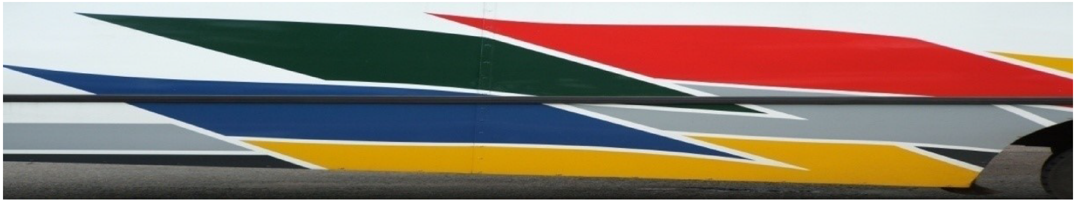

Brakpan Bus Company SOC Limited

Financial Statements
for the ended June 30, 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing a public transport bus service to the communities of Brakpan, Springs &Tsakane and also the hiring out of its buses to individuals and organisations.
Directors	
	D.R. Sibanda - Appointed 10/02/2011 until 30/04/2015
	T.S. Puzi - Appointed 10/02/2011until 30/04/2015
	P.N. Zondo - Appointed 10/02/2011 Non-Execetive Director and 23/07/2013 Acting Managing Director until to date
	J.C. Weapond - Appointed 10/02/2011 until 30/04/2015
	New non-executive directors as from 01/05/2015 to 30/04/2018
	Mr T Munyai Chair Person
	Mr MJ Gololo
	Ms N Ntanjana
	Mr M Koetle resigned June 2016
	Mr Z Letjane
	Mr H Van Laar resigned August 2015
	Mr M Mdingi
	Mr DR Sibanda
Registered office	Cnr Lemmer and Denne Road Rand Colliers Brakpan 1544
Business address	Cnr Lemmer and Denne Road Rand Colliers Brakpan 1544
Postal address	P.O. Box 10298 Dalview Brakpan 1544
Holding company	Ekurhuleni Metropolitan Municipality
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa Registered Auditors
Company registration number	2000/024331/30
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008, and in accordance with the Municipal Finance Management Act No. 56 of 2003 (MFMA)
Preparer	The financial statements were internally compiled by: Maxwell Jacobs Financial Manager

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

Abbreviations

BBC	Brakpan Bus Company
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
TETA	Transport Education Training Authority

Chief Executive's Responsibilities and Approval

The accounting officer is responsible for the preparation of these financial statements, which are set out on pages 7 to 36 in terms of Section 126(1) of the Municipal Financial Management Act, Act 56 of 2003, and the Companies Act of South Africa, Act 71 of 2008 and which I have signed on behalf of the Company.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Brakpan Bus Company to enable them to meet these responsibilities. These controls are mentioned throughout Brakpan Bus Company`s polices in ensuring the Company's operations are conducted accordingly. The focus of management in the Brakpan Bus Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Brakpan Bus Company endeavours to minimize it.

The directors are required by the Municipal Financial Management Act, Act 56 of 2003 and the Companies Act of South Africa, Act 71 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 the report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of the operations and cash flow for the period ended and in conformity with Generaly Recognised Accounting Standard.

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

The financial statements set out on page 7 to 36 which have been prepared on an going concern basis. They are approved by the Board of Directors and were signed on its behalf by the Acting Managing Director:

PN Zondo
Acting Managing Director

Directors' Report

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

1. Review of activities

Main business and operations

The company is engaged in transporting passengers and operates principally in Brakpan, Springs & Tsakane.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The entity current assets are less than current liabilities. However it is still regarded as a going concern. It owes Ekurhuleni Metropolitan Municipality (R13 299 555).In the past the Municipality wrote off the debt. Brakpan Bus Company is in discussion with the municipal for providing financial assistance. BBC is providing service on behalf of EMM

Surplus of the entity is R3,937,033 (2015: surplus R2,421,680),

The entity has a contract with the Department of Transport (DoT) for the provision of transport services for which it receives a subsidy on a monthly basis. The current contract ends 31 March 2018. According to the company it will receive less than it is entitled to in the new financial year.

2. Directors' interest in contracts

Directors have no interest in any contract currently in place. From 01 July 2015 to 30 June 2016

3. Share capital

There were no changes in the authorised or issued share capital of the entity during the under review.

4. Non-current assets

There have been no major changes in the nature of the non-current assets of the entity during the year.

5. Distributions to owners

No dividends were declared or paid to shareholder during the year.

6. Secretary

The acting company secretary is Ms Mmalebo Motlhakeng: date of appointment 14 March 2016. Previously it was Ms Zikhona Kunene , who has been appointed in the Risk and Compliance Department.

