Pikitup Johannesburg SOC Limited
Trading as Pikitup
Financial statements
for the year ended 30 June 2017

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	Mr Shongwe B (Chairperson) (Appointed 16 March 2017) Bp Adams DK (Retired 16 March 2017) Adv Badela G (Retired 16 March 2017) Mrs Bogatsu SR Mr Brenner L Mr Dhlamini L (Managing Director) (Appointed 01 May 2017) Dr Hanekom P Ms Kana N Mr Maharaj S (Chief Financial Officer) Mr Matshekga LJ (Retired 16 March 2017) Mr Mayne C(Appointed 16 March 2017) Ms Nair A (Retired 31 August 2016) Prof Netswera G (Appointed 16 March 2017) Dr Nyabeze WRR Adv Rampai TD Prof Snyman J(Appointed 16 March 2017)
REGISTERED OFFICE	Jorissen Place 66 Jorissen Street Braamfontein Johannesburg 2001
BUSINESS ADDRESS	Jorissen Place 66 Jorissen 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 CA (SA)
BANKERS	Standard Bank of South Africa Limited

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Abbreviations

Pikitup	Pikitup Johannesburg SOC Ltd
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 (Act no 32 of 2000)
MFMA	Municipal Finance Management Act (Act no 56 of 2003)
COJ	City of Johannesburg
CJMM	City of Johannesburg Metropolitan Municipality
USDG	Urban Settlements Development Grant

Directors Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act no 56 of 2003) and Companies Act of South Africa (Act no 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 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 has adopted a combined assurance framework that will 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.

Mr Shongwe B **Chairperson**	**Mr Dhlamini L** **Managing Director**

Date:______________

Audit Committee Report

The Audit Committee presents its report for the year ended 30 June 2017 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 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. Pikitup will comply with King IV as applicable to a wholly owned entity of the City of Johannesburg Metropolitan Municipality in the 2017/18 financial year.

During the financial year , the Audit and Risk Committee was restructured and separate commitees were formed i.e. Audit Committee and Risk and ICT Commitee.

The members of the Audit Committee are Mr Brenner L, Dr P Hanekom, Mr Buys R, Mr Hattingh W, Mr Mufana G , Mr Mayne C.The Committee held 6 meetings during the financial year to review matters necessary to fullfil its role.

Mr Matshekga LJ resigned as the chairperson of the Audit and Risk committee and upon this resignation, Mr Brenner L was elected as chairperson of the Audit Committee from March 2017.

Members of the Audit Committee

The Audit Committee consists of the members listed hereunder and met 6 times during the financial year to review matters necesary to fullfill its role.

Name of member	**Number of meetings attended**
Mr Brenner L	6
Mr Buys R	6
Dr Hanekom P (Appointed 06 April 2017)	2
Mr Hattingh W	2
Mr Matshekga LJ (Retired 16 March 2017)	5
Mr Mayne C (Appointed 06 April 2017)	1
Mr Mufana G	5

In the conduct of its duties, the Audit 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 led by the Chief Audit Executive reports fuctionally to the Audit Committee and provides reports at Audit Committee meetings. The Chief Audit Executive reports at each Audit Committee meeting and has direct reporting line to the Chairpersn of the Audit 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 Committee met with the Chief Audit Executive and External Auditors without management being present.

Perfomance Evaluation

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

Audit Committee Report

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 Committee is satisfied that King III recommendations were fully complied with during the year.

Assessment of the financial function

The Audit 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 Committee is satisfied that it complies with its legal, statutory and delegated responsibilities.

Internal Control Environment

The Audit 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 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 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 the management report and the Audit Committee is satisfied with the progress made in resolving these audit findings.

In the opinion of the Audit Committee, considerable work was done during the current year to improve internal controls of the Company 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 Committee has evaluated the financial statements for the year ended 30 June 2017 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 Committee

Date: __________________________

Directors Report

The directors submit their report for the year ended 30 June 2017.

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 224 323 151 (2016: surplus R 279 690 340).

3. GOING CONCERN AND UNDERTAKING OF SUPPORT

As at 30 June 2017, the entity had an accumulated surplus of R 582 891 870 (2016 R358,568,719) and the entity's total assets exceed its liabilities by R 625 894 678 (2016 R401,571,527).

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.

The City of Johannesburg Metropolitan Council took a resolution to absorb all the entities. It is anticipated that the process wil take more than 18 months to complete. Therefore the absorption of the entities does not affect the going concern as at 30 June 2017.

4. SUBSEQUENT EVENTS

The City of Johannesburg Metropolitan Municipality's Council approved the debtors write off on the 01 November 2017. The transactions to write off the debtors were processed during the preparation of the financial statements. The total amount approved to be written off was R22 943 585.

5. DIRECTORS' DECLARATION OF PERSONAL FINANCIAL INTEREST

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

6. 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 no 56 of 2003).

7. 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 2017,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.

Directors Report

8. 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. All external funding is managed under the auspices of the City of Johannesburg Metropolitan Municipality.

9. MANAGEMENT AGREEMENT

The City of Johannesburg Metropolitan Municipality operates on a consolidated billing system for its revenue for some of its controlled entities, which includes Pikitup. In terms of this management agreement, the City of Johannesburg Metropolitan Municipality invoices commercial and domestic customers on behalf of Pikitup, and collects the receipts thereof from these customers. The receipts are allocated as per the receipts allocation policy of the City of Johannesburg Metropolitan Municipality. Pikitup pays a prescribed fee to the City of Johannesburg Metropolitan Municipality for this service.

10. SECRETARY

The secretary of the entity is Mr Dekker FJ of:

Business address	
	Jorissen Place 66 Jorissen Street Braamfontein Johannesburg 2001
Postal address	
	Private Bag X74 Braamfontein Johannesburg 2017

Directors 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 of independent non executive and executive directors :
  - non-executive directors, all of whom are independent directors.
  - Managing Director
  - Chief Financial officer
- The Board has various committes, which are chaired by the independent non-executive directors:
  - Audit Committee
  - Risk and ICT Committe
  - Human Resource and Remuneration Commitee
  - Social and Ethics Committee
  - Operations and Service Delivery Committee
  - Procurement Oversight Committee (on an ad-hoc basis)
- The Audit and Risk Committee was disbanded during the year and separate committees were formed i.e Audit Committee and Risk and ICT Committee.

Chairperson and Accounting Officer

The Chairperson of the Board is an independent 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.

Remuneration

The remuneration of the Managing Director is determined by the Board in consultation with Shareholder.

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

Board meetings

The directors held 18 meetings in the current financial period.

Directors Report

Audit Committee

The Audit and Risk Commitee was restructured in March 2017 and an Audit Commitee was then established .The members of the Audit Committee are Mr Brenner L (Chairperson), Dr Hanekom P, Mr Mayne C , Mr Mufana G , Mr Buys R, Mr Hattingh W.

Internal audit

The internal audit function led by the Chief Audit Executive made use of a panel of internal auditors to fulfill its duties.This is in compliance with Municipal Finance Management Act (Act no 56 of 2003).

12. CONTROLLING ENTITY

The company is a wholly owned entity of the City of Johannesburg Metropolitan Municipality.

13. INVESTMENT IN ASSOCIATES

Name of investment	Purpose of the company	Propotionate share of net income (loss) after tax as at 30 June 2017
Friedshelf 128 (Pty) Ltd	Property company	(R189 098)

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 building is currently vacant as Pikitup Head Office has been relocated. A resolution was taken to dispose of Pikitup's shareholding in Friedshelf 128(Pty) Ltd .

The directors in the company are Mr Mundell AJF, Mr Tannenberger JO, Ms Nair A, Mr Maharaj S . A resolution was taken to remove Ms Nair A as a director.

The balance of the 50% holding of shares is held by Zenprop Property Holdings (Pty) Ltd .

