section 88(2)(e) of the Companies Act 71 of 2008, (as amended) and the Municipal Finance Management Act, Act 56 of 2003, I certify that, to the best of my knowledge and belief, the company has lodged and/or filled, for the financial year ended 30 June 2016, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Mr Dekker FJ
Company Secretary

Pikitup Johannesburg SOC Ltd

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Inventories	3	4 240 468	4 444 032
Loans to shareholder	4	1 554 181 926	1 749 479 797
Receivables from exchange transactions	6	47 948 174	79 983 996
Consumer debtors	7	987 008 816	550 157 932
Cash and cash equivalents	8	56 430	53 941
		2 593 435 814	**2 384 119 698**
Non-Current Assets			
Property, plant and equipment	9	721 328 675	740 328 321
Intangible assets	10	426 639	6 737 653
Investment in associate	11	15 791 008	20 045 625
Loans to shareholders	4	117 439 078	110 413 070
Amounts owed by SARS	5	1 777 917	1 777 917
		856 763 317	**879 302 586**
Total Assets		**3 450 199 131**	**3 263 422 284**
Liabilities			
Current Liabilities			
Loans from shareholder	4	1 131 609 617	1 445 727 234
Finance lease obligation	13	36 639 297	44 307 255
Payables from exchange transactions	14	621 283 115	489 767 702
Provision for perfomance bonus and employee settlement	16	12 042 586	20 345 049
		1 801 574 615	**2 000 147 240**
Non-Current Liabilities			
Loans from shareholders	4	407 215 207	302 233 383
Finance lease obligation	13	116 303 926	153 097 299
Employee benefit obligation	15	82 950 505	89 724 772
Provisions- Landfill Rehabilitation	16	561 971 523	531 450 922
Provisions - Fleet	16	19 676 516	19 676 516
		1 188 117 677	**1 096 182 892**
Total Liabilities		**2 989 692 292**	**3 096 330 132**
Net Assets/ (Liabilities)		**460 506 839**	**167 092 152**
Net Assets/ (Liabilities)			
Share capital	18	1 000	1 000
Owners Contribution	19	43 001 808	43 001 808
Accumulated surplus		417 504 036	124 089 343
Total Net Assets /(Liabilities)		**460 506 844**	**167 092 151**

Pikitup Johannesburg SOC Limited

(Registration number 2000/029899/07)
Trading as Pikitup
Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Service Charges	21	1 345 463 024	1 215 285 257
Rental from facilities and equipment		304 760	244 820
Miscellaneous other revenue	23	54 276 128	22 231 579
Government grants & subsidies	24	648 043 901	608 007 861
Fair value adjustments		73 490 025	64 266 361
		2 121 577 838	**1 910 035 878**
Other income			
Discount received		510 114	-
Interest received		7 061 508	6 727 311
Income from equity accounted investment	11	-	1 937 482
		7 571 622	**8 664 793**
Operating Expenses (Refer to page 14)		**(1 745 998 291)**	**(1 907 470 738)**
Operating surplus	25	**383 151 169**	**11 229 933**
Finance costs	28	(85 481 859)	(66 722 579)
Loss from equity accounted investments	11	(4 254 617)	-
		(89 736 476)	**(66 722 579)**
Surplus (deficit) for the year		**293 414 693**	**(55 492 646)**

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Operating expenses			
Food for waste		(1 146 274)	-
Advertising		(865 868)	(1 099 857)
Assessment rates & municipal charges		(7 972 841)	(8 387 504)
Auditors remuneration	29	(5 449 850)	(4 069 734)
Allowance for doubtful debts	7	47 254 756	(459 625 408)
Bank charges		(15 413)	(62 430)
Cleaning		(9 294 409)	(1 603 451)
Safety Equipment		(834 661)	(64 108)
Conferences and seminars		(1 293 167)	(748 707)
Consulting and professional fees		(5 631 864)	(1 065 472)
Consumables		(19 283 645)	(20 642 313)
Pollution monitoring		(941 373)	(958 815)
Depreciation, amortisation and impairments	27	(116 015 183)	(111 864 449)
Employee costs	26	(895 501 588)	(808 076 041)
Entertainment		(5 422 540)	(3 285 279)
Medical expenses		(9 933)	(6 384)
Sundries		(263 125)	(109 450)
Waste disposal fees		(27 620 049)	(16 591 045)
Payroll processing		(1 306 557)	(1 407 356)
Recruitment fees		(1 183 693)	(2 897 870)
Fleet and cleaning services	20	(541 081 697)	(396 048 411)
Funeral assistance		(1 493 305)	(639 950)
IT expenses		(11 713 775)	(11 297 103)
Insurance		(2 262 765)	(2 685 898)
Lease rentals on operating leases		(10 539 123)	(7 507 403)
Legal expenses		(7 823 906)	(5 312 293)
Marketing		(1 894 731)	(298 670)
Asset scrapped		(6 612 862)	(555 520)
Printing and stationery		(894 615)	(951 211)
Repairs and maintenance		(5 253 739)	(3 290 845)
Security		(77 825 733)	(16 521 830)
Staff welfare		(3 643 017)	(4 861 271)
Subscriptions		(293 042)	(170 929)
Telephone and fax		(3 520 893)	(3 970 004)
Training		(1 159 489)	(943 731)
Enviromental Education		(13 933 803)	(5 545 596)
Revenue and Customer Relations Management fees		(2 866 175)	(3 693 459)
Travelling		(388 344)	(610 941)
		(1 745 998 291)	**(1 907 470 738)**

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Owners Contribution	Accumulated surplus	Total equity
Opening balance as previously reported		1 000	43 001 808	656 081 833	699 084 641
Adjustments					
Change in accounting policy		-	-	(482 151 638)	(482 151 638)
Prior year adjustments	35	-	-	5 651 794	5 651 794
Balance at 01 July 2014 as restated		**1 000**	**43 001 808**	**179 581 989**	**222 584 797**
Changes in net assets					
Deficit for the year		-	-	(55 492 646)	(55 492 646)
Total changes		-	-	(55 492 646)	(55 492 646)
Balance at 01 July 2015		**1 000**	**43 001 808**	**124 089 343**	**167 092 151**
Changes in net assets					
Surplus for the year		-	-	293 414 693	293 414 693
Total changes		-	-	293 414 693	293 414 693
Balance at 30 June 2016		**1 000**	**43 001 808**	**417 504 036**	**460 506 844**