7. Auditors

The Office of the Auditor General - Johannesburg assumed responsibility of the company audit in terms of the Municipal Finance Management Act, Act 56 of 2003 from the financial year ended 30 June 2008.

8. Audit Committee

The audit committee of the holding entity (Ekurhuleni Metropolitan Municiaplity) provides an audit committee function to the entity as per council resolution. This is in compliance with Section 166 (6) of the Municipal Finance Management Act (2003).

9. Holding company

The company's shares are 100% held by Ekurhuleni Metropolitan Municipality, and the company remains a municipal entity.

10. Internal Audit Function

The internal audit department of Ekurhuleni Metropolitan Municipality provides the internal audit function to the entity. This is in compliance with Section 166 (b) (a) & (b) (i) (ii) of the Municipal Finance Management Act (2003).

Company Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Mmalebo Motlhakeng
Acting Company Secretary

Statement of Financial Position as at June 30, 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Receivables (Non- Exchange Transactions)	3	11,081,804	6,088,635
Cash and cash equivalents	4	9,776,955	4,013,672
		20,858,759	**10,102,307**
Non-Current Assets			
Property, plant and equipment	5	7,563,591	8,958,437
Deferred tax	6	4,773,099	4,422,820
		12,336,690	**13,381,257**
Total Assets		**33,195,449**	**23,483,564**
Liabilities			
Current Liabilities			
Other financial liabilities	7	-	2,912,148
Payables (Exchange Transactions)	8	14,329,343	16,078,065
Unspent conditional grants and receipts		5,388,244	-
Provisions	9	6,362,868	1,318,721
		26,080,455	**20,308,934**
Non-Current Liabilities			
Operating lease liability		8,037	4,701
Total Liabilities		**26,088,492**	**20,313,635**
Net Assets		**7,106,957**	**3,169,929**
Net Assets			
Share capital	10	6	6
Accumulated surplus		7,106,951	3,169,923
Total Net Assets		**7,106,957**	**3,169,929**

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions			
Rendering of services	11	10,403,970	9,091,826
Bus Hire	11	3,053,862	2,414,165
Commissions received	11	7,531	8,372
TETA	11	177,075	93,330
Other income		14,518	9,964
Interest received - investment	11&12	299,174	58,339
Total revenue from exchange transactions		**13,956,130**	**11,675,996**
Revenue from non-exchange transactions			
Municipal Grant	11	5,000,000	5,000,000
Subsidy	11	12,227,637	11,428,641
Other revenue	11	7,720,073	-
Total revenue from non-exchange transactions		**24,947,710**	**16,428,641**
Total revenue	11	**38,903,840**	**28,104,637**
Expenditure			
Employee related costs	13	(13,542,693)	(11,760,900)
Director's emoluments	14	(2,821,817)	(1,135,579)
Depreciation	5	(1,747,417)	(1,689,386)
Finance costs	29	(110,617)	(359,580)
Lease rentals on operating lease		(344,153)	(338,776)
Reversal of impairment on trade receivables		-	1,093,905
Repairs and maintenance		(6,427,761)	(1,805,274)
General Expenses	15	(10,368,137)	(10,684,810)
Total expenditure		**(35,362,595)**	**(26,680,400)**
Operating surplus		**3,541,245**	**1,424,237**
Gain on disposal of assets and liabilities		45,509	3,486
Surplus before taxation		**3,586,754**	**1,427,723**
Taxation	16	350,279	993,957
Surplus for the year		**3,937,033**	**2,421,680**

Statement of Changes in Net Assets

Figures in Rand	Share capital	Accumulated surplus	Total net assets
Balance at July 1, 2014	**6**	**748,242**	**748,248**
Changes in net assets			
Deficit for the year	-	2,421,680	2,421,680
Total changes	-	2,421,680	2,421,680
	-	-	-
Balance at July 1, 2015 as restated*	**6**	**3,169,918**	**3,169,924**
Changes in net assets			
Surplus for the year	-	3,937,033	3,937,033
Total changes	-	3,937,033	3,937,033
Balance at June 30, 2016	**6**	**7,106,951**	**7,106,957**
Note(s)	10		

