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**CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

General Information

MAYORAL COMMITTEE

Executive Mayor

Mpho Franklin "Parks" Tau (Chairperson)
(1 JUNE 2011 - 30 JUNE 2016)

Councillors

(1 JUNE 2011 - 30 JUNE 2016)
Constance Bapela (Speaker of Council)
Geoff Makhubo (Finance)
Ruby Mathang (Economic Development)
Rosslyn Greeff (Development Planning and Urban Management)
Christine Walters (Transportation)
Matshidiso Mfikoe (Environment and Infrastructure Services)
Nonceba Molwele (Health and Social Development)
Mally Mokoena (Corporate and Shared Services)
Sello Lemao (Public Safety)
Chris Vondo (Community Development)
Daniel Bovu (Housing)
Prema Naidoo (Chief Whip)

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

General Information

GRADING OF LOCAL AUTHORITY

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

CITY MANAGER

Trevor Fowler

CHIEF FINANCIAL OFFICER

Reggie Boqo

REGISTERED OFFICE

Metropolitan Centre,
Loveday Street,
Johannesburg
2001
Telephone:
+27 (0)11 407 - 6111
Facsimile:
+27 (0)11 339 - 5704

POSTAL ADDRESS

P O Box 1049
Johannesburg
2000

PRIMARY BANKER

Standard Bank

AUDITORS

The Office of the Auditor-General : Gauteng
Registered Auditors
61 Central Street
Houghton
2198
PO Box 91081
Auckland Park
2006

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

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City of Johannesburg Metropolitan Municipality

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ABBREVIATIONS

AARTO	Administrative Adjudication of Road Traffic Offences
AUC	Assets Under Construction
BESA	Bond Exchange South Africa
CJMM	City of Johannesburg Metropolitan Municipality
CMP	Corporate Media Platforms
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
DMTN	Domestic Medium Term Note
EPWP	Expanded Public Works Program
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
JSE	Johannesburg Stock Exchange
MEC	Member of the Executive Council
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
USDG	Urban Settlement Development Grant
NDR	Non-distributable Reserve
PAYE	Pay As You Earn
PPE	Property, plant and equipment
RMB	Rand Merchant Bank
SARS	South Africa Revenue Services
SCA	Supreme Court of Appeal
SPTN	Single Public Transport Network
STD	Standard Bank
TCTA	Trans-Caledon Tunnel Authority
UIF	Unemployment Insurance Fund
IFRS	International Financial Reporting Standards
VAT	Value Added Taxation

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Municipal Manager's approval of the Group Annual Financial Statements

I am responsible for the preparation of the Group Annual Financial Statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The Group Annual 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.

Accounting Officer
City Manager

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand thousand	Note(s)	GROUP		CJMM	
		2015	2014 Restated	2015	2014 Restated
ASSETS					
Current Assets					
Inventories	3	315 359	302 912	59 326	113 073
Loans to Municipal Entities	4	-	-	1 009 887	980 592
Other financial assets	5	-	186 361	-	186 361
Current tax receivable		15 556	14 667	-	-
Finance lease receivables	6	-	-	81 179	80 984
Trade and other receivables	7	1 292 972	1 093 898	4 033 761	3 404 349
Receivables from non-exchange transactions	8	137 798	190 517	112 487	171 787
VAT receivable	9	346 725	470 777	284 336	428 071
Consumer debtors	10	4 951 238	4 866 574	716 651	687 147
Financial assets at fair value - Sinking fund	11	4 190 880	2 483 151	4 190 880	2 483 151
Cash and cash equivalents	12	4 879 554	5 313 656	4 179 988	5 144 077
		16 130 082	14 922 513	14 668 495	13 679 592
Non-Current Assets					
Zoo animals	13	23 741	15 246	-	-
Investment property	14	1 015 414	1 013 179	1 014 946	1 012 688
Property, plant and equipment	15	55 010 183	47 399 971	33 233 412	28 645 466
Intangible assets	16	882 912	622 068	500 913	331 031
Heritage assets	17	583 154	578 173	581 561	576 580
Investments in Municipal Owned Entities	18	-	-	465 046	407 441
Investment in joint venture	19	49 769	43 820	-	-
Investment in associates	20	20 046	18 108	-	-
Loans to Municipal Entities	4	-	-	5 648 642	4 997 925
Other financial assets	5	63 375	65 849	63 375	65 849
Finance lease receivables	6	-	-	256 058	193 949
Financial assets at fair value - Sinking fund	11	4 588 635	2 245 558	4 588 635	2 245 558
		62 237 229	52 001 972	46 352 588	38 476 487
Total Assets		78 367 311	66 924 485	61 021 083	52 156 079

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand thousand	Note(s)	GROUP		CJMM	
		2015	2014 Restated	2015	2014 Restated
LIABILITIES					
Current Liabilities					
Loans and borrowings	23	1 574 094	971 179	1 573 418	970 551
Current tax payable		-	2 822	-	-
Finance lease obligations	24	127 470	87 253	102 830	76 193
Financial liabilities at fair value - Sinking fund	30	137 930	1 081 896	137 930	1 081 896
Trade and other payables	25	12 417 170	10 331 302	11 619 272	10 294 890
VAT payable	9	352 342	396 036	-	-
Obligations arising from conditional grants and receipts	26	253 054	870 173	210 894	814 381
Provisions	27	29 163	94 226	-	25 537
Deferred income	29	8 966	10 909	-	-
Other financial liabilities at fair value - Swap	31	6 856	7 816	6 856	7 816
		14 907 045	13 853 612	13 651 200	13 271 264
Non-Current Liabilities					
Liabilities from municipal entities	33	-	-	411 802	411 113
Loans and borrowings	23	14 109 897	12 398 911	14 093 244	12 381 580
Finance lease obligations	24	242 284	281 489	237 899	267 866
Financial liabilities at fair value - Sinking fund	30	4 881 893	413 553	4 881 893	413 553
Employee benefits obligations	28	1 764 455	1 842 379	1 404 610	1 431 948
Obligations arising from conditional grants and receipts	26	41 206	39 440	-	-
Deferred tax	21	1 669 783	1 450 598	-	-
Provisions	27	659 630	665 770	99 987	96 084
Deferred income	29	45 637	53 581	45 637	48 879
Other financial liabilities at fair value - Swap	31	38 361	46 297	38 361	46 297
Consumer deposits	32	722 678	506 862	17 288	25 320
		24 175 824	17 698 880	21 230 721	15 122 640
Total Liabilities		39 082 869	31 552 492	34 881 921	28 393 904
Net Assets		39 284 442	35 371 993	26 139 162	23 762 175
NET ASSETS					
Reserves					
Hedging reserve		(19 570)	(37 721)	(19 570)	(37 721)
Accumulated surplus		39 304 012	35 409 714	26 158 732	23 799 896
Total Net Assets		39 284 442	35 371 993	26 139 162	23 762 175