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 034 221 856	948 267 008
Grants		648 043 901	608 007 861
Interest income		7 061 508	6 727 311
		1 689 327 265	1 563 002 180
Payments			
Suppliers		(1 451 728 383)	(1 781 955 762)
Finance costs		(48 533 775)	(31 806 703)
		(1 500 262 158)	(1 813 762 465)
Net cash flows from operating activities	30	**189 065 107**	**(250 760 285)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(107 071 855)	(135 045 796)
Proceeds from sale of property, plant and equipment	9	-	82 820
Net cash flows from investing activities		**(107 071 855)**	**(134 962 976)**
Cash flows from financing activities			
Interest paid - Sweeping		(256 580)	87 232
Net movement of shareholders loan		(16 437 280)	410 051 790
Finance lease payments		(65 296 903)	(34 691 258)
Net cash flows from financing activities		**(81 990 763)**	**375 447 764**
Net increase/(decrease) in cash and cash equivalents		**2 489**	**(10 275 497)**
Cash and cash equivalents at the beginning of the year		53 941	10 329 438
Cash and cash equivalents at the end of the year	8	**56 430**	**53 941**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 334 932 000	2 164 000	**1 337 096 000**	1 345 463 024	**8 367 024**	A
Rental facilities and equipment	303 000	-	**303 000**	304 760	**1 760**	
Miscellaneous other revenue	7 685 000	6 006 000	**13 691 000**	54 276 128	**40 585 128**	B
Discount received	-	-	**-**	510 114	**510 114**	
Interest received	3 784 000	1 216 000	**5 000 000**	7 061 508	**2 061 508**	
Total revenue from exchange transactions	**1 346 704 000**	**9 386 000**	**1 356 090 000**	**1 407 615 534**	**51 525 534**	
Revenue from non-exchange transactions						
Government grants & subsidies	648 208 000	7 443 000	**655 651 000**	648 043 901	**(7 607 099)**	C
Fair value adjustment	-	-	**-**	73 490 025	**73 490 025**	
Total revenue from non-exchange transactions	**648 208 000**	**7 443 000**	**655 651 000**	**721 533 926**	**65 882 926**	
Total revenue	**1 994 912 000**	**16 829 000**	**2 011 741 000**	**2 129 149 460**	**117 408 460**	
Expenditure						
Personnel	(878 519 000)	(41 157 000)	**(919 676 000)**	(895 501 588)	**24 174 412**	D
Enviromental Education	(14 290 000)	490 000	**(13 800 000)**	(13 933 803)	**(133 803)**	E
Depreciation and amortisation	(147 015 000)	29 562 000	**(117 453 000)**	(116 015 183)	**1 437 817**	F
Finance costs	(75 553 000)	(2 700 000)	**(78 253 000)**	(85 481 859)	**(7 228 859)**	G
Lease rentals on operating lease	(7 923 000)	(2 968 000)	**(10 891 000)**	(10 539 123)	**351 877**	
Allowance for doubtful debts	(107 749 000)	(55 763 000)	**(163 512 000)**	47 254 756	**210 766 756**	H
Safety	(1 129 000)	(172 000)	**(1 301 000)**	(834 661)	**466 339**	
Repairs and maintenance	(8 091 000)	1 171 000	**(6 920 000)**	(5 253 739)	**1 666 261**	
Pollution monitoring	(1 505 000)	600 000	**(905 000)**	(941 373)	**(36 373)**	
General Expenses	(753 138 000)	54 108 000	**(699 030 000)**	(750 233 577)	**(51 203 577)**	I
Total expenditure	**(1 994 912 000)**	**(16 829 000)**	**(2 011 741 000)**	**(1 831 480 150)**	**180 260 850**	
Operating surplus	**-**	**-**	**-**	**297 669 310**	**297 669 310**	
Income from equity accounted investments	-	-	**-**	(4 254 617)	**(4 254 617)**	
Surplus before taxation	**-**	**-**	**-**	**293 414 693**	**293 414 693**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**293 414 693**	**293 414 693**	

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

A. Service charges- The positive variance can be ascribed to domestic revenue which ended the financial year at R 58.914 million over budget, with commercial revenue also over budget by R8.439 million due to a positive result for landfill fees.

B. Miscellaneous and other revenue was higher than budget as a result of :

- Income derived from the cleaning of hostels which was received but not funded for.

- Income received from Economic Development department for expenditure incurred on EPWP programme.

-Ad-hoc projects completed on behalf of various city regions.

-Interest received from oustanding debtors was higher than budget.

C. Government Grants and Subsidies - Actual results are closely aligned with the revised budget and mainly consist of the Service fee received from the City for non - billable services, SETA and USDG grants .

D . Personnel cost - Actual costs for the year are marginally lower than budget for the financial year due to application of the no work no pay principle during the unprotected strike.

E. Enviromental education cost for the financial year are closely aligned with the revised budget for the financial year .

F. Depreciation and Armotization cost are closely aligned with the revised budget for the financial year .

G. Finance costs- Costs for both the interest on capitalised leased and rehabilitation of landfill sites were slightly higher than expected compared to budget.

H. The allowance for doubtful debt- The allowance shows a reversal of R46.6 million which compares favourable to the budgeted amount of R163.5 million.This relates to the reversal relates to debtors provided for in the prior year which were no longer provided for in the current year due to improvements in the debtor's credit status.More information is provided in note 7 of the financial statements.

I. General expenses were over budget for the financial year directly as a result of unbudgeted cost incurred during the strike action .

-Fleet costs for the year were marginally lower than budget though this is partly related to the strike period, where City owned vehicles were utilised less due to security reasons

-Contractor costs for mobile plant and hire of casual staff as well as guarding and legal costs were significantly over budget due to cost incurred during the strike action.

- Contractor cleaning costs are under budget for the year as the Jozi@Work project was not accelerated during the strike period due to concerns over workers safety.

- Disposal costs paid to externally owned landfills were over budget for the financial year due to higher than budgeted waste tonnages being diverted as a result of the strike.

- Bin liner costs were below budget for the year due to delay in implementation of the Separation@source project.

- IT costs were under budget for the financial year with savings evident in both network infrastructure and software costs.

- Utility costs were aligned to budget for the financial year .

- The below table shows the comparison of budget and actual amounts relating to general expenses:

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
				Actual	**Revised Budget**	**Variance**
Fleet Cost				318 811 068	323 102 000	4 290 932
Contractors Costs - Mobile Plant				130 487 696	117 328 000	(13 159 696)
Contractor Costs - Cleaning Cost				97 994 355	120 006 000	22 011 645
Guarding Of Municipal Property				77 825 733	21 892 000	(55 933 733)
Contractors Costs - Hire of Casual Staff				34 995 984	6 448 000	(28 547 984)
Disposal Fees: Landfills				27 620 049	25 794 000	(1 826 049)
Stores and Materials (Including Bin Liner Costs)				18 942 571	34 980 000	16 037 429
IT Costs				11 713 775	13 359 000	1 645 225
Legal Costs				7 823 906	4 688 000	(3 135 906)
Utilities				6 781 194	7 664 000	882 806
Consultants Costs				5 631 864	3 030 000	(2 601 864)
Public Relations				4 014 800	4 781 000	766 200
Telecom Costs				3 520 893	6 125 000	2 604 107
Other Minor Items				4 069 689	9 833 000	5 763 311
				750 233 577	699 030 000	(51 203 577)

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, as adopted by the entity which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 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 entity for similar financial instruments.The discounting rates for the period under review is 9.25% (2014: 9.25%).

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions are raised based on the information available. Additional disclosure of these provisions are included in note 16 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for the items of property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Effective interest rate

The Company used the City of Johannesburg Metropolitan Municipality Treasury borrowing rate as a point of departure and basis for discounting financial instruments.