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

14. BANKERS

The company's banker is 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. Pikitup has a sweeping arrangement with The City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to the City of Johannesburg Metropolitan Municipality bank account resulting in an intercompany loan between the City of Johanneburg Metropolitan Municipality and Pikitup

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 (Act no 71 of 2008), (as amended) and the Municipal Finance Management Act (Act no 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 2017, 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 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Inventories	3	5 356 911	6 203 128
Loans to shareholder	4	1 328 434 219	1 049 486 822
Receivables from non-exchange transactions	6	246 261 701	181 893 813
Receivables from exchange transactions	7	963 536 861	814 795 881
Cash and cash equivalents	8	23 709	56 430
		2 543 613 401	**2 052 436 074**
Non-Current Assets			
Property, plant and equipment	9	559 833 387	666 111 511
Intangible assets	10	365 277	426 639
Investment in associate	11	15 601 910	15 791 008
Loans to shareholders	4	125 844 871	117 439 078
Amounts owed by SARS	5	1 777 917	1 777 917
		703 423 362	**801 546 153**
Total Assets		**3 247 036 763**	**2 853 982 227**
Liabilities			
Current Liabilities			
Loans from shareholder	4	641 011 560	558 074 090
Finance lease obligation	13	53 860 534	36 639 297
Payables from exchange transactions	14	755 077 951	657 537 056
Provision for perfomance bonus and employee settlement	16	11 818 503	12 042 586
		1 461 768 548	**1 264 293 029**
Non-Current Liabilities			
Loans from shareholders	4	464 294 819	407 215 207
Finance lease obligation	13	62 252 950	116 303 926
Employee benefit obligation	15	82 273 755	82 950 505
Provisions- Landfill Rehabilitation	16	550 552 018	561 971 523
Provisions - Fleet	16	-	19 676 516
		1 159 373 542	**1 188 117 677**
Total Liabilities		**2 621 142 090**	**2 452 410 706**
Net Assets/ (Liabilities)		**625 894 673**	**401 571 521**
Net Assets/ (Liabilities)			
Share capital	18	1 000	1 000
Owners Contribution	19	43 001 808	43 001 808
Accumulated surplus		582 891 870	358 568 719
Total Net Assets /(Liabilities)		**625 894 678**	**401 571 527**

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Service Charges	20	1 347 374 412	1 295 998 749
Miscellaneous other revenue		2 531 390	37 056 775
Government grants & subsidies	21	698 261 937	648 043 901
Levies	20	150 116 363	111 998 855
		2 198 284 102	**2 093 098 280**
Other income			
Discount received		553 767	512 889
Interest received		32 382 802	24 895 482
		32 936 569	**25 408 371**
Operating Expenses (Refer to page 13)		**(1 923 851 426)**	**(1 755 306 309)**
Operating surplus	22	**307 369 245**	**363 200 342**
Finance costs	25	(82 856 996)	(79 255 385)
Loss from equity accounted investments	11	(189 098)	(4 254 617)
		(83 046 094)	**(83 510 002)**
Surplus for the year		**224 323 151**	**279 690 340**

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Operating expenses			
Food for waste		(189 160)	(1 152 511)
Advertising		(340 357)	(870 575)
Assessment rates & municipal charges		(14 662 811)	(8 033 570)
Auditors remuneration	26	(6 313 772)	(5 479 475)
Allowance for doubtful debts	7	(105 740 101)	46 623 062
Bank charges		(10 609)	(15 497)
Billing charges		-	(127)
Cleaning		(1 069 296)	(9 347 703)
Safety Equipment		(1 044 448)	(839 203)
Conferences and seminars		(106 585)	(1 300 203)
Consulting and professional fees		(1 955 750)	(5 662 507)
Consumables		(34 743 968)	(31 604 770)
Pollution monitoring		(355 847)	(946 495)
Depreciation, amortisation and impairments	24	(101 134 973)	(110 467 396)
Employee costs	23	(946 321 563)	(895 781 174)
Entertainment		(3 342 871)	(5 929 075)
Contractors		(4 306 783)	(5 279 080)
Sundries		(72 584)	(291 065)
Waste disposal fees		(30 141 572)	(27 770 329)
Payroll processing		(1 413 501)	(1 313 665)
Recruitment fees		(1 171 090)	(1 190 133)
Fleet and cleaning services		(572 641 453)	(542 291 689)
Funeral assistance		(705 164)	(1 491 624)
IT expenses		(23 037 716)	(11 777 506)
Insurance		(3 543 775)	(2 275 077)
Lease rentals on operating leases		(8 421 287)	(10 601 866)
Legal expenses		(9 662 112)	(7 870 883)
Marketing		(149 583)	(405 041)
Medical expenses		-	(9 988)
Asset scrapped		(1 650 454)	(6 648 842)
Printing and stationery		(873 216)	(899 482)
Security		(34 737 268)	(78 249 180)
Staff welfare		(2 665 786)	(3 836 338)
Subscriptions		(339 359)	(294 636)
Telephone and fax		(3 861 276)	(3 540 051)
Training		(2 315 251)	(1 180 772)
Enviromental Education		(1 769 925)	(14 009 616)
Revenue and Customer Relations Management fees		(3 034 190)	(2 881 770)
Travelling		(5 970)	(390 457)
		(1 923 851 426)	**(1 755 306 309)**

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	124 089 343	167 092 151
Adjustments					
Prior year adjustments	32	-	-	(45 210 964)	(45 210 964)
Balance at 01 July 2015 as restated		**1 000**	**43 001 808**	**78 878 379**	**121 881 187**
Changes in net assets					
Surplus for the year		-	-	279 690 340	279 690 340
Total changes		-	-	279 690 340	279 690 340
Opening balance as previously reported		1 000	43 001 808	417 504 036	460 506 844
Adjustments					
Prior year adjustments	32	-	-	(58 935 317)	(58 935 317)
Balance at 01 July 2016 as restated		**1 000**	**43 001 808**	**358 568 719**	**401 571 527**
Changes in net assets					
Surplus for the year		-	-	224 323 151	224 323 151
Total changes		-	-	224 323 151	224 323 151
Balance at 30 June 2017		**1 000**	**43 001 808**	**582 891 870**	**625 894 678**

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 350 459 569	1 332 568 413
Grants		698 261 937	648 043 901
Interest income		32 382 802	24 895 482
City cleaning levy		150 116 363	111 998 855
		2 231 220 671	2 117 506 651
Payments			
Suppliers		(2 153 013 902)	(1 799 328 918)
Finance costs		(54 271 056)	(48 355 795)
		(2 207 284 958)	(1 847 684 713)
Net cash flows from operating activities	27	**23 935 713**	**269 821 938**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(57 079 612)	(107 071 855)
Cash flows from financing activities			
Interest paid - Sweeping		-	(256 580)
Net movement of shareholders loan		87 437 447	(97 194 111)
Finance lease payments		(54 326 269)	(65 296 903)
Net cash flows from financing activities		**33 111 178**	**(162 747 594)**
Net increase/(decrease) in cash and cash equivalents		**(32 721)**	**2 489**
Cash and cash equivalents at the beginning of the year		56 430	53 941
Cash and cash equivalents at the end of the year	8	**23 709**	**56 430**