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand thousand	Note(s)	GROUP		CJMM	
		2015	2014 Restated	2015	2014 Restated
Revenue					
Revenue from exchange transactions					
Income from agency services		204 111	193 643	204 111	193 643
Interest received		595 753	527 708	1 077 784	1 116 503
Licences and permits		1 121	1 170	1 121	1 170
Other income	35	1 401 211	1 328 634	822 896	665 994
Rental facilities and equipment		226 735	208 237	96 195	94 647
Service charges	37	21 772 609	20 115 991	380 840	315 255
Total revenue from exchange transactions		24 201 540	22 375 383	2 582 947	2 387 212
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	38	7 622 758	7 215 938	7 622 800	7 320 954
Transfer revenue					
Fines		585 951	1 008 530	585 951	1 008 530
Government grants and subsidies	39	8 914 005	7 789 582	8 815 763	7 701 203
Public contributions, donated and contributed property, plant and equipment		323 563	36 981	322 379	36 981
Total revenue from non-exchange transactions		17 446 277	16 051 031	17 346 893	16 067 668
Total revenue		41 647 817	38 426 414	19 929 840	18 454 880
Expenditure					
Employee related costs	40	(8 582 979)	(7 942 566)	(4 883 914)	(4 546 470)
Remuneration of councillors	41	(127 499)	(120 639)	(127 499)	(120 639)
Depreciation and amortisation	42	(2 410 979)	(2 115 700)	(1 667 941)	(1 487 480)
Impairment losses	43	(2 382)	(8 647)	(142 664)	(58 579)
Finance costs		(1 580 486)	(1 440 800)	(1 647 786)	(1 562 106)
Allowance for impairment of current receivables	44	(3 819 051)	(2 977 382)	(1 323 689)	(1 513 857)
Repairs and maintenance		(1 024 782)	(1 011 046)	(312 122)	(286 682)
Bulk purchases	45	(12 562 745)	(11 792 735)	-	-
Contracted services	46	(2 601 371)	(2 051 565)	(1 877 017)	(1 298 187)
Grants and subsidies paid	47	(569 071)	(309 839)	(3 083 614)	(2 548 017)
General expenses	48	(4 547 881)	(4 051 215)	(2 753 394)	(2 750 036)
Total expenditure		(37 829 226)	(33 822 134)	(17 819 640)	(16 172 053)
Operating surplus		3 818 591	4 604 280	2 110 200	2 282 827
(Loss)/gain on disposal assets		(22 065)	(615 208)	(11 129)	(610 070)
Reversal of impairment		-	-	-	190 927
Fair value adjustments	49	325 124	157 113	259 765	111 973
Gain as a result of donated animals and new births		5 901	2 922	-	-
Income from equity accounted investments		8 436	11 032	-	-
		317 396	(444 141)	248 636	(307 170)
Surplus before taxation		4 135 987	4 160 139	2 358 836	1 975 657
Taxation		241 689	391 248	-	-
Surplus for the year		3 894 298	3 768 891	2 358 836	1 975 657

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Note(s)	Cashflow hedge reserve	Accumulated surplus	Total equity
Figures in Rand thousand				
GROUP				
Balance at 01 July 2013			(54 928)31 208 932	31 154 004
Changes in net assets				
Net income recognised directly in net assets		17 207	6 934	24 141
Land Recognition		-	424 957	424 957
Net revenue (expenditure) recognised directly in equity		17 207	431 891	449 098
Surplus for the year		-	3 768 891	3 768 891
Total recognised revenue and expenditure for the year		17 207	4 200 782	4 217 989
Total changes		17 207	4 200 782	4 217 989
Opening balance as previously reported		(37 721)	35 676 710	35 638 989
Adjustments				
Prior period restatement	53	-	(266 996)	(266 996)
Balance at 01 July 2014 as restated			(37 721)35 409 714	35 371 993
Changes in net assets				
Net income recognised directly in net assets		18 151	-	18 151
Net revenue (expenditure) recognised directly in equity		18 151	-	18 151
Surplus for the year		-	3 894 298	3 894 298
Total recognised revenue and expenditure for the year		18 151	3 894 298	3 912 449
Total changes		18 151	3 894 298	3 912 449
Balance at 30 June 2015			(19 570)39 304 012	39 284 442

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Note(s)	Cashflow hedge reserve	Accumulated surplus	Total equity
Figures in Rand thousand				
CJMM				
Opening balance as previously reported		(54 928)	21 105 019	21 050 091
Adjustments				
Prior year adjustments	53	-	294 263	294 263
Balance at 01 July 2013 as restated		(54 928)	21 399 282	21 344 354
Changes in net assets				
Net income recognised directly in net assets		17 207	-	17 207
Land recognition		-	424 957	424 957
Net revenue (expenditure) recognised directly in equity		17 207	424 957	442 164
Surplus for the year		-	1 975 657	1 975 657
Total recognised revenue and expenditure for the year		17 207	2 400 614	2 417 821
Total changes		17 207	2 400 614	2 417 821
Opening balance as previously reported		(37 721)	24 020 923	23 983 202
Adjustments				
Prior period errors	53	-	(221 027)	(221 027)
Balance at 01 July 2014 as restated		(37 721)	23 799 896	23 762 175
Changes in net assets				
Net income recognised directly in net assets		18 151	-	18 151
Net revenue (expenditure) recognised directly in equity		18 151	-	18 151
Surplus for the year		-	2 358 836	2 358 836
Total recognised revenue and expenditure for the year		18 151	2 358 836	2 376 987
Total changes		18 151	2 358 836	2 376 987
Balance at 30 June 2015		(19 570)	26 158 732	26 139 162