Allowance for doubtful debts

The company assesses its trade receivables / held to maturity investments and/or loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of Financial Performance, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Accounting Policies

1.2 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Land	Straight line	Infinite
Buildings	Straight line	10-20
Plant and machinery	Straight line	6-10
Furniture and fixtures	Straight line	15
Motor vehicles	Straight line	3-6
Office equipment	Straight line	6-10
IT equipment	Straight line	6-10
Landfill Site	Straight line	Determined annually based on the available space
Signage	Straight line	15
Bins and containers	Straight line	15
Cellphones	Straight line	2

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Accounting Policies

1.2 Property, plant and equipment (continued)

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

1.3 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

1.4 Investment in associate

An investment in an associate is carried at fair value and classified as fair value through surplus and deficit.

Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Loans to (from) economic entities

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

On loans receivable an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment 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.

Consumer Debtors

Trade receivables are measured at initial recognition at cost or fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

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

Payables from exchange transactions

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

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents

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

These are initially and subsequently recorded at fair value. Cash and cash equivalents are classified as loans and receivable financial instruments.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method. Bank overdraft and borrowings are classified as loans and payables.

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

1.6 Tax

Current tax assets and liabilities

In the event that tax is payable it is based on taxable surplus for the year. Taxable surplus differs from surplus as reported in the statement of financial performance because it excludes income and expenses that are taxable or tax deductible in 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 end of the reporting period.

Deferred tax assets and liabilities

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 an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

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 end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Accounting Policies

1.6 Tax (continued)

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.7 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

Operating leases - lessee

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

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Accounting Policies

1.8 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are 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 or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:
(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

1.10 Impairment of non-cash-generating assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

1.11 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined contribution plans are post-employment benefit plans under which an entity 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.

The company's contributions to the defined contribution plans are charged to the Statement of Financial Performance in the financial year to which they relate.

The company's has no further payment obligations once the contributions have been paid.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

1.12 Employee benefits (continued)

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

The majority of the company employees are members of various defined benefit plans, the assets of which are held in separate trustee-administrated funds. These retirement funds are generally funded by payments from employees, the company and the The City of Johannesburg Metropolitan Municipality.

For defined benefit plans, the accounting costs are assessed and charged to the Statement of Financial Performance. The obligation is measured at the present value of the estimated future cash flows using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

Actuarial gains and losses are charged to the Statement of Financial Performance as the cost occur.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Provisions and contingencies

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

1.13 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

Actual costing figures were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and in accordance with the operational plans . The areas will stay the same in size for a number of years.

Provision is made for estimated cost to be incurred on the long term enviromental obligations, comprising expenditure on polution control and closure over the estimated life of the landfill.

The increase in the restoration provision due to passage of time is recognised as interest in the income statements.

The cost of ongoing programmes to prevent, control pollution and rehabilitate the enviroment is recognised as an expense when incurred.

Provision are measured at the director' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

If the related asset is measured using the revaluation model:

Accounting Policies

1.13 Provisions and contingencies (continued)

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

1.15 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.16 Comparative figures

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. 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.

Notes to the Financial Statements

Figures in Rand	2016	2015

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
• GRAP 18: Segment Reporting	Not determined yet	The impact is not expected to be material.
• GRAP 20: Related parties	Not determined yet	The adoption of this amendment have previously been provided for in the financial statements
• GRAP 32: Service Concession Arrangements: Grantor	Not determined yet	The impact is not expected to be material.
• GRAP 108: Statutory Receivables	Not determined yet	The adoption of this amendment have previously been provided for in the financial statements
• GRAP 109: Accounting by Principals and Agents	Not determined yet	The impact is not expected to be material.

3. Inventories

	2016	2015
Equipment stock	142 449	198 192
Bin Liners	2 830 603	1 655 423
Protective clothing	458 020	1 373 116
Consumable stock	809 396	897 837
Compost stock	-	319 464
	4 240 468	**4 444 032**

4. Loans to/(from) shareholder

	Note	2016	2015
City of Johannesburg Metropolitan Municipality - Notional loans in respect of Post Retirement Benefits (Non-Current Assets)	4.1	117 439 078	110 413 070
City of Johannesburg Metropolitan Municipality - Unsecured (Current Liabilities)	4.2	(1 131 609 617)	(1 445 727 234)
City of Johannesburg Metropolitan Municipality - Unsecured Other loans (Current Assets)	4.3	1 417 922 018	1 672 856 998
City of Johannesburg Metropolitan Municipality - Capex Loans (Non-Current Liabilities)	4.4	(407 215 207)	(302 233 383)
City of Johannesburg Metropolitan Municipality - Sweeping account (Current Assets)	4.5	136 259 908	76 622 799
		132 796 180	**111 932 250**

In the current financial period some of the transactions relating to Loans to/from shareholders reclassified to ensure that the note is more reliable and relevant.

Notes to the Financial Statements

Figures in Rand	2016	2015

4. Loans to/(from) shareholder (continued)

Non-current assets	117 439 078	110 413 070
Current assets	1 554 181 926	1 749 479 797
Non-current liabilities	(407 215 207)	(302 233 383)
Current liabilities	(1 131 609 617)	(1 445 727 234)
	132 796 180	**111 932 250**

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The entity does not hold any collateral as security.

4.1 Notional loans

Loans at beginning of the year	110 413 070	104 350 749
Movement	7 026 008	6 062 321
	117 439 078	**110 413 070**

The notional loans relates to the employee benefits obligations, refer to note 16

4.2 Unsecured

In respect of operating expenditure	(1 139 469 962)	(1 445 727 234)

4.3 Unsecured other loans

In respect of operating expenditure	1 415 933 786	1 672 856 998

4.4 Capex loans

Loans at beginning of the year	(302 233 383)	(181 178 452)
Receipts	(104 981 824)	(121 054 931)
	(407 215 207)	**(302 233 383)**

The terms of payments between 9% to 14% interest rate per annum and the payment terms ranging between 30 and 40 quarterly instalment.These loans relates to capital expenditure incurred and in line with the approved annual capital budget . The Urban Settlement Development Grant is disclosed as part of note 21.

4.5 Sweeping account

Opening balance for the year	76 622 799	(15 719 675)
Movement for the year	59 637 109	92 342 474
	136 259 908	**76 622 799**

The sweeping account represent cash that is swept on a daily basis as per the sweeping arrangement with The City of Johannesburg Metropolitan Municipality.

Notes to the Financial Statements

Figures in Rand	2016	2015

5. Amount owed by SARS

This relates to a refund in respect of 2010 Income Tax assessment. Pikitup has lodged an objection with the South African Receiver of Revenue for the amount to be refunded.

Balance	1 777 917	1 777 917

6. Receivables from exchange transactions

Trade debtors	47 948 174	79 983 996

The amounts previously classified as receivables from non exchange transactions in 2015 have been reclassified as receivable from exchange transactions for the period ending 30 June 2016. This is to ensure accurate and reliable reporting

7. Consumer debtors

Gross balances		
Refuse	1 628 474 825	1 271 884 773
Less: Allowance for impairment		
Refuse	(641 466 009)	(721 726 841)
Net balance		
Refuse	987 008 816	550 157 932
Refuse		
Current (0 - 30 days)	125 256 876	15 846 655
31-60 days	8 957 802	11 355 644
61-90 days	9 056 673	6 347 947
91 - 120 days	34 307 138	4 471 009
121 - 365 days	809 430 327	512 136 677
	987 008 816	**550 157 932**

The company adopted a revised doubtful debts policy during the 2015 financial year . The new policy requires the company's debtors book to be assessed on an individual debtor basis to evaluate whether any relevant impairment indicators as per the policy exist. Once such impairment indicators have been identified , an assesment has to be made on whether such indicators necessitate the impairment of the debt in the company 's accounting records. Once inpairment is established , the total debt of the debtor must be impaired. The previous policy assumed impairment to be applied based upon the age buckets of the debt.