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Sale of goods and services		25,891,423	25,455,366
Grants		5,388,244	-
Interest income		299,174	58,339
		31,578,841	25,513,705
Payments			
Employee costs		(13,518,320)	(11,762,881)
Suppliers		(8,967,412)	(6,354,060)
Finance costs		(110,617)	(359,580)
		(22,596,349)	(18,476,521)
Net cash flows from operating activities	18	**8,982,492**	**7,037,184**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(320,160)	(333,903)
Proceeds from sale of property, plant and equipment		13,099	3,880
Net cash flows from investing activities		**(307,061)**	**(330,023)**
Cash flows from financing activities			
Repayment of other financial liabilities		(2,912,148)	(3,261,784)
Net cash flows from financing activities		**(2,912,148)**	**(3,261,784)**
Net increase/(decrease) in cash and cash equivalents		**5,763,283**	**3,445,376**
Cash and cash equivalents at the beginning of the year		4,013,672	568,296
Cash and cash equivalents at the end of the year	4	**9,776,955**	**4,013,672**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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						
Rendering of services	11,880,344	-	**11,880,344**	10,403,970	**(1,476,374)**	The entity did not achieve the set target due to trips that did not operate as a result of bus repairs turnaround time at the workshop
Bus hire	4,030,000	-	**4,030,000**	3,053,862	**(976,138)**	The entity did not meet the set target due to the specials that did not operate as a result of bus repairs turnaround time at theworkshop
Commissions received	6,953	-	**6,953**	7,531	**578**	Immaterial
TETA	201,900	-	**201,900**	177,075	**(24,825)**	There was no plan of learners intake at the begining of the year.
Other income - (rollup)	-	-	**-**	14,518	**14,518**	Immaterial
Interest received - investment	120,000	-	**120,000**	299,174	**179,174**	Conditional grants was saved on call account
Total revenue from exchange transactions	**16,239,197**	**-**	**16,239,197**	**13,956,130**	**(2,283,067)**	
Revenue from non-exchange transactions						
Transfer revenue						
Grants from Ekurhuleni Metropolitan Municipality	5,000,000	-	**5,000,000**	5,000,000	**-**	
Subsidy	12,469,183	-	**12,469,183**	12,227,637	**(241,546)**	Annual escalation was morethan expectation.
Subsidy	-	-	**-**	7,720,073	**7,720,073**	Debt was written off by EMM

Brakpan Bus Company SOC Limited

(Registration number 2000/024331/30)
Financial Statements for the ended June 30, 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total revenue from non-exchange transactions	**17,469,183**	**-**	**17,469,183**	**24,947,710**	**7,478,527**	
Total revenue	**33,708,380**	**-**	**33,708,380**	**38,903,840**	**5,195,460**	
Expenditure						
Employee Related Costs	(15,530,192)	-	**(15,530,192)**	(13,542,693)	**1,987,499**	Medical aid and house allowances were paid for only six months
Remuneration of directors	(2,813,973)	-	**(2,813,973)**	(2,821,817)	**(7,844)**	Immaterial
Depreciation and amortisation	(1,699,034)	-	**(1,699,034)**	(1,747,417)	**(48,383)**	New assets were purchased at the begining of the year
Finance costs	(271,289)	-	**(271,289)**	(110,617)	**160,672**	Interest was paid according remaining balance
Lease rentals on operating lease	(403,860)	-	**(403,860)**	(344,153)	**59,707**	Old contract was used , since new contract was not signed
Repairs and maintenance	(1,797,511)	-	**(1,797,511)**	(6,427,761)	**(4,630,250)**	Buses are now being repaired by the OEM to minimise repeat failures
General Expenses	(11,141,007)	-	**(11,141,007)**	(10,368,136)	**772,871**	saving on diesel due to trips that did not operate
Total expenditure	**(33,656,866)**	**-**	**(33,656,866)**	**(35,362,594)**	**(1,705,728)**	
Operating surplus	**51,514**	**-**	**51,514**	**3,541,246**	**3,489,732**	
Gain on disposal of assets and liabilities	-	-	**-**	45,509	**45,509**	Asset were disposed at the amount that is above book value
Surplus before taxation	**51,514**	**-**	**51,514**	**3,586,755**	**3,535,241**	
Taxation	-	-	**-**	350,279	**350,279**	.
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**51,514**	**-**	**51,514**	**3,937,034**	**3,885,520**	

Cash Flow Statement

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net increase/(decrease) in cash and cash equivalents	1,591,395	-	**1,591,395**	7,338,426	**5,747,031**	
Cash and cash equivalents at the end of the year	**1,591,395**	**-**	**1,591,395**	**7,338,426**	**5,747,031**	

2016

Accounting Policies

1. Presentation of Financial Statements

Basis of Preparation

These annual financial statements were prepared in accordance with 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 No 56 of 2003).

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in the note “Changes in accounting policy.”

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. When any significant judgements and sources of estimation uncertainty are applicable, they have been disclosed in the relevant notes and policies.

1.2 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the entity. Rounded to the nearest rand

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, 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 or the fair value 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. Cost also includes initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. 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 are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition. The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

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

The entity maintains and acquires assets to provide a social service to the community. The useful lives and economic lives of these assets are equal and consequently no residual values are determined.

The entity depreciates separately each part of an item of property, plant and equipment that has a cost that is significant in relation to the total cost of the item. Costs of replacing parts are capitalised and the existing parts being replaced are derecognised. Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets.