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand thousand	Note(s)	GROUP		CJMM	
		2015	2014 Restated	2015	2014 Restated
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Cash receipts from customers		28 252 347	26 992 986	7 939 642	6 376 471
Grants		8 016 205	7 260 372	8 050 568	7 159 446
Interest income		595 753	561 816	1 079 182	944 772
		36 864 305	34 815 174	17 069 392	14 480 689
Payments					
Cash paid to suppliers and employees		(27 826 145)	(26 896 107)	(11 584 069)	(9 880 505)
Finance costs		(1 580 486)	(1 413 858)	(1 480 651)	(1 530 487)
Taxes on surpluses		(26 215)	(34 086)	-	-
		(29 432 846)	(28 344 051)	(13 064 720)	(11 410 992)
Net cash flows from operating activities	50	7 431 459	6 471 123	4 004 672	3 069 697
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of capital assets		(9 818 846)	(7 300 353)	(6 032 515)	(3 636 697)
Investment in sinking fund		(266 667)	(533 333)	(266 667)	(533 333)
Loans redeemed from Municipal Entities		-	-	970 093	924 657
Finance lease receivables		-	-	(62 304)	(83 812)
Investment in Municipal Entities		-	-	(57 605)	(67 858)
Other financial assets		199 534	61 950	199 534	61 950
Loans to Municipal Entities		-	-	(1 792 769)	(1 001 111)
Net cash flows from investing activities		(9 885 979)	(7 771 736)	(7 042 233)	(4 336 204)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		3 276 000	2 083 961	3 276 000	2 066 000
Repayment of borrowings		(971 553)	(662 571)	(970 295)	(662 571)
Finance lease obligation		(98 953)	(56 004)	(85 186)	(68 562)
Liabilities from Municipal Entities		-	-	(6 449)	-
Repayment of post retirement benefits		(140 436)	(151 963)	(115 061)	(117 802)
Provisions		(44 640)	-	(25 537)	-
Net cash flows from financing activities		2 020 418	1 213 423	2 073 472	1 217 065
Net increase/(decrease) in cash and cash equivalents		(434 102)	(87 190)	(964 089)	(49 442)
Cash and cash equivalents at the beginning of the year		5 313 656	5 400 846	5 144 077	5 193 519
Cash and cash equivalents at the end of the year	12	4 879 554	5 313 656	4 179 988	5 144 077

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget (YTD)	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
GROUP						
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Service charges	22 433 382	93 328	22 526 710	21 772 609	(754 101)	
Rental facilities and equipment	293 594	(24 409)	269 185	226 735	(42 450)	1
Income from agency services	237 345	(20 000)	217 345	204 111	(13 234)	
Licences and permits	707	-	707	1 121	414	
Other income	1 562 989	463 686	2 026 675	1 401 211	(625 464)	2
Interest received	527 803	2 043	529 846	595 753	65 907	3
Total revenue from exchange transactions	25 055 820	514 648	25 570 468	24 201 540	(1 368 928)	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TAXATION REVENUE						
Property rates	7 610 948	-	7 610 948	7 622 758	11 810	
Government grants	8 808 699	193 684	9 002 383	8 914 005	(88 378)	
TRANSFER REVENUE						
Public contributions, Donated and contributed property, plant and equipment	-	-	-	323 563	323 563	4
Fines	466 534	879 436	1 345 970	585 951	(760 019)	5
Total revenue from non-exchange transactions	16 886 181	1 073 120	17 959 301	17 446 277	(513 024)	
Total revenue	41 942 001	1 587 768	43 529 769	41 647 817	(1 881 952)	

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget (YTD)	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
EXPENDITURE						
Employee related costs	(8 740 592)	(235 390)	(8 975 982)	(8 582 979)	393 003	
Remuneration of councillors	(134 301)	-	(134 301)	(127 499)	6 802	
Depreciation and amortisation	(2 795 813)	-	(2 795 813)	(2 410 979)	384 834	6
Impairment loss/ Reversal of impairments	-	-	-	(2 382)	(2 382)	
Finance costs	(1 809 644)	38 948	(1 770 696)	(1 580 486)	190 210	7
Allowance for impairment of current receivables	(1 481 233)	(1 420 183)	(2 901 416)	(3 819 051)	(917 635)	8
Repairs and maintenance	(1 200 305)	(90 522)	(1 290 827)	(1 024 782)	266 045	9
Bulk purchases	(12 477 870)	140 316	(12 337 554)	(12 562 745)	(225 191)	
Contracted services	(3 850 659)	(517 072)	(4 367 731)	(2 601 371)	1 766 360	10
Grants and subsidies paid	(299 689)	(65 787)	(365 476)	(569 071)	(203 595)	11
General expenses	(3 993 015)	(357 024)	(4 350 039)	(4 547 881)	(197 842)	
Total expenditure	(36 783 121)	(2 506 714)	(39 289 835)	(37 829 226)	1 460 609	
Operating surplus	5 158 880	(918 946)	4 239 934	3 818 591	(421 343)	
Loss on disposal of assets and liabilities	20 000	(20)	19 980	(22 065)	(42 045)	
Fair value adjustments	-	-	-	325 124	325 124	12
Gain on biological assets and agricultural produce	-	-	-	5 901	5 901	
Share of (deficit)/surplus of associate accounted for under the equity method	-	-	-	8 436	8 436	
	20 000	(20)	19 980	317 396	297 416	
Surplus before taxation	5 178 880	(918 966)	4 259 914	4 135 987	(123 927)	
Taxation	528 805	(170 368)	358 437	241 689	(116 748)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	4 650 075	(748 598)	3 901 477	3 894 298	(7 179)	

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Management considers a variance of 10% or more as material. The detailed explanations of the variances are provided below:

- Rental facilities:** There are currently expired contracts for rental facilities that needed to be renewed and this has taken longer than expected. This has had a negative impact in the occupancy rate and therefore resulting in performance below budget. .
- Other Income:** The under budget in other income is due to a decrease in demand for other goods and services provided by the City to the public resulting in a performance below budget.
- Interest Received:** The budget for interest income is driven by the expected cash reserves available for short term investment at an estimated rate. The interest income is over budget as the City had higher cash reserves than expected to invest in short term investment.
- Public contributions donated and contributed property, plant and equipment:** Public contributions are based on voluntary donations from the public therefore cannot be accurately budgeted for unless there is a commitment to donate by the public at the budgeting stage. The Gauteng Provincial Government has donated land to the value of R300m.
- Traffic Fines revenue:** The under budget in traffic fines is due to a decrease in traffic offences by the public resulting in a performance below budget.
- Depreciation and Amortisation:** The under budget in depreciation is due to assets being bought and capitalised at different times during the financial year, with a sharp bias to purchases made towards the end of the year.
- Finance Cost:** The borrowing rate used to project the finance cost was higher than the actual borrowing rate for the year. There was also a timing difference between when the borrowing was scheduled to take place compared to when it actual took place. This has resulted in lower finance cost accrued for the year.
- Allowance for impairment of current receivables:** The allowance for impairment of consumer debtors was above budget. The allowance for impairment is based on collection rates, the collection rates were lower than what was anticipated therefore resulting in a higher impairment amount.
- Repairs and maintenance:** The budget for repairs and maintenance takes into account the routine, planned maintenance and also allows for the emergency repairs, there were less emergency repairs required in the current period than what was budgeted for.
- Contracted Services:** Contracted services below target due to some projects that are still in the planning phase.
- Grants and Subsidies:** The over budget in grants paid is due to the increase in the top structure expenditure and the grants paid to Non-Profit Organisations.
- Fair Value Adjustments:** The fair value adjustments are not budgeted and is mainly attributable to the fair value changes in the interest rate swap and the sinking fund .

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand
thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
GROUP - 2015											
Financial Performance											
Property rates	7 610 948	-	7 610 948	-	-	7 610 948	7 622 758	-	11 810	100 %	100 %
Service charges	22 433 382	93 328	22 526 710	-	-	22 526 710	21 772 609	-	(754 101)	97 %	97 %
Investment revenue	420 118	(333)	419 785	-	-	419 785	595 753	-	175 968	142 %	142 %
Transfers recognised - operational	5 690 916	290 236	5 981 152	-	-	5 981 152	6 092 745	-	111 593	102 %	107 %
Other revenue	2 688 854	1 301 089	3 989 943	-	-	3 989 943	2 728 032	-	(1 261 911)	68 %	101 %
Total revenue (excluding capital transfers and contributions)	38 844 218	1 684 320	40 528 538	-	-	40 528 538	38 811 897	-	(1 716 641)	96 %	100 %
Employee costs	(8 740 592)	(235 390)	(8 975 982)	-	-	(8 975 982)	(8 582 979)	-	393 003	96 %	98 %
Remuneration of councillors	(134 301)	-	(134 301)	-	-	(134 301)	(127 499)	-	6 802	95 %	95 %
Depreciation and asset impairment	(2 795 813)	-	(2 795 813)	-	-	(2 795 813)	(2 414 902)	-	380 911	86 %	86 %
Finance charges	(1 809 644)	38 948	(1 770 696)	-	-	(1 770 696)	(1 580 486)	-	190 210	89 %	87 %
Materials and bulk purchases	(12 522 815)	140 316	(12 382 499)	-	-	(12 382 499)	(12 562 745)	-	(180 246)	101 %	100 %
Transfers and grants	(299 689)	(65 787)	(365 476)	-	-	(365 476)	(569 071)	-	(203 595)	156 %	190 %
Other expenditure	(10 480 267)	(2 384 821)	(12 865 088)	-	-	(12 865 088)	(11 991 544)	-	873 544	93 %	114 %
Total expenditure	(36 783 121)	(2 506 734)	(39 289 855)	-	-	(39 289 855)	(37 829 226)	-	1 460 629	96 %	103 %
Surplus/(Deficit)	2 061 097	(822 414)	1 238 683	-	-	1 238 683	982 671	-	(256 012)	79 %	79 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand
thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2 654 718	101 597	2 756 315	-		2 756 315	2 821 260		64 945	102 %	106 %
Contributions recognised - capital and contributed assets	463 065	(198 149)	264 916	-		264 916	323 563		58 647	122 %	70 %
Surplus/(Deficit) after capital transfers and contributions	5 178 880	(918 966)	4 259 914	-		4 259 914	4 127 494		(132 420)	97 %	80 %
Share of surplus (deficit) of associate	-	-	-	-		-	(8 493)		(8 493)	- %	- %
Taxation	528 805	(170 368)	358 437	-		358 437	241 689		(116 748)	67 %	46 %
Surplus/(Deficit) for the year	4 650 075	(748 598)	3 901 477	-		3 901 477	3 894 298		(7 179)	100 %	84 %

City of Johannesburg Metropolitan Municipality

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Appropriation Statement

Figures in Rand
thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	10 875 150	(47 201)	10 827 949	-		10 827 949	10 234 476		(593 473)	95 %	94 %
Sources of capital funds											
Transfers recognised - capital	2 654 718	101 597	2 756 315	-		2 756 315	2 555 445		(200 870)	93 %	96 %
Public contributions and donations	463 065	(198 149)	264 916	-		264 916	323 563		58 647	122 %	70 %
Borrowing	3 276 000	-	3 276 000	-		3 276 000	3 276 000		-	100 %	100 %
Internally generated funds	4 481 367	49 351	4 530 718	-		4 530 718	4 082 862		(447 856)	90 %	91 %
Total sources of capital funds	10 875 150	(47 201)	10 827 949	-		10 827 949	10 237 870		(590 079)	95 %	94 %