The positive balance on the allowance for the doubtful debts relates to the reversal of the debtors that were provided for in in the prior year that were no longer provided in the current year due to improvements in those debtor's credit status. The reassessment of debtors's credit status together with the bad debt erite off last year amounting to R244 million significantly reduces allowance for bad debts amount in the current year compared to last year. This amount is reflected in the statement of financial perfomance. Consumer debtors in the current year had increased compared to last year but this did not negatively affect those debtors credit status.

Reconciliation of allowance for impairment		
Balance at beginning of the year	(721 726 841)	(473 785 283)
Movement	80 260 832	(247 941 558)
	(641 466 009)	**(721 726 841)**

Notes to the Financial Statements

Figures in Rand	2016	2015

8. Cash and cash equivalents

The Company has a sweeping arrangement with the The City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to the The City of Johannesburg Metropolitan Municipality's bank account. Petty cash is reflected as being on hand. The cash owed to the company by the The City of Johannesburg Metropolitan Municipality is reflected as an amount due from the shareholder.

Cash and cash equivalents consist of:

	2016	2015
Cash on hand	56 430	53 941

9. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 972 399	-	3 972 399	3 972 399	-	3 972 399
Buildings	297 145 662	(122 727 536)	174 418 126	207 023 768	(93 255 625)	113 768 143
Plant and machinery	26 032 939	4 298 587	30 331 526	63 508 021	(23 361 656)	40 146 365
Furniture and fixtures	18 652 308	(6 412 031)	12 240 277	14 647 504	(5 308 156)	9 339 348
Vehicles	266 539 226	(120 724 348)	145 814 878	266 539 226	(73 321 270)	193 217 956
Office equipment	14 407 013	(12 356 211)	2 050 802	12 360 660	(12 013 903)	346 757
IT equipment	16 078 145	(5 165 781)	10 912 364	15 515 348	(3 661 916)	11 853 432
Landfill sites	473 171 945	(212 973 826)	260 198 119	515 996 974	(222 980 315)	293 016 659
Bins and containers	152 139 800	(73 262 654)	78 877 146	262 612 250	(190 761 614)	71 850 636
Cellphones	370 736	(370 736)	-	370 736	(230 879)	139 857
Signage	5 928 711	(3 415 673)	2 513 038	5 841 250	(3 164 481)	2 676 769
Total	**1 274 438 884**	**(553 110 209)**	**721 328 675**	**1 368 388 136**	**(628 059 815)**	**740 328 321**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 972 399	-	-	-	3 972 399
Buildings	113 768 143	67 862 095	-	(7 212 112)	174 418 126
Plant and machinery	40 146 365	155	-	(9 814 994)	30 331 526
Furniture and fixtures	9 339 348	4 792 104	(787 301)	(1 103 874)	12 240 277
Vehicles	193 217 956	-	-	(47 403 078)	145 814 878
Office equipment	346 757	2 046 354	(72 649)	(269 660)	2 050 802
IT equipment	11 853 432	562 798	(97 328)	(1 406 538)	10 912 364
Landfill sites	293 016 659	18 270 595	(9 718 489)	(41 370 646)	260 198 119
Bins and containers	71 850 636	13 450 293	(48 754)	(6 375 029)	78 877 146
Cellphones	139 857	-	-	(139 857)	-
Signage	2 676 769	87 461	-	(251 192)	2 513 038
	740 328 321	**107 071 855**	**(10 724 521)**	**(115 346 980)**	**721 328 675**

Notes to the Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 972 399	-	-	-	3 972 399
Buildings	97 572 483	22 859 907	-	(6 664 247)	113 768 143
Plant and machinery	7 665 638	37 475 237	-	(4 994 510)	40 146 365
Furniture and fixtures	9 707 050	305 484	(9 261)	(663 925)	9 339 348
Vehicles	147 985 188	91 009 496	-	(45 776 728)	193 217 956
Office equipment	647 587	-	(15 029)	(285 801)	346 757
IT equipment	8 001 874	5 649 408	(444 484)	(1 353 366)	11 853 432
Landfill sites	354 819 151	40 656 384	(61 095 624)	(41 363 252)	293 016 659
Bins and containers	49 221 784	28 064 841	-	(5 435 989)	71 850 636
Cellphones	565 940	-	(82 820)	(343 263)	139 857
Signage	2 889 269	34 535	-	(247 035)	2 676 769
	683 048 363	**226 055 292**	**(61 647 218)**	**(107 128 116)**	**740 328 321**

Pledged as security

No items of Property plant and Equipment have been pledged as security as at end of financial period.

The following leased assets are included in Property, Plant and Equipment listed above

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Vehicles	266 539 226	(120 724 348)	145 814 878	266 539 226	(73 321 270)	193 217 956

Details of properties

Free hold land and buildings is carried at historical cost. The title deeds are registered in the name of the City of Johannesburg. A process has commenced to transfer ownership into the name of the Company

Freehold land and buildings to the value of R 119,7m were purchased from City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement dated 15 November 2001.

Reconciliation of Capital Work-in-Progress 2016

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	61 458 661	58 654 251	120 112 912
Additions/capital expenditure	18 270 595	16 954 323	35 224 918
Transferred to completed items	(20 506 648)	(35 351 181)	(55 857 829)
	59 222 608	**40 257 393**	**99 480 001**

Notes to the Financial Statements

10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	19 032 869	(18 606 230)	426 639	28 589 586	(21 851 933)	6 737 653

Reconciliation of intangible assets - 2016

	Opening balance	Disposals	Amortisation	Total
Computer software	6 737 653	(5 642 810)	(668 204)	426 639

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	11 473 984	(4 736 331)	6 737 653

Pledged as security

No intangible asset was pledged as security in the current financial period.

11. Investment in associate

Name of entity	Listed / Unlisted	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Friedshelf 128 (Pty) Ltd		50,00 %	50,00 %	15 791 008	20 045 625

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

Movements in carrying value

Opening balance	20 045 625	18 108 143
Share of surplus/(deficit) included in statement of financial perfomance	(4 254 617)	1 937 482
	15 791 008	**20 045 625**

Summary of controlled entity's interest in associate

Total assets	37 476 868	44 922 281
Total liabilities	(4 273 765)	(6 219 896)
Revenue	5 605 035	6 014 405
Surplus (deficit)	(5 499 282)	4 166 602

11. Investment in associate (continued)

Associates with different reporting dates

The financial year-end of the associate is the last day of February. The year ends of the two entities are more than three months apart. The entity made estimates to the accounts of the associate to bring the two year ends in line with each other.

Revaluations are performed by the directors who have extensive experience in the location and category of the investment property being valued.