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	1 364 135 000	(11 115 000)	**1 353 020 000**	1 347 374 412	**(5 645 588)**	A
Miscellaneous other revenue	1 839 000	3 468 000	**5 307 000**	2 531 390	**(2 775 610)**	B
Discount received	-	500 000	**500 000**	553 767	**53 767**	
Interest received	18 675 000	1 885 000	**20 560 000**	32 382 802	**11 822 802**	C
Total revenue from exchange transactions	**1 384 649 000**	**(5 262 000)**	**1 379 387 000**	**1 382 842 371**	**3 455 371**	
Revenue from non-exchange transactions						
Government grants & subsidies	648 230 000	50 032 000	**698 262 000**	698 261 937	**(63)**	D
Levies	79 929 000	9 369 000	**89 298 000**	150 116 363	**60 818 363**	E
Total revenue from non-exchange transactions	**728 159 000**	**59 401 000**	**787 560 000**	**848 378 300**	**60 818 300**	
Total revenue	**2 112 808 000**	**54 139 000**	**2 166 947 000**	**2 231 220 671**	**64 273 671**	
Expenditure						
Personnel	(963 234 000)	(45 740 000)	**(1 008 974 000)**	(946 321 563)	**62 652 437**	F
Enviromental Education	(17 246 000)	8 752 000	**(8 494 000)**	(1 769 925)	**6 724 075**	G
Depreciation and amortisation	(146 678 000)	31 147 000	**(115 531 000)**	(101 134 973)	**14 396 027**	H
Finance costs	(94 090 000)	4 409 000	**(89 681 000)**	(82 856 996)	**6 824 004**	I
Lease rentals on operating lease	(9 872 000)	(321 000)	**(10 193 000)**	(8 421 287)	**1 771 713**	J
Allowance for doubtful debts	(155 553 000)	22 959 000	**(132 594 000)**	(105 740 101)	**26 853 899**	K
Safety	(1 913 000)	-	**(1 913 000)**	(1 044 448)	**868 552**	L
Pollution monitoring	(1 504 000)	(329 000)	**(1 833 000)**	(355 847)	**1 477 153**	M
General Expenses	(722 718 000)	(75 016 000)	**(797 734 000)**	(759 063 282)	**38 670 718**	N
Total expenditure	**(2 112 808 000)**	**(54 139 000)**	**(2 166 947 000)**	**(2 006 708 422)**	**160 238 578**	
Operating surplus	**-**	**-**	**-**	**224 512 249**	**224 512 249**	
Income from equity accounted investments	-	-	**-**	(189 098)	**(189 098)**	
Surplus before taxation	**-**	**-**	**-**	**224 323 151**	**224 323 151**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**224 323 151**	**224 323 151**	

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 negative variance of R5.6 million can mainly be ascribed to domestic revenue , which is the largest source of income for Pikitup, was marginaly under budget by R12.6 million or 1.11%. Adjustments to customer accounts resulted in a reduction to the monthly billing for domestic revenue. Commercial income on the other hand showed a positive variance of R13.3 million being bull container services (R5.7 million) and landfill (R6.7 million).

B. Miscellaneous and other revenue was higher than budget R2.8 million as a result of :

-Projects completed on behalf of various City regions are ad hoc in nature and were less than anticipated.

C. For the financial year interest received on the sweeping account R11.8 million more than anticipated due to higher than expected cash balances as a result of cost containment initiatives to reduce expenditure.

D. Government grants and Subsidies relate to the service fee received from the City for non-billable services.

E. City cleaning levy was more than budget as a result of corrections and back billing of properties previously not billed amounting to R60.8 million.

F . Personnel cost - Actual costs for the year are lower than budgeted by R62.7million (6.2%). Provision was made for the parity increase , third shift in the Inner City and the filling of critical vacancies.

The savings mainly relates to :
- Staff attrition where 197 employees have left the service
- Contribution to leave provision as the average leave days due to employees have reduced
- Uniforms and protective clothing , due to delays in appointment of a service provider

G. Enviromental education to enhance public awareness and educating the community on recycling and waste minimisation initiatives shows a saving of R6.7 million due to the delay in the implementation of separation @source project .

H. Depreciation and Armotization costs decreased for the year by R14.4 million with depreciation on assets capitalised during 2015/16 financial year end being lower than anticipated and minimal depreciation relating to capital expenditure during the 2016/17 financial year . Depreciation on vehicles is under budget for the year due to the limited capital budget for the replacement of CoJ owned fleet .

I. Finance costs for both the interest on the capitalised finance lease and rehabilitation cost for Pikitup landfill sites are closely aligned with budget .

J. Lease rentals and operating lease refers mainly to the rental of head office bulding and the Midrand depot . Savings of R1. 7million were recorded for both facilities.

K. The allowance for doubtful debt relates to commercial , city cleaning levy and domestic debtors. The saving of R26.9m can be attributable to the net write-off of bad debts by the City amounting to R11,7 million at the end of the financial year . The total contribution to bad debts prior to the bad debts write off amounted to R117.4 million . The City's new administration has put measures in place to improve debt collection which had a positive impact on the provision for bad debts during the latter part of the financial year.

L. The goal of the organisation is to be compliant with various health and safety legislations and to reduce the risk of incidents at the work place . Various programmes were implemented during the financial year .

M. Pollution monitoring relates to the testing of water quality and air pollution at landfill sites to comply with various legislation requirements.

N. General expenses were R38.7 million under budget for the financial year and this can mainly be attributed to:

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

-Fleet costs marginally lower than budget by R2.7 million although ad-hoc hire of vehicles and maintenance cost were more than budgeted due to the age of the CoJ owned fleet (vehicle breakdowns),an underspent was recorded on fuel.

-Third party contractor costs for waste cleaning services recorded underspending of R22.7 million. The yellow plant currently utilized at landfill sites , garden sites and for the cleaning of illegally dumped waste shows as a cost saving as a result of downtime by breakdowns. The tender process for the appointment of external contractors for separation @ Source has not yet been completed and thus no cost for extenal contractors were paid for the year . No cost for casual staff have been incurred for the year as EPWP workers were utilized on an as and when required basis (specifically during the festive season) to bolster street cleaning crew rather than casual staff. The expenditure incurred for the community upliftment programmes was closely aligned with budget.

- Disposal fees for the use of external landfills, namely Mooiplaats and FG interwaste were in line with budget.

- Bin Liner cost were below budget for the year due to the delay in implementation of the Separation @ Source project.

- The implementation of cost containment measuresresulted in savings for public relations.

- IT costs savings mostly relate to software and maintenance support as well as payment of R12 million to the City for SAP licenses.

-Funds intended to capacitate internal audit department was not fully utilised.

- The treatment of 240L bins as a stock item and no longer accounting for bins as an asset resulted in additional expenditure of R17.6 million .

- Utility charges for water exceeds budget for the year by a substantial amount .This is currently under investigation.

- Planned programmes to train staff were not fully implemented .

- Consultant fees,saving relate to the implementation of cost containment measures where most projects were completed in-house.

- Repairs and maintenance to Pikitup's facilities and equipment was less than budget by R3.4 million as a result of delays in the appointment of contractors in the early part of the financial year . This has subsequently been addressed and all maintenance programmes will be fast tracked going forward.

- Interdepartmental charges include payments for City owned hostels, payroll processing, printing of payslip and revenue management fee.

- Other general expenses, which includes items such as cell phone cost , conference and seminars, directors fees , employee assistance programmes, printing and various other items were under budget.

- 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				335 160 024	337 820 000	2 659 976
Contractors costs - Mobile Plant				124 433 236	132 743 000	8 309 764
Contractor costs - Cleaning Cost				250 875	270 000	19 125
Contractor Costs - Waste cleaning				113 463 679	115 991 000	2 527 321
Contractors costs - Hire of Casual Staff				-	3 537 000	3 537 000
Contractor Costs - Recycling				-	8 016 000	8 016 000
Disposal fees				30 141 572	31 035 000	893 428
Stores and material (including Bin liner costs)				16 739 917	22 134 000	5 394 084
Public relations				3 025 908	4 679 000	1 653 092
IT Cost				23 037 716	27 494 000	4 456 284
Legal Cost				9 662 112	10 025 000	362 888
Guarding of property				34 737 268	35 900 000	1 162 732
Audit fees				6 313 772	7 533 000	1 219 228
Insurance general				3 543 775	3 154 000	(389 775)
240L Bins				17 596 779	-	(17 596 779)
Utilities				14 662 811	11 260 000	(3 402 811)
Training Courses				2 315 251	3 722 000	1 406 749
Consultant Fees				1 955 750	4 664 000	2 708 250
Inter departmental charges				10 319 042	11 277 000	957 958
Repairs and maintenance				4 464 488	7 898 000	3 433 512
Other general expenses				7 239 307	18 582 000	11 342 694
				759 063 282	797 734 000	38 670 720

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 no 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% (2016: 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.

Accounting Policies

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
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.

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:

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Accounting Policies

1.4 Investment in associate

An investment in an associate is carried on equity basis and operating gains and losses are recognised through surplus and deficit.