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Appropriation Statement

Figures in Rand
thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
CJMM - 2015											
Financial Performance											
Property rates	7 610 948	-	7 610 948	-	-	7 610 948	7 622 800	-	11 852	100 %	100 %
Rendering of Services	409 661	(4 000)	405 661	-	-	405 661	380 840	-	(24 821)	94 %	93 %
Investment revenue	1 341 441	(9 656)	1 331 785	-	-	1 331 785	1 077 784	-	(254 001)	81 %	80 %
Transfers recognised - operational	5 808 427	483 287	6 291 714	-	-	6 291 714	6 092 745	-	(198 969)	- %	- %
Other own revenue	1 752 805	832 809	2 585 614	-	-	2 585 614	1 970 040	-	(615 574)	76 %	112 %
Total revenue (excluding capital transfers and contributions)	16 923 282	1 302 440	18 225 722	-	-	18 225 722	17 144 209	-	(1 081 513)	94 %	101 %
Employee costs	(4 972 431)	62 859	(4 909 572)	-	-	(4 909 572)	(4 883 914)	-	25 658	99 %	98 %
Remuneration of councillors	(134 301)	-	(134 301)	-	-	(134 301)	(127 499)	-	6 802	95 %	95 %
Debt impairment	(376 311)	(980 436)	(1 356 747)	-	-	(1 356 747)	(1 323 689)	-	33 058	98 %	352 %
Depreciation and asset impairment	(2 058 139)	55 552	(2 002 587)	-	-	(2 002 587)	(1 810 605)	-	191 982	90 %	88 %
Finance charges	(1 873 843)	41 795	(1 832 048)	-	-	(1 832 048)	(1 647 786)	-	184 262	90 %	88 %
Transfers and grants	(2 674 232)	(191 885)	(2 866 117)	-	-	(2 866 117)	(3 083 614)	-	(217 497)	108 %	115 %
Other expenditure	(5 163 052)	(628 075)	(5 791 127)	-	-	(5 791 127)	(4 953 662)	-	837 465	86 %	96 %
Total expenditure	(17 252 309)	(1 640 190)	(18 892 499)	-	-	(18 892 499)	(17 830 769)	-	1 061 730	94 %	103 %
Surplus/(Deficit)	(329 027)	(337 750)	(666 777)	-	-	(666 777)	(686 560)	-	(19 783)	103 %	209 %

City of Johannesburg Metropolitan Municipality

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Appropriation Statement

Figures in Rand
thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2 297 307	101 597	2 398 904	-		2 398 904	2 723 018		324 114	114 %	119 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	322 379		322 379	- %	- %
Surplus/(Deficit) after capital transfers and contributions	1 968 280	(236 153)	1 732 127	-		1 732 127	2 358 837		626 710	136 %	120 %
Surplus/(Deficit) for the year	1 968 280	(236 153)	1 732 127	-		1 732 127	2 358 837		626 710	136 %	120 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Statement of compliance

Basis of Preparation and Presentation

The Group Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These Group Annual Financial Statements have been prepared on the accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

1.1 Presentation currency

These Group Annual Financial Statements are presented in South African Rand, which is the functional currency of the group.

1.2 Going concern assumption

These Group Annual Financial Statements have been prepared based on the expectation that the group will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

The consolidated Group Annual Financial Statements comprise of the annual financial statements of CJMM and all entities controlled by CJMM, including special purpose entities, presented as those of a single entity.

Control exists when CJMM has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of the controlled entities, are included in the consolidated group annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The fair value of any investment retained in the former controlled entity at the date when control is lost shall be regarded as the fair value on initial recognition of a financial asset in accordance with the Standard of GRAP on Financial Instruments or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Investments in Municipal Entities

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

Investment in associates

The CJMM consolidate associates when it has significant influence.

Significant influence is the power of CJMM to participate in the financial and operating policy decisions of an activity, but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on Non-current Assets Held-For-Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Interests in joint ventures

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.2 Consolidation (continued)

The CJMM consolidate joint ventures when there is a binding arrangement between itself and another party(s) committed to undertake an activity that is subject to joint control.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

An interest in a jointly controlled company is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the company, less any impairment losses. Surpluses and deficits on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein.

1.4 Transfer of functions between entities under common control

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the group recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the group can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the group de-recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

At the transfer date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- Classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- Classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the group reports in its Group Annual Financial Statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the group retrospectively adjust the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the group receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The group considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The group recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the group recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the group revises comparative information for prior periods presented in Group Annual Financial Statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the group revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Acquisition-related costs

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Acquisition-related costs are costs that the group incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The group subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements in conformity with GRAP, management is required to make judgements, estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. These estimates and underlying assumptions are reviewed on an ongoing basis.

Significant judgements include:

Financial instruments at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

Allowance for slow moving, damaged and obsolete stock

Management makes an estimate of the selling price and direct cost to sell to determine the net realisable value of inventory items. An allowance is made to write inventory down to the lower of cost or net realisable value. The write down is included in the surplus or deficit.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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 group for similar financial instruments.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets are determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of cash-generating units and individual assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for cash-generating units and individual assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time.

Provision, contingent liabilities and contingent assets

Management's judgement is required when recognising and measuring provisions.

Provisions are measured at management's 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.

Management has to determine an accurate estimate of the environmental obligation to rehabilitate the various landfill sites upon closure.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money. Additional disclosure of these estimates of provisions is included in note 27.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required in determining the provision for income taxes due to the differences in how the legislation is interpreted. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group 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 group 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 group 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 group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives and residual value of assets

The useful life of assets are based on management's estimates. Management considers the impact of technology, service requirements and the required return on assets to determine the optimum useful- life expectation, where appropriate. The estimated residual values of assets is also based on management's judgement which takes into account the condition of the assets at the end of their 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

The group determines the appropriate discount rate at the end of each year. This is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

Debt impairment provision

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

Management utilises judgement in evaluating credit risk related to customers. Judgement is based on various factors including, but not limited to, historical information available.

1.6 Zoo animals

Zoo animals are accounted for in terms of GRAP 17 as items of property, plant and equipment. The majority of animals are received as donations and transfers from other similar institutions for no consideration or from procreation. These assets are recorded at a fair value at the time of donation or transfer, and are depreciated accordingly.

Market determined prices or values are not available for certain animals due to lack of market because they are not commodities, as well as restrictions on trade of exotic animals which precludes the determination of a fair value. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The Johannesburg Zoo also acquires animals through supply chain processes and these newly acquired animals are carried at cost less accumulated depreciation and any impairment losses. The offspring of newly acquired animals shall be recorded at a fair value at the time of birth and will also be depreciated accordingly.

The useful lives of zoo animals listed below reflect useful lives of the different classes of animals at the Johannesburg Zoo. Within the different classes of animals are a number of different species whose useful lives differ. Therefore the useful lives of zoo animals listed below reflect the useful lives of the different species contained within a specific class of animals.