12. Financial assets by category

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

2016

	Loans and receivables	Total
Loans to shareholder	1 671 621 004	1 671 621 004
Investment of associate	15 791 008	15 791 008
Receivables from non-exchange transactions	55 802 608	55 802 608
Consumer debtors	987 008 816	987 008 816
	2 730 223 436	**2 730 223 436**

2015

	Loans and receivables	Total
Loans to shareholder	1 859 892 867	1 859 892 867
Investment in associates	20 045 626	20 045 626
Receivables from non-exchange transactions	79 983 996	79 983 996
Consumer debtors	550 157 932	550 157 932
	2 510 080 421	**2 510 080 421**

Notes to the Financial Statements

Figures in Rand	2016	2015

13. Finance lease obligation

Minimum lease payments due		
- within one year	51 609 625	61 572 083
- in second to fifth year inclusive	130 689 465	182 468 322
	182 299 090	244 040 405
less: future finance charges	(29 355 867)	(46 635 851)
Present value of minimum lease payments	**152 943 223**	**197 404 554**

Present value of minimum lease payments due		
- within one year	36 639 297	44 307 255
- in second to fifth year inclusive	116 303 926	153 097 299
	152 943 223	**197 404 554**

Current liabilities	36 639 297	44 307 255
Non-current liabilities	116 303 926	153 097 299
	152 943 223	**197 404 554**

The entity leases motor vehicles under a finance lease arrangement with The City of Johannesburg Metropolitan Municipality .

The lease terms varies between 1-5 years and the interest rate was 10% (2015: 10%).

The depreciation and finance charges relating to the leased assets is included as part of the total depreciation and finance charges respectively.

14. Payables from exchange transactions

Trade payables	479 561 960	307 554 389
Accrued leave pay	81 981 296	62 073 903
Accrued bonus	22 265 632	17 805 154
Sundry creditors	37 474 227	102 334 256
	621 283 115	**489 767 702**

Sundry creditors include amongst others supplier's retention on capital projects and unclaimed credits relating to debtors.

Figures in Rand	2016	2015

15. Employee benefit obligations

Defined benefit plan		
Post Retirement Medical Aid Plan	(4 771 059)	(6 639 997)
Post Retirement Housing plan	(74 177)	(29 032)
Post Retirement Gratuity Plan	(78 105 269)	(83 055 743)
	(82 950 505)	**(89 724 772)**

Post retirement medical aid plan

Pikitup Johannesburg (SOC) Limited has obligations to subsidies medical aid contribution 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 (previously called Jomed) and Munimed medical schemes on 01 July 2003.

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 Pikitup Johannesburg (SOC) Limited who are entitled to benefits that relate to their service with Pikitup Johannesburg (SOC) Limited since the company's establishment. This amount is determined at 01 July 2003 and has been crystalised in the form of a notional loan account which earned interest of R566 921 (2015 R 571 000) and against which the company may claim benefit payments made. This loan does not constitute an asset and in terms of GRAP 25 cannot be offset against the liability.

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

Amounts recognised in the Statement of financial position

The fair value of plan assets includes

Movements for the year		
Opening balance	(6 639 997)	(5 771 000)
Net expense recognised in Statement of Financial Perfomance	1 868 938	(868 997)
	(4 771 059)	**(6 639 997)**

Net expense recognised in Statement of Financial Perfomance		
Past Service Cost	(44 029)	(168 000)
Interest	(566 921)	(517 000)
Actuarial (gains) losses	2 224 648	(375 012)
Benefits paid	255 240	191 015
	1 868 938	**(868 997)**

Notional loan account		
Opening balance	12 214 506	11 708 354
Interest	(255 240)	697 167
Amount paid by COJ	798 812	(191 015)
	12 758 078	**12 214 506**

Key assumption used on last valuation on 30 June 2016

Discount rate used	9.12%	6.08%

Post retirement housing subsidy plan

15. Employee benefit obligations (continued)

Pikitup Johannesburg (SOC) Limited provides housing subsidies in respect of certain qualifying staff members. In the event that the housing loan that the subsidy relates 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 subsisdy 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 Pikitup Johannesburg (SOC) Limited who are entitled to benefits that relate to their service with the The City of Johannesburg Metropolitan Municipality since the company 's establishment. This amount was determined at 01 July 2003 and has been crystalised in the form of a notional loan account which earned interest of R2 519 (2015 R1000) and against which the company may claim beneconstitute an asset in terms of GRAP 25 cannot be offset against the liability.

Amounts recognised in the Statement of Financial Position and fair value of plan includes:

	2016	2015
Movement for the year		
Opening Balance	(29 032)	(15 000)
Net Expense recognised in the Statement of Financial Perfomance	(45 145)	(14 032)
	(74 177)	**(29 032)**

	2016	2015
Net expenses recognised in the Statement of Financial Perfomance		
Current service cost	(947)	-
Interest	(2 519)	(1 000)
Actuarial (gain)/ losses	(41 679)	(13 032)
	(45 145)	**(14 032)**

Key assumption used on the last valuation on 30 June 2016

	2016	2015
Discounting rate	9.12 %	6.08%

Post retirement gratuity plan

Pikitup Johannesburg (SOC) Limited provides gratuities on retirement or prior to death in respect of certain qualifying staff members who have service with The City of Johannesburg Metropolitan Municipality of Pikitup Johannesburg (SOC) Limited 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 since the company 's establishment.This amount is determines at 01 July 2003 and has been crystalised in the form of a notional loan account which earned interest of R6 482 436 (2015 R5 556 169) and against which the company may claim benefits payments made. This loan does not constitute a plan asset and in terms of GRAP 25 cannot be offset against the liability.

The plan is post retirement gratuity benefit plan.

Amounts recognised in the Statement of Financial Position

The fair value of plan assets includes

	2016	2015
Movement for the year		
Opening balance	(83 055 743)	(102 468 932)
Net expense recognised in the statement of financial perfomance	4 950 474	19 413 189
	(78 105 269)	**(83 055 743)**

	2016	2015
Net expense recognised in the statement of financial perfomance		
Interest	(6 927 781)	(8 800 000)
Actuarial (gains)/ losses	9 411 522	28 213 189
Benefits paid	2 466 733	-

Notes to the Financial Statements

Figures in Rand	2016	2015

15. Employee benefit obligations (continued)

	4 950 474	**19 413 189**

Notional Loan		
Opening Balance	98 198 564	92 642 395
Interest	6 482 436	5 556 169
	104 681 000	**98 198 564**

Key assumptions used on 30 June 2016

Discount rate used	9.12%	6.08%

Pension benefits

Post Retirement Liability		
Post retirement medical aid plan	(4 771 059)	(6 639 997)
Post retirement housing subsidy plan	(74 177)	(29 032)
Retirement gratuity	(78 105 269)	(83 055 743)
	(82 950 505)	**(89 724 772)**

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The entity is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	87 870 446	88 322 750

Included in defined contribution plan information above, are the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plans as defined benefit plans. The entity accounted for these plans as a defined contribution plans:

Notes to the Financial Statements

16. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Provision for employee settlements	810 000	-	-	(810 000)	-	-
Performance bonus	11 766 396	11 064 176	(5 747 326)	(5 040 660)	-	12 042 586
Environmental rehabilitation: Closed landfill site	151 341 745	-	-	130 743	9 076 721	160 549 209
Environmental rehabilitation: Open landfill sites	387 877 830	-	-	(9 718 489)	23 262 973	401 422 314
	551 795 971	**11 064 176**	**(5 747 326)**	**(15 438 406)**	**32 339 694**	**574 014 109**