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.

Receivables from exchange transactions

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.

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.

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.

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.

Accounting Policies

1.7 Statutory receivables (continued)

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.

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.

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).

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

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.

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.

Accounting Policies

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.

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.

Accounting Policies

1.12 Employee benefits (continued)

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.

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.

Accounting Policies

1.13 Provisions and contingencies (continued)

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 29.

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:
- 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.

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.

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

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.

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.

Accounting Policies

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	2017	2016

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 2017 or later periods:

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

	2017	2016
Equipment stock	137 641	142 449
Bin Liners	591 035	2 830 603
Protective clothing	234 849	458 020
Consumable stock	336 336	809 396
240L Bins	4 057 050	1 962 660
	5 356 911	**6 203 128**

4. Loans to/(from) shareholder

		2017	2016
City of Johannesburg Metropolitan Municipality - Notional loans in respect of Post Retirement Benefits (Non-Current Assets)	4.1	125 844 871	117 439 078
City of Johannesburg Metropolitan Municipality - Unsecured (Current Liabilities)	4.2	(641 011 560)	(558 074 090)
City of Johannesburg Metropolitan Municipality - Unsecured Other loans (Current Assets)	4.3	1 086 941 102	913 226 914
City of Johannesburg Metropolitan Municipality - Capex Loans (Non-Current Liabilities)	4.4	(464 294 819)	(407 215 207)
City of Johannesburg Metropolitan Municipality - Sweeping account (Current Assets)	4.5	241 493 117	136 259 908
		348 972 711	**201 636 603**

In the current financial period loan amount owing to/from shareholders were reclassified to ensure accurate and reliable reporting. This amounts were previously netted off . The loans were reclassified as current liabilities and current assets respectively .

Notes to the Financial Statements

Figures in Rand	2017	2016

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

Non-current assets	125 844 871	117 439 078
Current assets	1 328 434 219	1 049 486 822
Non-current liabilities	(464 294 819)	(407 215 207)
Current liabilities	(641 011 560)	(558 074 090)
	348 972 711	**201 636 603**

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	117 439 078	110 413 070
Interest and benefits paid	8 405 793	7 026 008
	125 844 871	**117 439 078**

The notional loans relates to the employee benefits obligations determined on the basis of the actuarial valuation , refer to note 16

4.2 Unsecured

Opening balance	(558 074 090)	(1 445 727 234)
Movement	(82 937 470)	887 653 144
	(641 011 560)	**(558 074 090)**

The loan relates to amounts owed by Pikitup to the City of Johannesburg Metropolitan Municipality for salaries.

4.3 Unsecured other loans

Opening balance	913 226 914	1 672 856 998
Movement	173 714 188	(759 630 084)
	1 086 941 102	**913 226 914**

The loan relates to amounts owed by the City of Johannesburg Metropolitan Municipality to Pikitup for detors billed and collected .

4.4 Capex loans

Loans at beginning of the year	(407 215 207)	(302 233 383)
Receipts	(57 079 612)	(104 981 824)
	(464 294 819)	**(407 215 207)**

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 .

4.5 Sweeping account

Opening balance for the year	136 259 908	76 622 799
Movement for the year	105 233 209	59 637 109
	241 493 117	**136 259 908**

Notes to the Financial Statements

Figures in Rand	2017	2016

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

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

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.

	2017	2016
Balance	1 777 917	1 777 917

6. Receivables from non-exchange transactions

	2017	2016
City cleaning levy	246 261 701	181 893 813

The City cleaning levy was previously classified as receivables from exchange transactions. It has since been reclassified as receivable from non exchange transactions for the period ended 30 June 2017.

7. Receivables from exchange transactions

	2017	2016
Gross balances		
Refuse	1 723 273 205	1 456 261 890
Less: Allowance for impairment		
Refuse	(759 736 344)	(641 466 009)
Net balance		
Refuse	963 536 861	814 795 881

The amounts previously disclosed as Consumer debtors have been reclassified as receivables from exchange transactions. The comparative amounts have also been reclassified.

Management used the revenue as the basis of allocation of the debtor's credit balances. These credit balances are generally utilised by customers through consumption of services provided by Piktitup.

Receivable from exchange transaction	2017	2016
Current (0 - 30 days)	240 499 627	125 256 876
31-60 days	15 197 419	8 957 802
61-90 days	7 179 707	9 056 675
91 - 120 days	13 027 583	34 307 138
121 - 365 days	687 632 525	637 217 390
	963 536 861	**814 795 881**

City of Johannesburg Metropolitan Municipality (CJMM) invoices clients for the following revenue components: electricity on behalf of City Power , water on behalf of Joburg Water, refuse on behalf of Pikitup and rates on behalf of COJ Core Administration . Revenue and corresponding debtor is allocated to each municipal entity based on the actual consumption /billing .

When debtors have credit balances, management then allocates the credit balance applicable to each entity using the billing trend as a basis of allocation. The basis of allocation was determined taking into account that the credit balance are typically utilised through consumption of services that will be provided by the City in the future . Management have applied judgement in determining the allocation basis, this is consistent with prior financial years.

Notes to the Financial Statements

Figures in Rand	2017	2016

7. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Household Rental		
Current (0 - 30 days)	231 024 295	80 303 554
31 - 60 days	27 967 817	30 173 158
61 - 90 days	18 021 214	31 670 504
91 - 120 days	21 299 473	34 734 086
121 - 365 days	787 048 974	775 452 769
	1 085 361 773	952 334 071
Less: Allowance for impairment	(625 487 673)	(524 163 253)
	459 874 100	**428 170 818**
Consumers - Past due and impaired		
Current (0 - 30 days)	(35 689 752)	(19 854 035)
31 - 60 days	(20 546 872)	(13 254 623)
61 - 90 days	(14 568 974)	(19 854 264)
91 - 120 days	(13 487 512)	(4 125 635)
121 - 365 days	(541 194 563)	(467 074 969)
	(625 487 673)	**(524 163 526)**
Consumers - Past due and not impaired		
Current (0 - 30 days)	195 334 542	60 449 519
31 - 60 days	7 420 945	16 918 535
61 - 90 days	3 452 241	11 816 240
91 - 120 days	7 811 961	30 608 451
121 - 365 days	245 854 411	308 378 072
	459 874 100	**428 170 817**
Industrial/ commercial		
Current (0 - 30 days)	64 620 482	76 710 776
31 - 60 days	18 762 822	11 005 541
45	11 758 493	12 099 819
91 - 120 days	12 595 971	12 944 176
121 - 365 days	502 723 705	367 176 871
	610 461 473	479 937 183
Less: Allowance for impairment	(125 249 099)	(111 202 755)
	485 212 374	**368 734 428**
Industrial/ commercial - Past due and impaired		
Current (0 - 30 days)	(19 564 828)	(16 752 483)
31 - 60 days	(11 256 487)	(18 452 613)
61 - 90 days	(8 124 536)	(14 562 366)
91 - 120 days	(7 445 822)	(8 887 453)
121 - 365 days	(78 857 426)	(52 547 840)
	(125 249 099)	**(111 202 755)**
Industrial/ commercial - Past due and not impaired		
Current (0 - 30 days)	45 055 653	59 958 293
31 - 60 days	7 506 334	(7 447 072)
61 - 90 days	3 633 956	(2 462 547)
91 - 120 days	5 150 149	4 056 723