The longevity of zoo animals has been assessed as follows::

Amphibia	4 - 16 years
Arachnida	2 - 20 years
Aves	4 - 64 years
Mammalia	6 - 64 years
Pisces	1 - 35 years
Reptilia	7- 80 years
Insecta	4 years

1.7 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes and is recorded as land and buildings under property plant and equipment.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the group, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost.

Initial Measurement

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Investment property (continued)

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Subsequent Measurement.

Under the cost model, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets, except for land which is not depreciated. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Investment properties, with the exception of land, are depreciated on the straight line basis over their expected useful lives as follows:

Item	Useful life
Property - Buildings	30 years

Land is not depreciated.

Investment properties are tested for impairment whenever there is an indication that the asset may be impaired. Transfers to, or from, investment property shall be made when, and only when, there is a change in use.

Derecognition:

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its use or disposal. Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.8 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 municipality; and
- the cost of the item can be measured reliably.

Initial Measurement

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, its deemed cost is the carrying amount of the asset(s) given up.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Property, plant and equipment (continued)

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.

Subsequent Measurement

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

Items of Property, plant and equipment, with the exception of land are depreciated on the straight line basis over their expected useful lives to their estimated residual values as follows for the current and comparative period:

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

Item	Average useful life
Buildings	5 - 60 years
Plant and machinery	2 - 40 years
Furniture and fixtures	1 - 12 years
Motor vehicles	5 - 14 years
Computer equipment	2 - 15 years
Infrastructure	
• Electricity	20 - 30 years
• Pedestrian Malls	20 years
• Roads and Paving	15 - 20 years
• Sewerage	15 - 20 years
• Gas	20 years
• Civil pump stations	60 - 100 years
• Pipelines	60 - 100 years
• Pump stations	5 - 16 years
• Water meters	4 - 13 years
Community Assets	
• Recreational Facilities	20 - 30 years
• Dogs and Horses	5 - 7 years
Bins and containers	5 - 10 years
Specialised vehicles	12 - 15 years
Library books	10 years
Emergency equipment	5 - 10 years

The residual value, useful life and depreciation method for property, plant and equipment are reviewed at each reporting date.

Property, plant and equipment are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Derecognition

The municipality derecognises property, plant and equipment on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the property, plant and equipment. Such difference is recognised in surplus or deficit.

1.9 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance.

An asset is identified as an intangible asset when it:

- 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; or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the group or from other rights and obligations.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.9 Intangible assets (continued)

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 group; and
- the cost or fair value of the asset can be measured reliably.

Cost Model

Initial Recognition and measurement

Intangible assets are initially recognised at cost.

An intangible asset 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.

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.

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 the straight line basis over their useful lives.

Expenditure, which enhances and extends the benefits of computer software programs behind the original life of the software, is capitalised. Cost associated with the maintenance of existing computer software programs are expensed as incurred. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

Amortisation is provided to write down the intangible assets, to their residual values as follows:

Item	Useful life
Additional capacity rights	10 years
Computer software, internally generated	8 - 10 years
Computer software	2 - 8 years
Operating software	3 - 7 years

Derecognition:

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from their use.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.10 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- (b) the cost or fair value of the asset can be measured reliably.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Heritage assets (continued)

Initial recognition and measurement

A heritage asset that qualifies for recognition as an asset shall be measured at its cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent Measurement.

Heritage assets are not depreciated.

Most heritage assets have an indefinite useful life as they have been preserved for current and future generations and might appreciate in value due to their cultural, environmental, historical, natural, scientific or artistic significance. Therefore there is no finite limit to the period over which the heritage assets is expected to be held by the entity.

Heritage assets are tested for impairment annually and whenever there is an indication that the asset may be impaired

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset. Transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.

Derecognition

The group derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Transitional provision

The group changed its accounting policy for heritage assets. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

According to the transitional provision, the group is not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts. The transitional provision expires on 30 June 2015

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where heritage assets are acquired through a transfer of functions, the group is not required to measure the heritage assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later.

Until such time as the measurement period expires in terms of Directive 2, the group need not comply with the Standards of GRAP on (to the extent that these Standards prescribe requirements for heritage assets):

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage assets implies that any associated presentation and disclosure requirements need not be complied with.

1.11 Investments in Municipal Owned Entities

GROUP annual financial statements

The group annual financial statements include those of the core and its municipal entities. The revenue and expenses of the municipal entities are included from the effective date of acquisition.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.11 Investments in Municipal Owned Entities (continued)

On acquisition the group recognises the controlled entity's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

CJMM annual financial statements

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

1.12 Investment in joint venture

Joint venture

Surpluses and deficits resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

The group's share of surpluses or deficits, resulting from purchase of assets from joint ventures are recognised only when the assets are resold to an independent party.

In respect of its interests in jointly controlled operations, the municipality recognises in its Annual Financial Statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the revenue that it earns from the sale or provision of goods or services by the joint venture.

In respect of its interest in jointly controlled assets, the municipality recognises in its Annual Financial Statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.13 Investment in associates

Associates

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surpluses or deficits of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate.

Distributions received from the associate reduce the carrying amount of the investment.

Surpluses and deficits resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

On acquisition the excess of the group's interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill, and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as revenue in the period in which the investment is acquired.

The recognition of the group's share of deficits is discontinued once the group's share of deficits of an associate equals or exceeds its interest in the associate.

1.14 Financial instruments

Non-derivative financial assets.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Financial instruments (continued)

The municipality initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the municipality becomes a party to the contractual provisions of the instrument.

The municipality derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the municipality is recognised as a separate asset or liability.

The municipality classifies its non-derivative financial assets into the following categories:

- Amortised cost; and
- Cost.

Financial assets at amortised Cost

Non-derivative financial assets are initially measured at fair value plus any directly attributable transactional costs. Subsequent to initial measurement, these assets are measured at amortised cost using the effective interest rate method, less any impairment losses

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the municipality on terms that the municipality would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the municipality, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables or financial assets at amortised costs. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Non-derivative financial liabilities

The municipality initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the municipality becomes a party to the contractual provisions of the instrument.

The municipality derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments, including hedge accounting items, securities or instruments.