Reconciliation of provisions - 2015

	Opening Balance	Utilised during the year	Reversed during the year	Change in discount factor	Total
Legal proceedings	1 162 725	(352 725)	-	-	810 000
Performance bonus	10 055 393	10 289 656	(8 578 653)	-	11 766 396
Environmental rehabilitation: Closed landfill site	144 459 176	-	(1 195 105)	8 077 674	151 341 745
Environmental rehabilitation: Open landfill sites	425 226 530	-	(61 095 623)	23 746 923	387 877 830
	580 903 824	**9 936 931**	**(70 869 381)**	**31 824 597**	**551 795 971**

Non-current liabilities (Landfill rehabilitation)	561 971 523	531 450 922
Current liabilities	12 042 586	20 345 049
	574 014 109	**551 795 971**

On an annual basis,management has to determine an accurate estimate of the enviromental obligation to rehabilitate the various landfill sites upon closure. During this process management placed reliance upon the final Landfill Airspace Estimation Report as compiled by an independent consulting engineer for the technical data utilised in the provision and lifespan estimates.

- The final side slopes for each landfills are 1:3;
- The cover to waste ratio is 1:5 for each site;
- The growth rates for each site are based on zero growth;
- The final landfill footprint extends over the entire landfill property size (excluding infrastructure and a 20m buffer zone between the site boundary and the toe of the landfill; and
- The density of the waste is calculated using both the survey and weighbridge data.

Notes to the Financial Statements

16. Provisions (continued)

Provision for employee settlements

The legal proceeding provision relates to the claims by ex- employees. The cases have since been finalised and the rulling was in favour of Pikitup.

The are no expectation for the outflow of resources.

Perfomance bonus provision

The provision for bonus relates to perfomance bonuses for employees to whom the perfomance contracts applies for the period ending 30 June 2016.

Provision - Fleet

The provision relates to amounts owed to Fleet Africa for the fleet lease contract that has since expired. The matter has been referred to CoJ legal for assistance.

The provision is the total of all oustanding invoices.

The amount of R19 676 516 is expected to be paid to Fleet Africa.

17. Financial liabilities by category

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

2016

	Financial liabilities at amortised cost	Total
Loans from shareholder	1 538 824 824	1 538 824 824
Payables from exchange transactions	621 283 115	621 283 115
	2 160 107 939	**2 160 107 939**

2015

	Financial liabilities at amortised cost	Total
Loans from shareholder	1 747 960 617	1 747 960 617
Payables from exchange transactions	489 767 702	489 767 702
	2 237 728 319	**2 237 728 319**

18. Share capital

Authorised		
1000 Ordinary Shares of R1 each	1 000	1 000
Issued		
1000 Ordinary share of R1 each	1 000	1 000

Notes to the Financial Statements

Figures in Rand	2016	2015

19. Owner's Contribution

Domestic Refuse -Consumer debtors	43 001 808	43 001 808

The owner's contribution consists of domestic refuse debtors less provision for bad debts , transferred to the entity on the 1 July 2013. This will ensure that domestic revenue as well as the responsibility ,accountability,communication and infrastructure relating to domestic revenue is aligned.

20. Fleet and cleaning services

Waste removal vehicles	189 593 458	178 645 682
Fuel	48 566 229	51 998 112
Insurance	7 270 747	5 160 010
Repairs And Maintenance	73 380 633	74 926 703
Waste Cleaning Service	88 699 946	9 086 754
Mobile Plant Hire	130 487 696	73 266 989
Recycling cost	1 591 630	864 350
Hire And Maintenance Of Equipment	1 491 358	2 099 811
	541 081 697	**396 048 411**

The variance for the comparative periods for waste cleaning services is as a result of the implementation of the Jozi@work programme. It should be noted that the year on year increase in mobile plant hire is as a result of the industrial strike action during the current financial period.

21. Service charges

Service charges	1 345 463 024	1 215 285 257

22. Revenue

Service charges	1 345 463 024	1 215 285 257
Rental facilities and equipment	304 760	244 820
Miscellaneous other revenue	54 276 128	22 231 579
Discount received	510 114	-
Interest received - Sweeping	7 061 508	6 727 311
Government grants & subsidies	648 043 901	608 007 861
Fair value adjustments	73 490 025	64 266 361
	2 129 149 460	**1 916 763 189**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1 345 463 024	1 215 285 257
Rental facilities and equipment	304 760	244 820
Miscellaneous other revenue	54 276 128	22 231 579
Discount received	510 114	-
Interest received - investment	7 061 508	6 727 311
	1 407 615 534	**1 244 488 967**

Notes to the Financial Statements

Figures in Rand	2016	2015

22. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants and subsidies	648 043 901	608 007 861
Fair value adjustments	73 490 025	64 266 361
	721 533 926	**672 274 222**

23. Miscelleneous other revenue

Interest received on consumer debtors	17 737 465	12 802 882
Sundry revenue	23 830 437	9 424 597
Revenue from hostel cleaning	12 708 227	4 100
	54 276 129	**22 231 579**

Sundry revenue includes cleaning activities undertaken by Pikitup for Bekkersdal. It also includes a reimbursement for EPWP programme as well as contributions received for sorting facilities from Region E.

24. Government grants and subsidies

Operating grants		
SETA Grant	2 368 730	1 091 482
Operating Grants from COJ	643 651 000	592 918 000
	646 019 730	594 009 482
Capital grants		
USDG Grant	2 024 171	13 998 379
	2 024 171	13 998 379
	648 043 901	**608 007 861**

The grants received are the Skill Development Grant and the Urban Settlement Development Grant .

25. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Contractual amounts	10 539 123	7 507 403
Amortisation on intangible assets	668 204	4 736 331
Depreciation on property, plant and equipment	115 346 979	107 128 118
Employee costs	895 501 588	808 076 041

Notes to the Financial Statements

Figures in Rand		2016	2015

26. Employee related costs

Basic salaries		584 866 573	552 647 395
Hostel charges		5 327 829	5 045 775
Provident fund contributions		18 009	18 253
Uniforms and protective clothing		11 449 259	8 246 878
Housing benefits and allowances		1 684 868	1 117 572
Overtime payments		56 567 577	54 215 247
Bonus		45 388 311	44 670 820
Hostel recoveries		(1 571 250)	(1 173 987)
UIF		5 886 497	5 591 578
WCA		6 068 722	6 390 899
SDL		6 755 445	6 524 334
Leave pay provision charge		23 641 516	16 725 088
Other allowances		3 544 400	3 687 276
Bargaining council levies		380 060	374 045
Gratuities		3 410 145	10 124 627
Unfunded liabilities - Pension funds		(14 016 248)	(27 657 145)
Defined contribution plans	15	87 870 446	88 322 750
Acting allowances		2 015 941	2 150 311
Public holiday allowance		9 594 347	10 438 649
Travel allowance		21 623 157	19 621 734
Casual services		34 995 984	993 942
		895 501 588	**808 076 041**

27. Depreciation and amortisation

Property, plant and equipment	115 346 979	107 128 118
Intangible assets	668 204	4 736 331
	116 015 183	**111 864 449**