The depreciation rates are based on the following estimated useful lives:

Item	**Average useful life**
• Motor vehicles	4 - 12 years
• Furniture and fittings	3 years
• IT Equipment	3 years
• Ticket machines	10 years
• Busses	10 years

The asset management policy contains the details of the components and their specific useful life estimates.

The residual value, the useful life and the depreciation method of PPE are reviewed at least at every reporting date.

At each reporting date all items of PPE are reviewed for any indication that it may be impaired. An impairment exists when an assets carrying amount is greater than its recoverable amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If there is an indication of impairment, the assets' recoverable amount is calculated. An impairment loss is recognised in the Statement of Financial Performance and the depreciation charge relating to the asset is adjusted for future periods.

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. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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.

Accounting Policies

1.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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.

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.

Accounting Policies

1.4 Financial instruments

a) Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
(i) the entity designates at fair value at initial recognition or
(ii) are held for trading.

b) Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

c) Financial instruments at fair value comprise financial assets or financial liabilities that are:
(i) derivatives;
(ii) combined instruments that are designated at fair value;
(iii) instruments held for trading. A financial instrument is held for trading if:
(1) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
(2) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
(iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
(v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	**Category**
Other financial liabilities	Financial liability measured at amortised cost
Payables	Financial liability measured at amortised cost

Initial recognition
The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities
The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities
The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the

Accounting Policies

1.4 Financial instruments (continued)
entity establishes fair value by using a valuation technique.

Gains and losses
A gain or loss arising from a change in the fair value of a financial asset measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets
The entity assess at the end of each reporting period whether there is any objective evidence that a financial assets are impaired.

a) Financial assets measured at amortised cost:
If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

b) Financial assets measured at cost:
If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition
a) Financial assets
The entity derecognises financial assets (or part of a financial assets) when the contractual rights to the cash flows from the financial asset expire, are settled or waived or when the entity has transferred all of the significant risks and rewards of ownership using trade date accounting.

On derecognition of a financial asset (or part of a financial asset), the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

b) Financial liabilities
The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished (when the obligation specified in the contract is discharged, cancelled, expires or waived).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation
Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Accounting Policies

1.4 Financial instruments (continued)

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.5 Provisions and contingencies

A provision is recognised when the entity has a present obligation (legal or constructive) as a result of a past event and 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 amount of the obligation.

The entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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 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.

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.

1.6 Impairment of cash-generating assets and non-cash-generating assets

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 held with the primary 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.

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

(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.

1.6 Impairment of cash-generating assets and non-cash-generating assets (continued)

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

Identification
When the carrying amount of a cash-generating asset exceeds its recoverable amount or when the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the economic entity also test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

When estimating the value in use of a cash-generating asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows. The present value of the remaining service potential of a non-cash-generating assets is determined using the most appropriate between the following approaches:
• Depreciated replacement cost approach;
• Restoration cost approach;
• Service units approach

Recognition and measurement
If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss
The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount or recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation
The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Accounting Policies

1.7 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.

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.8 Employee benefits

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.

1.9 Revenue from exchange transactions

Measurement

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

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

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably.

When the inflow of cash or cash equivalents is deferred and the fair value of the consideration is less than the nominal amount of cash received or receivable, the arrangement effectively constitutes a financing transaction. The fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:
• The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
• A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

Interest revenue is recognised on a time proportion basis.

Accounting Policies

1.10 Revenue from non-exchange transactions

Transfers, including Grants and Receipts
The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition. Conditional grants will be trated as liability until the condition is meet

Gifts and donations, including goods in-kind
Gifts and donations, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.11 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.

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.

1.12 Fruitless and wasteful expenditure

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

1.13 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 entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Budget information

The approved budget is prepared as per legislative requirements on an accrual basis, and is consistent with accounting policies as adopted by the Council for the preparation of these financial statements, and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30. These figures are those approved by Council both at the beginning and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP). The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments to material differences are provided in the statement itself.

Accounting Policies

1.15 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed, except for transactions with controlled entities, which are disclosed in full.

1.16 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
• those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
• those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Reporting date means the date of the last day of the reporting period to which the financial statements relate. The entity adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting date. The entity does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

1.17 Comparative figures

When the presentation or classification of items in the annual financial statements is amended due to better presentation and/or better understandibility and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Accounting Policies

1.18 Taxes

Current tax assets and liabilities
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 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.