The municipality holds derivative financial instruments to hedge its interest rate risk exposures.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Financial instruments (continued)

On initial designation of the derivative as the hedging instrument, the municipality formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The municipality makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported surplus or deficit.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in surplus or deficit as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect surplus or deficit, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in net assets. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in surplus or deficit.

Other than designated through profit and loss

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in surplus or deficit.

1.15 Tax

Current tax assets and liabilities

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

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Accounting Policies

1.15 Tax (continued)

Current tax and deferred taxes are recognised in statement of changes in net assets if the tax relates to items that are credited or recognised directly in the statement of changes in net assets.

1.16 Leases

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

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

Finance leases - lessor

The group recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets 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 plus any initial direct costs incurred. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The finance lease assets are depreciated at the appropriate rates on a straight line basis over the shorter of the lease term or the estimated useful life of the assets.

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.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on the straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on the straight-line basis.

Operating leases - lessee

Operating lease payments are recognised as an expense on the 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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on the straight-line basis.

1.17 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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.17 Inventories (continued)

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

The cost of inventories comprises 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 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 group.

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.

1.18 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.19 Impairment

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the asset. If the resulting estimate of the recoverable amount or recoverable service amount is lower than the carrying amount, the asset is written down to the recoverable amount as impairment loss.

The Impairment loss is recognised as an expense.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss for an asset shall be recognised immediately in surplus or deficit.

Impairment of cash-generating assets.

Property, plant and equipment, Inventories, Investment Properties and Intangible Assets are those assets held by the group with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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).

City of Johannesburg Metropolitan Municipality

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Accounting Policies

1.19 Impairment (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 held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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 of 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 group; or
- (b) the number of production or similar units expected to be obtained from the asset by the group.

1.20 Impairment of non-cash-generating assets

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

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

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

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

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 group; or
- (b) the number of production or similar units expected to be obtained from the asset by the group.

1.21 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 as an expense 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.

Defined contribution plans

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.21 Employee benefits (continued)

A defined contribution plan is a post-employment pension plan under which the municipality pays fixed contributions into a separate entity (a fund). The municipality has no further payment obligations once the contributions have been paid. Accordingly, the municipality recognises the contributions to the scheme as an expense when the employees have rendered a service.

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 benefit plans

The Group currently has three employee benefit plans which are paid to retired or existing employees. The benefit plans are as follows; Post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

- 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 expense is made to cover both these liabilities

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

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 the straight line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the entity is demonstrably committed to curtailment or settlement.

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

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

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.

1.22 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation (legal or constructive) 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.

City of Johannesburg Metropolitan Municipality

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Accounting Policies

1.22 Provisions and contingencies (continued)

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 group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the group.

No obligation arises as a consequence of the sale or transfer of an operation until the group is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition, contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised but are separately disclosed in note 52.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The group recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the group for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the group considers that an outflow of economic resources is probable, an group recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.23 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.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.23 Revenue from exchange transactions (continued)

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.

Measurement

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

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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 group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 group;
- 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 the 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. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Interest and royalties

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.24 Revenue from non-exchange transactions

Non-exchange transactions are transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions are generally recognised to the extent

that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines

Revenue from the issuing of fines is recognised when:

City of Johannesburg Metropolitan Municipality

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Accounting Policies

1.24 Revenue from non-exchange transactions (continued)

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The group has two types of fines :

Criminal Procedures Act fines:

These fines are issued in terms of the Criminal Procedures Act and are usually issued by way of notice to offenders, and can (a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or (b) indicate that the offender must appear in Court on a specified day (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).

Initial recognition:

An asset acquired through a non- exchange transaction shall initially be measured at fair value at the date of acquisition which is the best estimate of the inflow of economic benefits. An inflow of resources from a non- exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

There is uncertainty regarding the probability of the flow of economic benefits in respect of criminal procedure act fines. Legal processes have to be undertaken before the criminal procedure act fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Subsequent measurement

IGRAP1 states that the assessment and recognition of an impairment is an event that takes place subsequent to the initial recognition of revenue charged. An entity assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment should not be made at the time of initial recognition.

AARTO traffic fines

Initial recognition

An asset acquired through a non- exchange transaction shall initially be measured at fair value at the date of acquisition which is the best estimate of the inflow of economic benefits. An inflow of resources from a non- exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

The COJ is legally entitled to 50% of the face value of the fines, taking into account the best estimate of the inflow of economic benefits in terms of GRAP 23.

In terms of the AARTO ACT par 32(1) and (2), RTIA is legally entitled to receive 50% of the face value of such fine plus other administrative cost so incurred as compensation for their services in collecting and adjudication process.

IGRAP1 states that the assessment and recognition of an impairment is an event that takes place subsequent to the initial recognition of revenue charged. An entity assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment should not be made at the time of initial recognition

Government grants

Government grants are recognised as revenue when;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

City of Johannesburg Metropolitan Municipality

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Accounting Policies

1.24 Revenue from non-exchange transactions (continued)

The group assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.25 Investment income

Investment income comprises interest income on funds invested. Investment income is recognised on a time-proportion basis using the effective interest method.

1.26 Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset. The standard gives the entity the option to either capitalise or to expense borrowing costs. All borrowing costs are recognised as an expense in surplus or deficit in the period in which they are incurred.

1.27 Comparative figures

When the presentation or classification of items in the annual financial statements is materially amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.28 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 when recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Fruitless and wasteful expenditure

Fruitless and wasteful 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.

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Accounting Policies

1.30 Irregular expenditure

The Municipality recognises irregular expenditure as defined in section 1 of the MFMA when:-

- (a) expenditure incurred by the municipality is in contravention of, or is not in accordance with, a requirement of the MFMA, and which has not been condoned by National Treasury;
- (b) expenditure incurred by the municipality is in contravention of, or is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality is in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality is in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.31 Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

Compensation for occupational injuries and diseases (COID) reserve

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

1.32 Conditional grants and receipts

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

City of Johannesburg Metropolitan Municipality

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Accounting Policies

1.33 Budget information

Group are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by group shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2014 to 30 June 2015

The budget for the economic entity includes all the entities approved budgets under its control.