28. Finance costs

Shareholders loan account	31 192 668	19 187 579
Interest on fair value adjustments of expenditure	3 368 136	1 837 085
Ineterest paid on sweeping	256 580	87 232
Finance leases	17 163 127	12 619 124
Interest unwinding on rehabilitation of landfill	32 339 694	31 824 597
Net landfill rehabilitation adjustment and other interest	1 161 654	1 166 962
	85 481 859	**66 722 579**

29. Auditors' remuneration

Internal	3 441 478	1 604 415
External	2 037 997	2 465 319
	5 479 475	**4 069 734**

Notes to the Financial Statements

Figures in Rand	2016	2015

30. Cash generated from (used in) operations

Surplus (deficit)	293 414 693	(55 492 646)
Adjustments for:		
Depreciation and amortisation	116 015 183	111 864 449
Gain on sale of assets and liabilities	6 612 862	555 520
Adjustment on property plant and equipment	-	(91 009 496)
Adjustment on landfills	(9 718 489)	(61 095 624)
Income from equity accounted investments	4 254 617	(1 937 482)
Fair value adjustments	(73 490 025)	(64 266 361)
Finance costs - Finance leases	40 835 580	34 915 876
Interest income	(7 061 508)	(6 727 311)
Dividends received	(510 114)	-
Debt impairment	47 254 756	(459 625 408)
Movements in retirement benefit assets and liabilities	4 052 294	18 490 345
Movements in provisions	22 218 138	(29 107 853)
Changes in working capital:		
Inventories	203 563	642 624
Receivables from exchange transactions	32 035 822	3 028 998
Consumer debtors	(418 567 678)	167 105 867
Payables from exchange transactions	131 515 413	181 898 217
	189 065 107	**(250 760 285)**

31. Commitments

Commitments in respect of capital expenditure:

Authorised and not yet contracted for		
• Property, plant and equipment	101 016 178	29 975 797
• Landfills and associated enviromental assets	-	2 045 000
	101 016 178	**32 020 797**

Authorised and contracted for		
• Property, plant and equipment	7 920 597	76 924 203

Total capital commitments		
Already contracted for but not provided for	101 016 178	32 020 797
Not yet contracted for and authorised by directors	7 920 597	76 924 203
	108 936 775	**108 945 000**

Authorised operational expenditure

Already Authorised and contracted for		
• Goods and Services	170 382 931	-

Total operational commitments		
Already contracted for but not provided for	170 382 931	-

32. Contingencies

Economic entity

Freehold land, buildings and servitudes purchased from The City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement, have not as yet been transferred into the name of Pikitup Johannesburg SOC Ltd. Transfer duties might be payable by the company on the transfer of property. It is not possible to estimate an expected amount.

The company has a contingent liability to the value of R29 516 712 relating to absorption of 409 general workers. The application was dismissed but the applicants are attempting to join another matter that only relates to absorption of employees without backdated compensation.

The plaintiff is claiming for damages for injuries allegedly sustained at or near Orange farm garden site. The total amount claimed is R400 000. The entity is defending the matter.

The plaintiff is claiming retention payments held by Pikitup for services provided. The total amount claimed is R104 526. The entity is defending the matter as the work could not be verified when the retention period lapsed. The matter has also prescribed.

The plaintiff is claiming monies for services rendered which it is alledged Pikitup has not paid . The total amount claimed is R333 790. The entity has admitted liability of R95 000, a proposed settlement has been tendered but was rejected by the plaintiff.

The company has a contingent liability in respect of claim of breach of contract by the plaintiff and for monies paid unduly . The total amount claimed is R622 006. Settlement negotiations are in progress and there is a possibility of withdrawal of both claims.

33. Related parties

Relationships	
Directors	Refer to directors' report note
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other members of the group	
	City of Joburg Property Company SOC Ltd
	City Power Johannesburg SOC Ltd
	Johannesburg City Parks NPC
	Johannesburg Development Agency SOC Ltd
	Johannesburg Metropolitan Bus Services SOC Ltd
	Johannesburg Roads Agency SOC Ltd
	The Johannesburg Tourism Company NPC
	Johannesburg Water SOC Ltd
	The Metropolitan Trading Company SOC Ltd
	Roodepoort City Theatre NPC
	Joburg Theatre SOC Ltd
	The Johannesburg Fresh Produce Market SOC Ltd
	The Johannesburg Zoo NPC
	Johannesburg Social Housing Company SOC Ltd
Associates	Refer to note 11

Notes to the Financial Statements

Figures in Rand	2016	2015

33. Related parties (continued)

Related party balances

Amounts included in Loans, Trade and other receivables regarding related parties		
City of Johannesburg Metropolitan Municipality	-	1 039 052
Johannesburg Social Housing Company SOC) Ltd	-	2 485 075
Johannesburg Development Agency SOC Ltd	180 592	-
Johannesburg Roads Agency SOC Ltd	1 780 263	-
	1 960 855	**3 524 127**

Amounts included in trade and other payables regarding related parties		
City of Johannesburg Metropolitan Municipality	-	15 415 787
Johannesburg Social Housing Company SOC Ltd	16 247	371 185
City Power Johannesburg SOC Ltd	2 709 000	-
City of Johannesburg Property Company SOC Ltd	-	78 550
The Johannesburg Fresh Produce Market SOCLtd	144 300	228 236
	2 869 547	**16 093 758**

Loans accounts owing by related parties		
City of Johannesburg Metropolitan Municipality	1 011 730 631	1 060 557 430

Loan account owing to related parties		
City of Johannesburg Metropolitan Municipality	725 813 248	1 073 131 424
City of Johannesburg Metropolitan Municipality- Fleet Lease	153 121 203	197 404 555
	878 934 451	**1 270 535 979**

Related party transactions

Sales to related parties		
City of Johannesburg Metropolitan Municipality	696 451 072	592 918 000
Johannesburg Social Housing Company SOC Ltd	287 757	-
Johannesburg Metropolitan Bus Services SOC Ltd	138 039	-
City Power Johannesburg SOC Ltd	1 260 417	-
Johannesburg Water SOC Ltd	750 612	310 500
Joburg Theatre SOC Ltd	94 051	-
Johannesburg City Parks NPC and Zoo	3 823 529	-
Johannesburg Roads Agency SOC Ltd	1 463 746	-
The Johannesburg Fresh Produce Market SOC Ltd	11 404 699	-
	715 673 922	**593 228 500**

Purchases from related parties		
City of Johannesburg Metropolitan Municipality	68 070 000	71 302 074
Johannesburg Social Housing Company SOC Ltd	-	4 027 106
City of Johannesburg Property Company SOC Ltd	32 619 390	68 903
Johannesburg Water SOC Ltd	2 181 000	-
Johannesburg City Parks NPC	3 104	-
Johannesburg Development Agency SOC Ltd	158 414	-
The Johannesburg Fresh Produce Market SOC Ltd	561 372	482 598
	103 593 280	**75 880 681**

Notes to the Financial Statements

Figures in Rand	2016	2015

33. Related parties (continued)

Other expenses paid to (received from) related parties		
City of Johannesburg Metropolitan Municipality - sweeping account interest received	(6 804 928)	(6 640 079)

Remuneration of management

34. Change in estimate

Property, plant and equipment

On an annual basis, management has to determine an accurate estimate of the enviromental obligations to rehabilitate the various landfill sites upon closure. During this process management place reliance upon the final landfill airspace estimation report as compiled by an independant consulting engineer for the technical data utilised in the provision and lifespan estimates.