Notes to the Financial Statements

Figures in Rand	2016	2015

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after July 1, 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	April 1, 2016	It is expected not to be material
• GRAP32: Service Concession Arrangements: Grantor	Date not set	It is expexpected not to be material
• GRAP108: Statutory Receivables	Date not set	It is expected not to be material
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	Date not set	it is expected not to be material
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	Date not set	It is expected not to be material

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after July 1, 2016 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

3. Receivables (Non- Exchange Transactions)

Subsidy and other Non-exchange	1,076,901	1,088,635
EMM Grant	10,000,000	5,000,000
Prepaid expenses	4,903	-
	11,081,804	**6,088,635**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8,960	9,120
Bank balances	9,767,995	4,004,552
	9,776,955	**4,013,672**

Bank balances include cash in banks and investments in money market instruments, detailed as follows:

Notes to the Financial Statements

Figures in Rand	2016	2015

4. Cash and cash equivalents (continued)

	2016	2015
ABSA Current account - 4052643454		
Cash at beginning of year	2,025,064	229,133
Cash at the end of the year	1,126,819	2,025,064
Cash movement for the year	(898,245)	1,795,931
ABSA Money Market account - 9193942873		
Cash at beginning of year	1,979,488	330,363
Cash at the end of the year	8,641,175	1,979,488
Cash movement for the year	6,661,687	1,649,125

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2016	June 30, 2015	June 30, 2014
ABSA - Current account - 4052643454	956,566	1,947,750	222,461	1,126,819	2,025,064	229,133
ABSA - Money market account - 9193942873	8,641,175	1,979,488	330,364	8,641,175	1,979,488	330,363
Cash on hand	-	-	-	8,800	9,120	8,800
Total	**9,597,741**	**3,927,238**	**552,825**	**9,776,794**	**4,013,672**	**568,296**

5. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	393,217	(296,364)	96,853	361,535	(229,677)	131,858
Motor vehicles	1,235,339	(817,700)	417,639	1,014,229	(724,429)	289,800
IT equipment	163,229	(116,370)	46,859	143,083	(109,104)	33,979
Busses	16,005,600	(9,003,360)	7,002,240	16,005,600	(7,502,800)	8,502,800
Ticket machines	1,061,895	(1,061,895)	-	1,061,895	(1,061,895)	-
Total	**18,859,280**	**(11,295,689)**	**7,563,591**	**18,586,342**	**(9,627,905)**	**8,958,437**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	131,859	34,404	-	(69,410)	96,853
Motor vehicles	289,800	400,110	(115,604)	(156,667)	417,639
IT equipment	33,980	35,646	(1,986)	(20,781)	46,859
Busses	8,502,800	-	-	(1,500,560)	7,002,240
	8,958,439	**470,160**	**(117,590)**	**(1,747,417)**	**7,563,591**

Reconciliation of property, plant and equipment - 2015

Notes to the Financial Statements

Figures in Rand	2016	2015

5. New standards and interpretations (continued)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	47,349	150,608	(279)	(65,819)	131,859
Motor vehicles	223,595	159,900	-	(93,695)	289,800
IT equipment	40,008	23,395	(114)	(29,309)	33,980
Busses	10,003,360	-	-	(1,500,560)	8,502,800
	10,314,312	**333,903**	**(393)**	**(1,667,811)**	**8,958,439**

Assets fully depreciated

The company has a ticket machine R1 061 895 and other assets R221 848 which have been depreciated to a zero value. These assets are very old and are considered to have useful lives of twelve months or less. Accordingly no value has been placed on them. In addition the company has a number of assets which also are very old which it received as a donation from it's shareholder at a zero value. These asset are also considered to have no useful lives and no value has been placed on them.

Notes to the Financial Statements

Figures in Rand	2016	2015

6. Deferred tax

Deferred tax liability

Other deferred tax liability accelerated capital allowances	(1,960,627)	(2,385,520)

Deferred tax asset

Tax losses available for set off against future taxable income, provisions and income received in advance	6,733,726	6,808,340

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows: Deferred tax is calculated on assess loss and non deductable payroll expenses . The opening movement deferd tax asset as previously reported has change, however there was no change on total. Deferred tax liability is calculated on the difference period of depreciation and wear & tear of buses.

Deferred tax liability	(1,960,627)	(2,385,520)
Deferred tax asset	6,733,726	6,808,340
Total net deferred tax asset	**4,773,099**	**4,422,820**

Reconciliation of deferred tax asset

At beginning of year	6,808,340	5,533,491
Movement of tax avialeble for set off aginst future taxable income	1,363,967	(272,021)
Movement of Tax on income received in advance	(4,688)	20,825
Movement of tax on assessed loss	(1,433,893)	1,526,045
	6,733,726	**6,808,340**

Reconciliation of deferred tax (liability)

At beginning of year	(2,385,520)	(1,904,627)
Increases in tax loss available for set off against future taxable income	424,893	(480,893)
	(1,960,627)	**(2,385,520)**

Recognition of deferred tax asset

A deferred tax asset was recognised for the carry forward of unused tax losses for the 2015 financial year as there was evidence that it is probable that future taxable profit will be available against which the unused tax losses can be utilised into foreseeable future.