Notes to the Financial Statements

Figures in Rand	2017	2016
7. Receivables from exchange transactions (continued)		
121 - 365 days	423 866 282	314 629 031
	485 212 374	**368 734 428**
National and provincial government		
Current (0 - 30 days)	834 848	887 679
31 - 60 days	572 685	539 603
61 - 90 days	589 142	601 755
91 - 120 days	554 036	594 077
121 - 365 days	24 899 251	21 367 523
	27 449 962	23 990 637
Less: Allowance for impairment	(8 999 578)	(6 099 999)
	18 450 384	**17 890 638**
National and provincial government - Past due and impaired		
Current (0 - 30 days)	(725 416)	(695 426)
31 - 60 days	(302 545)	(365 264)
61 - 90 days	(495 632)	(573 775)
91 - 120 days	(488 563)	(392 113)
121 - 365 days	(6 987 422)	(4 073 421)
	(8 999 578)	**(6 099 999)**
National and provincial government - Past due and not impaired		
Current (0 - 30 days)	109 432	192 253
31 - 60 days	270 140	174 339
61 - 90 days	93 510	27 980
91 - 120 days	65 473	201 964
121 - 365 days	17 911 829	17 294 102
	18 450 384	**17 890 638**
Total		
Current (0 -30 days)	296 479 625	157 902 009
31 - 60 days	47 303 324	41 718 302
61 - 90 days	30 368 849	44 372 078
91 - 120 days	34 449 480	48 272 339
121 - 365 days	1 314 671 930	1 163 997 162
	1 723 273 208	1 456 261 890
Less: Allowance for impairment	(759 736 350)	(641 466 007)
	963 536 858	**814 795 883**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(641 466 009)	(721 726 841)
Contributions to allowance	(118 270 335)	80 260 832
	(759 736 344)	**(641 466 009)**

Notes to the Financial Statements

Figures in Rand	2017	2016

8. Cash and cash equivalents

The Company has a sweeping arrangement with the City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to 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 City of Johannesburg Metropolitan Municipality is reflected as an amount due from the shareholder.

Cash and cash equivalents consist of:

	2017	2016
Cash on hand	23 709	56 430

The entity had the following bank accounts

Account number / description	Bank statement balances					
	30 June 2017	30 June 2016	30 June 2015			
Standard Bank of South Africa- Current Account	1	1	1	-	-	-
Standard Bank of South Africa- Current Account	1	1	1	-	-	-
Standard Bank of South Africa- Current Account	1	1	1	-	-	-
Total	**3**	**3**	**3**	**-**	**-**	**-**

9. Property, plant and equipment

	2017			2016		
	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	330 278 024	(133 521 749)	196 756 275	297 145 662	(122 727 536)	174 418 126
Plant and machinery	28 509 680	(5 588 797)	22 920 883	26 032 939	4 298 587	30 331 526
Furniture and fixtures	17 459 101	(6 512 552)	10 946 549	18 652 308	(6 412 031)	12 240 277
Vehicles	263 362 130	(158 907 235)	104 454 895	266 539 226	(120 724 348)	145 814 878
Office equipment	8 938 856	(7 383 921)	1 554 935	14 407 013	(12 356 211)	2 050 802
IT equipment	16 438 868	(6 710 552)	9 728 316	16 078 145	(5 165 781)	10 912 364
Landfill sites	474 679 886	(288 653 529)	186 026 357	473 171 945	(212 973 826)	260 198 119
Containers	179 898 880	(158 674 755)	21 224 125	56 969 531	(33 309 549)	23 659 982
Cellphones	370 736	(370 658)	78	370 736	(370 736)	-
Signage	5 936 714	(3 688 139)	2 248 575	5 928 711	(3 415 673)	2 513 038
Total	**1 329 845 274**	**(770 011 887)**	**559 833 387**	**1 179 268 615**	**(513 157 104)**	**666 111 511**

Notes to the Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Write Off	Depreciation	Total
Land	3 972 399	-	-	-	-	3 972 399
Buildings	174 418 126	33 132 367	-	-	(10 794 218)	196 756 275
Plant and machinery	30 331 526	2 476 743	-	-	(9 887 386)	22 920 883
Furniture and fixtures	12 240 277	889 242	(983 361)	-	(1 199 609)	10 946 549
Vehicles	145 814 878	4 106 326	(499 279)	-	(44 967 030)	104 454 895
Office equipment	2 050 802	316	(73 136)	-	(423 047)	1 554 935
IT equipment	10 912 364	360 723	(88 209)	-	(1 456 562)	9 728 316
Landfill sites	260 198 119	1 507 942	(45 048 828)	-	(30 630 876)	186 026 357
Containers	23 659 982	18 704 281	(6 471)	(19 691 170)	(1 442 497)	21 224 125
Cellphones	-	-	-	-	78	78
Signage	2 513 038	8 003	-	-	(272 466)	2 248 575
	666 111 511	**61 185 943**	**(46 699 284)**	**(19 691 170)**	**(101 073 613)**	**559 833 387**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Write Off	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
Containers	25 243 791	13 450 293	(48 754)	(14 158 106)	(827 242)	23 659 982
Cellphones	139 857	-	-	-	(139 857)	-
Signage	2 676 769	87 461	-	-	(251 192)	2 513 038
	693 721 476	**107 071 855**	**(10 724 521)**	**(14 158 106)**	**(109 799 193)**	**666 111 511**

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

	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Vehicles	259 255 804	(158 907 235)	100 348 569	266 539 226	(120 724 348)	145 814 878

Notes to the Financial Statements

9. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	55 533 599	57 379 435
Plant and machinery	-	1 480 015
Landfill	15 784 544	34 017 505
Containers	6 702 545	6 603 045
	78 020 688	**99 480 000**

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Buildings - refurbushment of various sites	51 561 666	55 533 599
The construction of the refurbishment of various depots, landfills and garden sites is still underway .		
Containers	6 702 545	6 702 545
The bins are currently being modified		
Landfill	15 784 544	15 784 544
The constructions are still underway at the landfill		
	74 048 755	**78 020 688**

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	4 306 783	5 251 031
General expenses	157 705	2 708
	4 464 488	**5 253 739**

The amount relates to amongst others, electrical repairs, plumbing and grass cutting during the year. These amounts have been reclassified as a result of the amendment to the GRAP standard on Property, plant and equipment.

10. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	19 032 869	(18 667 592)	365 277	19 032 869	(18 606 230)	426 639

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Computer software	426 639	(61 362)	365 277

Notes to the Financial Statements

10. Intangible assets (continued)

Reconciliation of intangible assets - 2016

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

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

There are no additions and disposals of intangible asset in the current financial period.

11. Investment in associate

Name of entity	Listed / Unlisted	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Friedshelf 128 (Pty) Ltd		50,00 %	50,00 %	15 601 910	15 791 008

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

Movements in carrying value

Opening balance	15 791 008	20 045 625
Share of surplus/(deficit) included in statement of financial performance	(189 098)	(4 254 617)
	15 601 910	**15 791 008**

Summary of controlled entity's interest in associate

Total assets	36 726 987	36 890 336
Total liabilities	(4 381 711)	(4 375 535)
Revenue	1 138 425	6 436 249
Surplus (deficit)	(169 525)	(6 187 586)

Associates with different reporting dates

The financial year-end of the associate is the last day of February. The reporting periods 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. The summary of controlled entity's interets in associate are balances as at 28 February 2017.

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:

2017

	Loans and receivables	
Loans to shareholder	1 332 516 250	-
Investment of associate	15 601 910	-
Receivables from non-exchange transactions	237 922 106	-
Receivables from exchange transactions	919 906 892	-
Cash and cash equivalent	23 709	-
	2 505 970 867	**-**

Notes to the Financial Statements

12. Financial assets by category (continued)

2016

	Loans and receivables	Total
Loans to shareholder	1 100 903 456	-
Investment in associates	15 791 008	-
Receivables from non-exchange transactions	181 983 813	-
Receivables from exchange transactions	814 795 881	-
Cash and cash equivalent	56 430	-
	2 113 530 588	**-**

13. Finance lease obligation

Minimum lease payments due		
- within one year	53 860 534	51 609 625
- in second to fifth year inclusive	80 842 477	130 689 465
	134 703 011	182 299 090
less: future finance charges	(18 589 527)	(29 355 867)
Present value of minimum lease payments	**116 113 484**	**152 943 223**
Present value of minimum lease payments due		
- within one year	53 860 534	36 639 297
- in second to fifth year inclusive	62 252 950	116 303 926
	116 113 484	**152 943 223**
Current liabilities	53 860 534	36 639 297
Non-current liabilities	62 252 950	116 303 926
	116 113 484	**152 943 223**