Robinson deep landfill site useful life remained at 6 years.

Ennerdale landfill site useful life changed from 11 to 10 years.

Marie louise landfill site changed remained at 5 years.

Goudkoppies landfill sites useful life remained at 14 years.

The impact of the change in estimate is the decrease in the annual depreciation charge by R6 776 903.

35. Prior period errors

Statement of financial position		
PIKITUP - Adjustment against opening accumulated deficit	-	5 651 799

Statement of financial performance		
PIKITUP - Expense	-	(18 496)
PIKITUP - Revenue	-	5 633 299
	-	**5 614 803**

The prior period errors relates in the main to revenue for 2013/14 and 2012/13 financial periods. These are amounts that were not billed in their respective periods and were identified at year end.

36. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company is a wholy owned subsidiary of the City of Johannesburg Metropolitan Municipality. Risk management is carried out by a central treasury department within the Metro Municipality (company treasury) under policies approved by the Council.

Liquidity risk

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

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The entity also receives an annual subsidy from the City of Johannesburg Metropolitan Municipality which mitigates to a large extent the liquidity risk of the entity.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. No defaults or breaches occured during the year and the entity is in good standing with its payables.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers onan ongoing basis. The company is therefore exposed to credit risk.

37. Going concern

As at 30 June 2016, the entity had accumulated surplus of R 417 504 036 and that the entity's total assets exceed its liabilities by R 460 506 844.

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

38. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	14 228 432	14 228 432
Fruitless and wasteful expenditure current year	1 814 818	-
	16 043 250	**14 228 432**

The fruitless and wasteful expenditure incurred in the current financial period relates to rentals and utilities payment made to JHI Properties and Zenprop due to delayed tenant installation.

39. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	338 019 979	293 442 908
Irregular expenditure current year	11 413 248	23 423 993
Irregular expenditure prior year	21 153 078	-
	370 586 305	**316 866 901**

The amount disclosed relates to irregular expenditure identified during the forensic investigation and amounts spent on the procurement of binliners, consultants, medical insurance and security costs.

An award in relation to security services is subject to a court process and could have a potential impact on the current amount disclosed as irregular expenditure.

40. Supply chain management deviations in accordance with Regulation 36

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the financial statements. See below a summary of the deviations for the financial year:

- Regulation 36(a)(i) Emergency Other - Facilities management and repairs to the amount of R87 626 (incl VAT).

- Regulation 36(a)(i) Emergency Strike - Casual labour drivers, cleaning equipment, consumables, tools and physical security to the amount of R135 654 447 (incl VAT).

- Regulation 36(a)(ii) Single provider - Conference,subscriptions,media space,training,callibration of specialised equipment to the amount of R 1 451 984(incl VAT).

- Regulation 36(a)(v) Impractical - Forensic investigation, securing external landfill airspace, evacuation chairs,specialised equipment, personnel recruitment advertisment,hire of equipment,move management and tenant installation and physical security to the amount of R289 367 726(incl VAT).

- Regulation 36 (b) Ratification - recruitment agency due to extension of temporary contracts,media partnership, disciplinary hearing representatives and personnel competency assessments to the amount of R203 966 (incl VAT)

Notes to the Financial Statements

Figures in Rand

41. Directors' emoluments

2016

	Emoluments
Dr Hanekom P (Chairperson)	452 019
Bp Adams DK	210 064
Mr Badela G	101 607
Mr Bahula M	66 921
Mr Brenner L	212 938
Ms Bogatsu SR	207 999
Ms Kana N	65 403
Mr Matshekga LJ	314 827
Dr Nyabeze WRR	223 735
Adv Rampai TD	147 535
	-
	2 003 048

		Basic Salary	Medical Aid Contribution	Pension Fund Contribution	Travel Allowance	Bonus	Acting Allowance	Total
Ms Nair A	Managing Director	1 900 324	-	164 319	342 964	-	-	2 407 607
Mr Maharaj S	Chief Financial Officer	1 587 714	-	116 299	-	132 180	152 828	1 989 021
Mr Magasa I	Chief Operating Officer	1 038 626	25 400	84 449	55 429	96 070	-	1 299 974
Ms Jack PN	Executive director : Waste Strategy and programmes	1 587 714	-	116 299	-	116 255	173 641	1 993 909
Mr Thekiso J	Executive Corporate Services	1 344 418	-	120 452	300 000	108 861	188 315	2 062 046
Mr Selepe LD	Chief Audit Executive	1 087 696	-	89 342	132 000	130 904	-	1 439 942
Mr Dekker FJ	Company Secretary	1 345 898	-	99 685	15 000	90 092	148 940	1 699 615
		9 892 390	**25 400**	**790 845**	**845 393**	**674 362**	**663 724**	**12 892 114**

Notes to the Financial Statements

Figures in Rand

41. Directors' emoluments (continued)

2015

	Emoluments
Dr Mabuya N	298 740
Mr Bahula M	163 336
Mr Brenner L	290 298
Dr Hanekom P (Chairperson)	154 069
Mr Matshekga LJ	189 788
Mr Mondlane D	154 390
Dr Mutshekwane N	118 681
Dr Ndema Y	63 070
Dr Nyabeze WRR	150 112
Adv Rampai TD	121 676
Bp Adams DK	56 209
Adv Badela G	30 419
Mrs Bogatsu SR	40 008
	1 830 796

Executive directors		Basic Salary	Medical Aid Contribution	Pension Fund Contribution	Travel Allowance	Bonus	Acting Allowance	Leave	Total
Ms Nair A	Managing Director	1 790 398	-	153 064	342 964	-	-	-	2 286 426
Mr Maharaj S	Chief Financial Officer	1 485 924	-	106 612	-	240 698	93 742	-	1 926 976
Mr Magasa I	Chief Operating Officer	1 259 149	27 007	97 445	72 000	135 465	-	-	1 591 066
Ms Jack PN	Executive director : Waste Management	1 485 924	-	106 612	-	135 800	-	-	1 728 336
Mr Seymour A	Executive Director: Commercial and Customer Services	223 498	6 467	11 785	-	-	-	49 317	291 067
Mr Peters L	Executive Director : Legal and Compliance	276 602	10 854	16 318	-	160 710	-	57 574	522 058
Mr Thekiso J	Executive Director: Corporate Service	1 495 577	43 416	110 419	-	237 584	85 417	-	1 972 413
Mr Ramathlape J	Chief Technology Officer	755 333	-	97 500	166 667	-	-	66 064	1 085 564
Mr Selepe LD	Chief Audit Executive	1 009 500	-	81 900	132 000	-	-	-	1 223 400
Mr Njezula LI	Execitive Director : Stategic Support	787 195	-	82 875	-	12 637	-	-	882 707

Notes to the Financial Statements

Figures in Rand

41. Directors' emoluments (continued)

Mr Dekker FJ	Company Secretary	1 273 650	-	91 381	-	166 848	57 582	-	1 589 461
		11 842 750	**87 744**	**955 911**	**713 631**	**1 089 742**	**236 741**	**172 955**	**15 099 474**