7. Other financial liabilities

At amortised cost		
Bank loan	-	2,912,148
The loan is unsecured and interest is calculated at prime less 150 basis point 7.75% (2014:7.50%		

The long term lialibilities has been utilized in according to Municipal Finance Management Act. Loan was settled in April 2016.

Current liabilities		
At amortised cost	-	2,912,148

Notes to the Financial Statements

Figures in Rand	2016	2015

8. Payables (Exchange Transactions)

Trade payables	222,729	412,753
EMM payables (diesel, repairs and other)	13,299,555	14,691,450
Prepayments received	179,046	195,791
Accrued 13 Cheques	628,013	778,071
	14,329,343	**16,078,065**

9. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for performmence bonus	-	300,000	-	300,000
Provision for Maintenance and repairs paid by EMM.	777,333	5,144,217	(500,000)	5,421,550
Provision for leave pay	541,389	789,132	(689,203)	641,318
	1,318,722	**6,233,349**	**(1,189,203)**	**6,362,868**

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Provision for diesel and Insurence paid by EMM	-	777,333	-	777,333
Provision for leave pay	581,405	541,389	(581,405)	541,389
	581,405	**1,318,722**	**(581,405)**	**1,318,722**

The provisions represents the present value of the management ' best estimate at R641,318 of the employees leave direct costs. R5 144 217 repairs of buses by EMM, amount was provided but no supporting documents was provided, R300 000 performence bonus which assessment was not done until the rporting day and the balance of R277 333 is for the estimate of insurance paid by EMM on behalf of the Entity, not billed.

10. Share capital

Authorised		
1000 Ordinary shares of R1 each	1,000	1,000

Issued		
6 Ordinary shares of R1 each	6	6

11. Revenue

Rendering of services	10,403,970	9,091,826
Bus hire	3,053,862	2,414,165
Wrtte off debt by Ekurhuleni Metropolitan Municipality	7,720,073	-
Commissions received	7,531	8,372
TETA	177,075	93,330
Other income	14,518	9,964
Interest received	299,174	58,339
Grants from Ekurhuleni Metropolitan Municipality	5,000,000	5,000,000
Subsidy	12,227,637	11,428,641
	38,903,840	**28,104,637**

Notes to the Financial Statements

Figures in Rand	2016	2015

11. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	10,403,970	9,091,826
Bus hire	3,053,862	2,414,165
Commissions received	7,531	8,372
TETA	177,075	93,330
Other income - (rollup)	14,518	9,964
Interest received (refer to note 12)	299,174	58,339
	13,956,130	**11,675,996**

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

Transfer revenue

Grants from Ekurhuleni Metropolitan Municipality	5,000,000	5,000,000
Subsidy	12,227,637	11,428,641
Other Revenue	7,720,073	-
	24,947,710	**16,428,641**

12. Interest

Interest revenue

Interest on investment account	298,996	58,184
Interest on current account	178	155
	299,174	**58,339**

Notes to the Financial Statements

Figures in Rand	2016	2015

13. Employee related costs

Basic and Allowances	11,158,940	9,200,494
13th Cheque	628,013	778,071
Bargaining council and employee funeral contribution	20,595	23,470
Overtime payments	641,982	776,833
Provident fund	867,626	807,991
SDL	130,471	97,150
UIF	95,066	76,891
	13,542,693	**11,760,900**

Remuneration of Financial Manager (included in above total)

Basic salary	525,355	491,904
Car Allowance	113,827	106,580
13th Cheque	43,780	40,992
Provident fund contributions	52,536	49,190
Cellular phone allowance	9,600	9,600
Medical aid & Housing allowence	7,764	-
	752,862	**698,266**

Remuneration of Operations Manager (included in above total)

Basic salary	525,355	491,904
Car Allowance	113,827	106,580
13th Cheque	43,780	40,992
Provident fund contribution	52,536	49,190
Cellular phone allowance	9,600	9,600
Medical aid & Housing allowence	7,764	-
	752,862	**698,266**

Notes to the Financial Statements

Figures in Rand	2016	2015

13. Employee related costs (continued)

Human Resources Manager

Annual Remuneration	525,355	491,904
Car Allowance	113,827	106,580
13th Cheque	43,780	40,992
Provident fund Contribution	52,536	49,190
Cellular phone allowance	9,600	9,600
Medical aid & Housing allowences	7,764	-
	752,862	**698,266**