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

The lease terms vary between 1-5 years and the interest rate was 10% (2016: 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	359 266 652	317 674 970
Accrued leave pay	87 711 190	81 981 296
13th Cheque liability	22 654 976	22 265 632
Sundry payables	31 844 722	37 474 227
VAT	253 600 411	198 140 931
	755 077 951	**657 537 056**

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

Figures in Rand	2017	2016

15. Employee benefit obligations

Defined benefit plan		
Post Retirement Medical Aid Plan	4 619 373	4 771 059
Post Retirement Housing plan	-	74 177
Post Retirement Gratuity Plan	77 654 450	78 105 269
	82 273 823	**82 950 505**

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 R423 286 (2016 R 566 921) 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	4 771 039	6 639 977
Movement recognised in Statement of Financial Perfomance	(151 686)	(1 868 938)
	4 619 353	**4 771 039**

Net expense recognised in Statement of Financial Perfomance		
Past Service Cost	-	44 029
Interest	423 286	566 921
Actuarial (gains) losses	(269 028)	(2 224 648)
Benefits paid	(305 944)	(255 240)
	(151 686)	**(1 868 938)**

Notional loan account		
Opening balance	12 758 078	12 214 506
Interest	937 516	(255 240)
Amount paid by COJ	(305 944)	798 812
	13 389 650	**12 758 078**

Key assumption used on last valuation on 30 June 2017

Discount rate used	9.26%	9.12%
Health care cost inflation rate	7.56%	8.25%
Salary inflation rate	7.06%	7.75%
Net discount rate -health care cost inflation	1.58%	0.80%

Figures in Rand	2017	2016

15. Employee benefit obligations (continued)

Post retirement housing subsidy plan

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 last member eligible for the post retirement housing subsidy has since retired and the housing loan has since been settled.

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 R6 764 (2016 R2 519) and against which the company may claim benefits payments. This loan does not constitute 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:

Movement for the year		
Opening Balance	74 177	29 032
Net Expense recognised in the Statement of Financial Perfomance	(74 177)	45 145
	-	**74 177**

Net expenses recognised in the Statement of Financial Perfomance		
Current service cost	-	947
Interest	6 764	2 519
Actuarial (gain)/ losses	(80 941)	41 679
	(74 177)	**45 145**

Key assumption used on the last valuation on 30 June 2017

Discounting rate	9.26 %	9.12%
Maximum subsidy inflation rate	5.29 %	5.81%
Salary inflation rate	7.06 %	7.75%
Net discount rate - maximum subsidy inflation	3.77 %	3.12%
Average Retirement Age	63	63

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 958 814 (2016 R6 482 436) 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

Movement for the year

Figures in Rand	2017	2016

15. Employee benefit obligations (continued)

Opening balance	78 105 269	83 055 743
Net expense recognised in the statement of financial performance	(450 887)	(4 950 474)
	77 654 382	**78 105 269**

Net expense recognised in the statement of financial performance

Interest	6 958 814	6 927 781
Actuarial (gains)/ losses	(4 858 351)	(9 411 522)
Benefits paid	(2 551 350)	(2 466 733)
	(450 887)	**(4 950 474)**

Notional Loan

Opening Balance	104 681 000	98 198 564
Interest	7 774 221	6 482 436
	112 455 221	**104 681 000**

Key assumptions used on 30 June 2017

Discount rate used	9.26%	9.12%
Salary inflation rate	7.06%	7.75%
Net discount rate - salary inflation	2.06%	1.27%
Average retirement age	63	63

Pension benefits

Post Retirement Liability

Post retirement medical aid plan	4 619 373	4 771 059
Post retirement housing subsidy plan	-	74 177
Retirement gratuity	77 654 450	78 105 269
	82 273 823	**82 950 505**

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	93 373 020	87 870 446

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 - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Performance bonus	12 042 586	11 025 156	(10 694 998)	(554 241)	-	11 818 503
Environmental rehabilitation: Closed landfill site	160 549 209	-	-	(3 474 847)	10 600 262	167 674 624
Environmental rehabilitation: Open landfill sites	401 422 314	-	-	(45 048 828)	26 503 908	382 877 394
	574 014 109	**11 025 156**	**(10 694 998)**	**(49 077 916)**	**37 104 170**	**562 370 521**

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Legal proceedings	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**

Non-current liabilities (Landfill rehabilitation)	550 552 018	561 971 523
Current liabilities	11 818 503	12 042 586
	562 370 521	**574 014 109**

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.

Perfomance bonus provision

The provision for bonus relates to perfomance bonuses for employees to whom the perfomance contracts applies for the period ended 30 June 2017. The perfomance bonus will be paid in the next financial year .

Notes to the Financial Statements

16. Provisions (continued)

Provision - Fleet

Theprovision relates to amounts owed to Fleet Africa for the fleet lease contract that has since expired .The matter was referred to CoJ legal for assistance. A settlement was negotiated with Fleet Africa through the assistance of COJ.

The settlement amount has been included in the payabales from exchange transaction for payment to COJ.

17. Financial liabilities by category

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

2017

	Financial liabilities at amortised cost
Loans from shareholder	1 105 306 379
Payables from exchange transactions	604 879 233
Finance lease	112 078 457
	1 822 264 069

2016

	Financial liabilities at amortised cost
Loans from shareholder	965 289 297
Payables from exchange transactions	591 514 612
Finance lease	152 943 223
	1 709 747 132

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

19. Owner's Contribution

Owners's Contribution	43 001 808	43 001 808

20. Revenue

Service charges	1 347 374 412	1 295 998 749
Miscellaneous other revenue	2 531 390	37 056 775
Discount received	553 767	512 889
Interest received - Sweeping	32 382 802	24 895 482
Government grants & subsidies	698 261 937	648 043 901
Levies	150 116 363	111 998 855
	2 231 220 671	**2 118 506 651**

Notes to the Financial Statements

Figures in Rand	2017	2016

20. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1 347 374 412	1 295 998 749
Miscellaneous other revenue	2 531 390	37 056 775
Discount received	553 767	512 889
Interest received - investment	32 382 802	24 895 482
	1 382 842 371	**1 358 463 895**

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

Transfer revenue		
Government grants and subsidies	698 261 937	648 043 901
City cleaning levy	150 116 363	111 998 855
	848 378 300	**760 042 756**

21. Government grants and subsidies

Operating grants		
SETA Grant	3 499 937	2 368 730
Operating Grants from COJ	694 762 000	643 651 000
	698 261 937	646 019 730
Capital grants		
USDG Grant	-	2 024 171
	-	2 024 171
	698 261 937	**648 043 901**

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

22. Operating surplus

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

Operating lease charges		
Premises		
• Contractual amounts	8 421 287	10 601 866
Amortisation on intangible assets	61 362	668 204
Depreciation on property, plant and equipment	101 073 611	109 799 192
Employee costs	946 321 563	895 781 174

Minimum lease payments

The amount recognised includes an amount of R 657 463 relating to straight lining on operating leases. The operating leases are for Pikitup head office, Parking and Midrand depot.