14. Directors' emoluments

Fees to non-executive director TS Puzi	-	133,000
Fees to non-executive director CJ Weapond	-	91,000
Fees to non -executive director Dr Sibanda	260,634	143,000
Fees to non-executive director M Mdingi	249,420	13,500
Fees to non-executive director M Koetle	312,966	17,000
Remuneration to executive director	691,521	641,579
Fees to non-executive director TP Munyai	380,664	32,000
Fees to non-executive director MJ Gololo	298,014	17,000
Fees to no-executive director N Ntanjana	305,490	17,000
Fees to non-executive director H Van Laar	32,040	17,000
Fees to non-executive director Z Ietjane	291,072	13,500
	2,821,821	**1,135,579**

Remuneration of chief executive officer (Managing Director)

Basic salary	603,660	565,224
13th Cheque	50,305	47,102
Cellular phone allowance	21,600	21,600
Otheir income	8,192	7,653
Medical aid & Housing allowence	7,764	-
	691,521	**641,579**

Refer to Related parties (note 19) for related party relationships.

Notes to the Financial Statements

Figures in Rand	2016	2015

15. General expenses

Advertising	182,268	215,238
Auditors remuneration	557,898	635,322
Bank charges	204,534	157,652
Cleaning	35,655	27,174
Computer expenses	161,303	155,442
Consulting and professional fees	995,379	809,082
Consumables	45,173	92,742
Electricity	110,835	70,653
Fuel and oil	5,976,904	6,821,059
Hire	58,076	74,452
Insurance	102,682	455,625
Motor vehicle expenses	744,331	341,511
Other expenses	196,896	88,115
Postage	23	383
Printing and stationery	101,066	52,353
Protective clothing	110,879	113,235
Refreshments	39,896	38,770
Refund - special busses	30,067	2,934
Security	308,264	288,353
Sewerage and waste disposal	8,808	8,851
Staff welfare	1,617	5,280
Subscriptions and membership fees	21,852	22,570
Telephone and fax	54,114	42,237
Training	230,778	155,459
Travel - local	68,708	800
Water	20,130	9,517
	10,368,136	**10,684,809**

16. Taxation

Major components of the tax income

Current		
Local income tax	(350,279)	(993,957)

Tax rate

Reconciliation between accounting surplus and tax expense.

Accounting surplus	3,586,754	1,427,723
Tax at the applicable tax rate of 28% (2015: 28%)	1,004,291	399,762
Tax effect of adjustments on taxable income		
Non taxablegoverment grant received	(1,400,000)	(1,400,000)
Other	45,430	6,280
	(350,279)	**(993,958)**

No current tax was calculated as the the entity has an assessed loss of R 20 699 805 (2015: R22 022 917) as at 30 June 2016.

Notes to the Financial Statements

Figures in Rand	2016	2015

17. Auditors' remuneration

Fees	557,898	635,322

18. Cash generated from operations

Surplus	3,937,033	2,421,680
Adjustments for:		
Depreciation	1,747,417	1,689,386
Gain on sale of assets and liabilities	(45,509)	(3,486)
Movements in operating lease liability	3,337	4,701
Movements in provisions	5,044,147	737,316
Taxation	(350,279)	(993,958)
Changes in working capital:		
Receivables (Non- Exchange Transactions)	(4,993,169)	(3,679,490)
Payables (Exchange Transactions)	(1,748,729)	6,861,035
Unspent conditional grants and receipts	5,388,244	-
Other	-	-
	8,982,492	**7,037,184**

19. Related parties

Relationships	
Directors	Refer to accounting officer's report
Holding company	Ekurhuleni Metropolitan Municipality
Provincial Government and custodian of operating permits and routes	Department of Roads and Transport
Conditional grants	Department of Roads and Transport
Members of key management	M Jacobs (Financial Manager)
	S Mbatha (Operational Manager)
	S Gumede (Human Resource Manager)

Related party balances

Amount included in trade receivables (Trade payebles)		
Ekurhuleni Metropolitan Municipality	(13,299,555)	(14,691,450)
Department of Roads and Transport	-	1,083,863
Ekurhuleni Metropolitan Municipality	10,000,000	5,000,000
Subsidy (paid to) received from related parties		
Department of Roads and Transport	12,227,637	11,428,641
Conditional grants Department of Roads and Transport	5,388,244	-
Grant (paid to) received from related parties		
Ekurhuleni Metropolitan Municipality Grant	5,000,000	5,000,000
Write off debt owing to Ekurhuleni Mtropolitan Municipality	7,720,073	-
Purchases from related parties		
Ekurhuleni Metrpolitan Municipality lease of buses and Offices	110,000	110,000
Ekurhuleni Metroplitan Municipality Repairs& Main, Disel and other	6,328,178	6,637,595
Destiny exclusive hotel onwed by director Z Letjane	66,895	-

The municipality provides services on behalf of the entity, which pays for these services on a quarterly basis, subject to cash availability.

Refer to Director's emoluments (note 14) as well as Employee related costs (note 13) for payments made to directors and key management personnel.

Notes to the Financial Statements

Figures in Rand	2016	2015

20. Metropolitan assistance

Brakpan Bus Company is using 30 busses and an administrative building that belongs to Ekurhuleni Metropolitan Municipality at a cost that is significantly lower than the market rental. The company is paying a nominal amount of R100,000 for the busses per year and R10,000 for the other fixed assets.

21. Financial assets by category

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

2016

	Bank and receivables	Total
Receivables	11,081,804	11,081,804
Cash and cash equivalents	9,776,955	9,776,955
	20,858,759	**20,858,759**

2015

	Bank and receivables	Total
Other receivables from non-exchange transactions	6,088,635	6,088,635
Cash and cash equivalents	4,013,672	4,013,672
	10,102,307	**10,102,307**

22. 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
Payables	14,329,343	14,329,343

2015

	Financial liabilities at amortised cost	Total
Other financial liabilities	2,912,148	2,912,148
Trade and other payables	16,078,070	16,078,070
	18,990,218	**18,990,218**

At amortised cost		
Other financial liabilities	-	2,912,148
Payables	14,329,343	16,078,070
	14,329,343	**18,990,218**

Notes to the Financial Statements

Figures in Rand		2016	2015

23. Commitments

Operating leases – as lessee (expense)

	2016	2015
Minimum lease payments due		
- within one year estimate	55,640	55,640
- in second to fifth year inclusive	64,359	92,179
	119,999	**147,819**

The entity has entered into an operating lease of photo copy machine start date: December 2014 to November 2017 .Other operating leases are with EMM which are for buses and office building, and are on a month to month basis. Negotiations of a long term are in progress.

24. Risk management

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no receivebles that are pas tdue but not impared

The capital structure of the entity consists of debt, which includes the borrowings disclosed in note 7, cash and cash equivalents disclosed in note 4, and equity as disclosed in the statement of financial position.

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

There are no externally imposed capital requirements.

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

The gearing ratios at 2016 and 2015 respectively were as follows:

	Note	2016	2015
Other financial liabilities		-	2,912,148
Less: Cash and cash equivalents	4	(9,776,955)	(4,013,672)
Net debt		(9,776,955)	(1,101,524)
Total equity		7,106,957	3,169,929
Total capital		(2,669,998)	2,068,405
Gearing ratio		(137.57)%	(34.75)%

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.

Interest rate risk

The entity’s interest rate risk arises from long-term borrowings.

The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Figures in Rand	2016	2015

24. Risk management (continued)

Current interest rate as at year end	Current interest rate as at year end	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	- %	11,081,804	-	-	-	-
Cash and cash equivalents	9.50 %	9,776,955	-	-	-	-
Trade and other payables - extended credit terms	- %	14,329,343	-	-	-	-
Other financial liability prime minus 1.5%	- %	-	-	-	-	-

25. Irregular expenditure

	2016	2015
Opening balance	2,066,097	2,863,361
Add: Irregular Expenditure - current year	165,448	216,294
Less: Amounts writen off	(88,127)	(1,013,558)
	2,143,418	**2,066,097**

Irregular expenditure amounting to R165 448 (2015 - R216 294) was incurred in the current financial year,of which R98 553 was as a result of renting a ticket office from a supplier without a tax clearence certificate and R 66 895. was as a result conflict of interest -procument to the person in the service of state.Report will be submitted to the board of directors to substantiate that value for money received by entity.

26. Additional disclosure in terms of Municipal Finance Management Act

Material losses through criminal conduct

	2016	2015
Fradulent activities	-	1,114,281

Material losses to the amount of (R 1 114 281 in 2015) were incured as a result fraud committed by an employee. Disciplinary hearing has been conducted and the matter was reported to the South African Police Station

Audit fees

	2016	2015
Opening balance	70,000	-
Current year Audit Fees	487,898	635,322
Amount paid - current year	(557,898)	(565,322)
	-	**70,000**

PAYE and UIF

	2016	2015
Current year PAYE and UIF	1,532,201	1,598,136
Amount paid - current year	(1,532,201)	(1,598,136)
	-	**-**

Pension and Medical Aid Deductions

	2016	2015
Current year Provident fund	867,626	807,990
Amount paid - current year	(867,626)	(807,990)
	-	**-**

Notes to the Financial Statements

Figures in Rand	2016	2015

27. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	-	2,912,148

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been seat aside to ensure that long-term liabilities can be repaid on redemption date. The whole balance is payable within twelve month, on a prime minus one and half. No assets attached to carry this, EMM is the guarantor

28. Deviation from supply chain management regulations

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 he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the financial statements.

Deviations	2,578,923	2,625,549

29. Finance costs

Interest paid - Other financial liabilities	110,617	359,580