Notes to the Financial Statements

Figures in Rand		2017	2016

23. Employee related costs

Basic salaries		655 269 482	584 879 291
Hostel charges		5 871 352	5 356 818
Provident fund contributions		7 014	18 009
Uniforms and protective clothing		653 764	11 449 259
Medical examinations		1 600	-
Housing benefits and allowances		1 625 931	1 684 868
Overtime payments		68 704 129	56 567 577
Bonus		47 751 597	45 388 311
Hostel recoveries		(2 056 577)	(1 571 250)
UIF		6 999 285	5 886 497
WCA		5 563 302	6 068 722
SDL		7 845 341	6 792 201
Leave pay provision charge		9 890 283	23 641 516
Other allowances		4 407 744	3 544 400
Bargaining council levies		388 485	382 128
Gratuities		5 356 919	3 410 145
Unfunded liabilities - Pension funds		(7 759 670)	(14 016 248)
Defined contribution plans	15	93 373 020	87 870 446
Acting allowances		2 400 055	2 015 941
Public holiday allowance		17 658 716	9 594 347
Travel allowance		22 369 791	21 631 800
Casual services		-	35 186 396
		946 321 563	**895 781 174**

24. Depreciation and amortisation

Property, plant and equipment	101 073 611	109 799 192
Intangible assets	61 362	668 204
	101 134 973	**110 467 396**

25. Finance costs

Shareholders loan account	40 809 554	31 192 668
Interest on post retirement benefits	(1 322 873)	215 937
Interest paid on sweeping	-	256 580
Finance leases	13 461 502	17 163 127
Interest unwinding on rehabilitation of landfill	37 104 170	32 339 694
Net landfill rehabilitation adjustment and other interest reversals	(7 195 357)	(1 912 621)
	82 856 996	**79 255 385**

26. Auditors' remuneration

Internal	3 856 528	3 014 156
External	2 457 244	2 465 319
	6 313 772	**5 479 475**

Notes to the Financial Statements

Figures in Rand	2017	2016

27. Cash generated from operations

	2017	2016
Surplus	224 323 151	279 690 340
Adjustments for:		
Depreciation and amortisation	101 134 973	110 467 396
Loss on sale of assets and liabilities	1 650 454	6 648 842
Adjustment on landfills	(45 048 828)	(9 718 489)
Loss from equity accounted investments	189 098	4 254 617
Finance costs	28 585 940	30 721 610
Interest income	(32 382 802)	(24 895 482)
Discount received	(553 767)	(512 889)
Debt impairment	(105 740 101)	46 623 062
Movements in retirement benefit assets and liabilities	(2 180 544)	4 052 294
Movements in provisions	(31 320 104)	22 218 138
Changes in working capital:		
Inventories	846 216	(1 759 096)
Receivables from exchange transactions	(148 740 980)	(264 637 942)
Other receivables from non-exchange transactions	(59 001 942)	(101 909 817)
Payables from exchange transactions	92 174 949	168 579 354
	23 935 713	**269 821 938**

Notes to the Financial Statements

Figures in Rand	2017	2016

28. Commitments

Commitments in respect of capital expenditure:

Authorised and not yet contracted for		
• Property, plant and equipment	51 413 856	101 016 178
Authorised and contracted for		
• Property, plant and equipment	22 366 144	7 920 597
Total capital commitments		
Authorised and not yet contracted for	51 413 856	101 016 178
Authorised and contracted for	22 366 144	7 920 597
	73 780 000	**108 936 775**

Authorised operational expenditure

Authorised and contracted for		
• Expenditure	205 361 355	170 382 931
Total operational commitments		
Authorised and contracted for	205 361 355	170 382 931

Total commitments

Total commitments		
Authorised capital expenditure	73 780 000	108 936 775
Authorised operational expenditure	205 361 355	170 382 931
	279 141 355	**279 319 706**

The commitments amounts above are exclusive of Value Added Tax.

Operating leases – as lessee (Buildings)

Minimum lease payments due		
- within one year	7 290 850	7 046 646
- in second to fifth year inclusive	14 474 716	21 765 566
	21 765 566	**28 812 212**

Operating lease payments represent rentals payable by the entity for Pikitup head office , Midrand Depot and Parking .

Notes to the Financial Statements

Figures in Rand	2017	2016

29. 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 plaintiff is claiming for damages for injuries allegedly sustained at or near Orange farm garden site. The plaintiff is claiming compensation for pain suffered .The total amount claimed is R400 000. The entity is defending the matter. The matter is set for interlocutory application and the trial is anticipated in the latter part of 2018 The likelihood of recovery of costs should the entity succeed are extremely remote.

The plaintiff is claiming retention payments held by Pikitup for services provided. The total amount claimed is R104 526. The entity is in negotiations with the plaintiff for a settlement. The matter is anticipated to be settled by December 2017. There is no likelihood of recovering the legal costs.

The plaintiff is claiming monies for services rendered which it is alledged Pikitup has not paid . The total amount claimed is R333 790. The mattert is at discovery stage and it is expected that the trial date will be set for the latter part of 2018. the likelihood of recevering legal costs should the entity succeed are remote.

The plaintiff is claiming that his former company contracted with the entity and alleges that the entity is in breach of the contract by failing to pay for the equipment purchased by the plaintiff in fulfilment of the contract . The said company is liquidated . The paintiff in this matter is not acting and therefore the matter has remained domant. The amount claimed is R10 000 000. The likelihood of recovering costs should the entity succeed are remote.

The applicants alleges that they are not paid the same salaries as HR Officers and therefore needs Labour Court to rule in the harmonisation of the said salaries and the entity must pay them similar slaries from their date of employment similar to the employees they are benchmarked with . Total amount claimed is R1 995 151. The directive was provided and parties have filed their heads of argument. The hearing is expected to start in the early part 2018. The likelihood of recovering the costs from the applicants are minimal.

The entity is reviewing the arbitration award in favour of an employee where CCMA ruled that the employee was unfairly dismissed. The amount to be paid in terms of the arbitration award should should the review fail is R 2 838 333. The directive was provided and parties have filed their heads of arguments. The hearing is expected to be in 2018. The likelihood of receovering the costs from the applicants are remote.

An amount of R 1 252 757 is held in a trust account pending the finalisation of accelerated termination of service of an ex employee . It is anticipated that the matter will be finalised once the court process has been completed.

Notes to the Financial Statements

30. 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

Related party balances

Figures in Rand	2017	2016
Amounts included in Loans, Trade and other receivables regarding related parties		
Johannesburg Development Agency SOC Ltd	299 900	180 592
Johannesburg Roads Agency SOC Ltd	-	1 780 263
	299 900	**1 960 855**
Amounts included in trade and other payables regarding related parties		
Johannesburg Social Housing Company SOC Ltd	-	16 247
City Power Johannesburg SOC Ltd	-	2 709 000
City of Johannesburg Property Company SOC Ltd	431 695	-
The Johannesburg Fresh Produce Market SOCLtd	189 160	144 300
	620 855	**2 869 547**
Loans accounts owing by related parties		
City of Johannesburg Metropolitan Municipality	1 454 279 090	940 477 172
City of Johannesburg Metropolitan Municipality- unconfirmed balances	-	71 253 459
	1 454 279 090	**1 011 730 631**
Loan account owing to related parties		
City of Johannesburg Metropolitan Municipality	1 105 306 379	725 813 248
City of Johannesburg Metropolitan Municipality- (included in Payables from exchange transactions)	56 609 234	-
City of Johannesburg Metropolitan Municipality- Fleet Lease	116 113 484	153 121 203
	1 278 029 097	**878 934 451**

Related party transactions

Notes to the Financial Statements

Figures in Rand	2017	2016

30. Related parties (continued)

Sales to related parties		
City of Johannesburg Metropolitan Municipality	736 084 719	696 451 072
Johannesburg Social Housing Company SOC Ltd	491 255	287 757
Johannesburg Metropolitan Bus Services SOC Ltd	166 301	138 039
City Power Johannesburg SOC Ltd	1 322 579	1 260 417
Johannesburg Water SOC Ltd	1 004 469	750 612
Joburg Theatre SOC Ltd	168 973	94 051
Johannesburg City Parks NPC and Zoo	3 641 885	3 823 529
Johannesburg Development Agency SOC Ltd	263 070	-
Johannesburg Roads Agency SOC Ltd	3 012 811	1 463 746
The Johannesburg Fresh Produce Market SOC Ltd	12 061 041	11 404 699
	758 217 103	**715 673 922**

Purchases from related parties		
City of Johannesburg Metropolitan Municipality	77 119 979	68 070 000
City Power Johannesburg SOC Ltd	2 884 456	-
City of Johannesburg Property Company SOC Ltd	378 681	32 619 390
Johannesburg Water SOC Ltd	8 505 389	2 181 000
Johannesburg City Parks NPC	-	3 104
Johannesburg Development Agency SOC Ltd	-	158 414
The Johannesburg Fresh Produce Market SOC Ltd	189 160	561 372
	89 077 665	**103 593 280**

Other expenses paid to (received from) related parties		
City of Johannesburg Metropolitan Municipality - sweeping account interest received	(11 927 130)	(6 804 928)

The amounts above are exclusive of Value Added Tax.

31. 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 changed from 6 to 5 years.

Ennerdale landfill site useful life changed from 10 to 7 years.

Marie louise landfill site changedfrom 5 to 3 years.

Goudkoppies landfill sites useful life changed from 14 to 9 years.

The impact of the change in estimate is the decrease in the annual depreciation charge by R45 048 828.

Notes to the Financial Statements

32. Prior period errors

Statement of financial position		
PIKITUP - Taxation	-	(1 395 880)
PIKITUP - Accumulated Depreciation	-	46 606 845
PIKITUP - Payables from exchange transactions	13 724 353	-
	13 724 353	**45 210 965**

Statement of financial performance		
PIKITUP - Depreciation	-	46 606 845
PIKITUP - Expense	(13 724 352)	-
PIKITUP - Taxation	-	(1 395 880)
	(13 724 352)	**45 210 965**

The prior period errors relates the write off of 240L bins , reversal of fair value adjustments made in 2015, revenue adjustments , reversal of tax expenditure from previous year and expediture incorrectly accrued for in 2016.

33. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2016

	Note	As previously reported	Correction of error	Reclassification	Restated
Inventory		4 240 468	1 962 659	-	6 203 127
Loans to shareholders		1 554 181 926	-	(504 695 104)	1 049 486 822
Receivables from exchange transactions		47 948 174	-	133 945 639	181 893 813
Receivables from exchange transactions		-	-	814 795 881	814 795 881
Consumer Debtors		987 008 816	-	(987 008 816)	-
Property, plant and equipment		721 328 675	(55 217 164)	-	666 111 511
Loans from shareholders		1 131 609 617	(2 817 979)	(570 717 548)	558 074 090
Payables from exchange transactions		622 019 376	(30 504 764)	66 022 444	657 537 056
		5 068 337 052	**(86 577 248)**	**(1 047 657 504)**	**3 934 102 300**

Statement of finanical performance

2016

	Note	As previously reported	Correction of error	Restated
Revenue		2 129 149 460	(10 642 809)	2 118 506 651
Finance cost		(85 481 859)	6 226 474	(79 255 385)
General expenditure		1 745 988 291	(9 308 018)	1 736 680 273
Surplus for the year		**3 789 655 892**	**(13 724 353)**	**3 775 931 539**

Notes to the Financial Statements

33. Prior-year adjustments (continued)

Errors

The following prior period errors adjustments occurred:

The prior year errors in the Statement of Financial Position relates to amounts accrued incorrectly in the previous financial period and corrected in the current financial year. Included in the prior year error is 240L bins that were previously incorrectly capitalised as assest and have been corrected and recognised as inventory.

The prior year errors in the Statement of Financial Perfomance relates to the reversal of fair value adjustment from previous periods. The amounts were adjusted incorrectly as fair value adjustment is not applicable to the entity .

Reclassifications

The following reclassifications adjustment occurred:

Loans to and from shareholders were reclassified between current asset and current liabilities. The amount reclassified is R570 717 548.

An amount of R987 008 816 was reclassified from consumer debtors to receivables from non-exchange transaction. City cleaning levy amounting to R188 893 813 was reclassified fron consumer debtors to receivables from exchange transactions.

The reclassification is to ensure accurate and reliable reporting.

34. 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.

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.

Notes to the Financial Statements

35. Going concern

As at 30 June 2017, the entity had accumulated surplus of R 582 891 870 (2016:R 358,568,719) and that the entity's total assets exceed its liabilities by R 625 894 678 (2016: R 401,571,527).

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.

Notes to the Financial Statements

Figures in Rand

36. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	16 043 250	14 228 432
Fruitless and wasteful expenditure current year	3 500	1 814 818
	16 046 750	**16 043 250**

The fruitless and wasteful expenditure incurred in the current financial period relates to traffic infringement fines paid and not recovered.

37. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	349 433 227	316 866 901
Irregular expenditure current year	130 099 974	11 413 248
Irregular expenditure prior year	101 312 467	21 153 078
	580 845 668	**349 433 227**

Details of irregular expenditure – current year

Risk Management	Provision of enterprise risk management	146 000
Consultants	Consultants	220 688
Health and Safety	Occupational Hygiene Surveys at Pikitup depots	141 475
Health and Safety	Procurement of fire fighting equipment and health and safety signage	12 035
Facilities	Document storage	52 300
Cleaning	Hygiene services	48 004
Enviromental education		50 000
Printing	Printing	493 076
Training	Landfill Engineering Design & Maintenance Workshop.	37 495
Plant and machinery	Provision of yellow plant, operations and maintenance	128 898 901
		130 099 974

Notes to the Financial Statements

Figures in Rand

38. 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:

Deviations approved by the Accounting Officer	Amounts
Advertisement	2 799 152
Health and safety	141 475
Legal expenses	71 250
Licence fees	6 226 555
Recruitment	7 782
Repairs and maintanance	564 057
Risk management	187 340
Security services	34 753 376
Storage	58 045
Investigation office	147 584
	44 956 616

Notes to the Financial Statements

Figures in Rand

39. Directors' emoluments

2017

	Emoluments	Travel Allowance	Total
Mr Shongwe B (Chairperson)	96 730	-	96 730
Bp Adams DK	180 997	-	180 997
Mr Badela G	59 319	-	59 319
Ms Bogatsu SR	333 772	-	333 772
Mr Brenner L	275 248	-	275 248
Dr Hanekom P	552 747	-	552 747
Ms Kana N	218 058	-	218 058
Mr Mathebula V	49 689	1 693	51 382
Mr Matshekga LJ	209 882	-	209 882
Mr Mayne C	76 730	33 276	110 006
Prof Netswera G	42 084	5 380	47 464
Dr Nyabeze WRR	260 935	-	260 935
Adv Rampai TD	187 760	-	187 760
Prof Snyman J	54 084	-	54 084
	-	-	-
	2 598 035	**40 349**	**2 638 384**

Executive Management		Basic Salary	Medical Aid Contribution	Pension Fund Contribution	Travel Allowance	Cellphone allowance	Acting Allowance	Accelerated Termination of Contract	Total
Mr Dhlamini L	Managing Director	297 813	7 742	39 461	59 714	-	-	-	404 730
Mr Maharaj S	Chief Financial Officer	1 654 144	-	121 385	-	-	65 212	-	1 843 741
Ms Venter C	Chief Operating Officer	603 988	19 355	-	37 740	3 750	-	-	664 833
Ms Jack PN	Executive Director : Waste Minimisation Strategy and Programme	1 657 144	-	121 385	-	-	-	-	1 778 529

Notes to the Financial Statements

Figures in Rand

39. Directors' emoluments (continued)

Mr Thekiso J	Executive Director Corporate Services	1 416 328	-	125 720	300 000	-	-	-	1 842 048
Mr Selepe LD	Chief Audit Executive	1 141 032	-	93 250	132 000	-	-	-	1 366 282
Mr Dekker FJ	Company Secretary	1 384 410	-	104 044	36 000	-	-	-	1 524 454
Ms Nair A		628 854	-	40 094	114 321	-	-	1 097 047	1 880 316
		8 783 713	**27 097**	**645 339**	**679 775**	**3 750**	**65 212**	**1 097 047**	**11 304 933**

2016

	Emoluments
Dr Hanekom P (Chairperson)	452 019
Bp Adams DK	210 064
Adv 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

Executive Management		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 Minimisation Strategy and Programme	1 587 714	-	116 299	-	116 255	173 641	1 993 909
Mr Thekiso J	Executive Director: 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**

40. Events after the reporting date

Debtors write off by City of Johannesburg Metropolitan Municipality Council was approved on the 01 November 2017. This was considered to be an adjusting event after reporting date as processes to write off the debtors were already initiated at the end of the financial year.

- The amount approved by council and written off is R22 943 585.