The Group Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

2. STANDARD AND INTERPRETATIONS NOT YET EFFECTIVE

At the reporting date, the following Standards and Interpretations were in issue but not yet effective:

<u>Name</u>	<u>Effective Date</u>
GRAP 18 - Segment Reporting	Not yet effective
GRAP 20 - Related Parties	Not yet effective
GRAP 32 - Service Concession arrangements: Grantor	Not yet effective
GRAP 105 - Transfer of functions between entities under common control	01 April 2015
GRAP 106 - Transfer of functions between entities not under common control	01 April 2015
GRAP 107 - Mergers	01 April 2015
GRAP 108 - Statutory receivables	Not yet effective

All standards and interpretations will be adopted at their effective date (except those Standards and Interpretations that are not applicable to the City of Johannesburg).

The impact of the application of the above standards and interpretations have not been fully assessed for the following financial year.

3. INVENTORIES

Consumable stores	68 168	64 485	58 006	52 023
Spare parts	16 053	11 814	-	-
Consumables - Water	64 882	60 824	-	-
Housing stock	61 050	61 050	61 050	61 050
Work in progress	5 987	2 004	-	-
Consumables - Electrical	172 899	97 362	-	-
Consumables - Road	22 556	31 178	-	-
Fuel (Diesel, Petrol)	3 062	2 558	-	-
	414 657	331 275	119 056	113 073
Inventories (write-downs)	(99 298)	(28 363)	(59 730)	-
	315 359	302 912	59 326	113 073

3.1 Reconciliation of inventory write-down

Opening balance	28 363	30 029	-	-
Inventory written down	72 238	3 642	59 730	-
Reversal of Inventory write-down	(1 327)	(5 308)	-	-
Closing balance	99 298	28 363	59 730	-

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
4. LOANS TO MUNICIPAL ENTITIES				
Shareholder loans				
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 17.5% Maturity = 30 June 2016	-	-	581 814	581 814
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 14.5% Maturity 30 June 2016.	-	-	42 979	42 979
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 15% Maturity 30 June 2018.	-	-	181 938	242 590
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 14.5% Maturity 30 June 2018.	-	-	13 023	17 366
	-	-	819 754	884 749

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
4. LOANS TO MUNICIPAL ENTITIES (continued)				
Conduit loans				
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.18% Maturity = 30 June 2024	-	-	880 290	-
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.2% Maturity = 30 June 2015	-	-	-	70 163
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2016	-	-	89 793	171 896
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2017	-	-	179 401	257 752
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 12.21% Maturity = 30 June 2018	-	-	209 794	264 399
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2019	-	-	233 685	277 917
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2020	-	-	297 860	340 399
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2021	-	-	221 694	246 554
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate 9.31% Maturity = 30 June 2022	-	-	327 935	359 733
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate 9.65% Maturity = 30 June 2023	-	-	50 982	55 179
Johannesburg Metropolitan Bus Services (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2016	-	-	19 707	37 725
Johannesburg Metropolitan Bus Services (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2017	-	-	2 494	3 583
Johannesburg Metropolitan Bus Services (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2018	-	-	2 389	3 028
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 10.,18% Maturity = 30 June 2024	-	-	791 424	-
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 10.2% Maturity = 30 June 2015	-	-	-	42 889
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 10.2% Maturity = 30 June 2016	-	-	44 261	84 253
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = Jibar less 35bp Maturity = 15 May 2026	-	-	108 840	145 120
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2018	-	-	225 682	286 017

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
4. LOANS TO MUNICIPAL ENTITIES (continued)				
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2019	-	-	217 786	259 009
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = Rate = 10.9% Maturity = 30 June 2020	-	-	292 102	333 818
Johannesburg Water (Pty) Ltd Terms and conditions: Jibar plus 70pb Maturity = 15 May 2026	-	-	455 763	497 196
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 10.9% Maturity = 30 June 2021	-	-	222 080	246 983
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 9.31% Maturity = 30 June 2022	-	-	278 277	305 260
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 9.65% Maturity = 30 June 2023	-	-	608 016	656 506
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.18% Maturity = 30 June 2026	-	-	121 054	-
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 14.15% Maturity = 30 June 2026	-	-	628	628
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 12.42% Maturity = 30 June 2026	-	-	2 937	2 937
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.2% Maturity = 30 June 2026	-	-	5 785	5 785
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2026	-	-	19 701	19 701
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.2% Maturity = 30 June 2026	-	-	30 171	30 171
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 12.21% Maturity = 30 June 2026	-	-	14 379	14 379
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 12.21% Maturity = 30 June 2026	-	-	7 885	7 885
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 12.21% Maturity = 30 June 2026	-	-	19 983	19 983
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.78% Maturity = 30 June 2026	-	-	14 738	14 738
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 10.4% Maturity = 30 June 2026	-	-	15 309	15 309
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 09.31% Maturity = 30 June 2026	-	-	22 398	22 398
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate = 09.65% Maturity = 30 June 2026	-	-	27 265	27 265
The Johannesburg Fresh Produce (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2017	-	-	-	5 301
The Johannesburg Fresh Produce (Pty) Ltd	-	-	16 318	23 316

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
4. LOANS TO MUNICIPAL ENTITIES (continued)				
Terms and conditions: Rate = 10.2% Maturity = 30 June 2017 The Johannesburg Fresh Produce (Pty) Ltd	-	-	-	1 958
Terms and conditions: Rate = 10.2% Maturity = 30 June 2015 The Johannesburg Fresh Produce (Pty) Ltd	-	-	-	7 198
Terms and conditions: Rate = 10.2% Maturity = 30 June 2015 The Johannesburg Fresh Produce (Pty) Ltd	-	-	8 775	16 704
Terms and conditions: Rate = 10.2% Maturity = 30 June 2016 The Johannesburg Fresh Produce (Pty) Ltd	-	-	-	7 636
Terms and conditions: Rate = 10.2% Maturity = 30 June 2017 The Johannesburg Fresh Produce (Pty) Ltd	-	-	13 413	16 999
Terms and conditions: Rate = 10.9% Maturity = 30 June 2018 The Johannesburg Fresh Produce (Pty) Ltd	-	-	10 485	12 570
Terms and conditions: Rate = 9% Maturity = 30 June 2019 The Johannesburg Fresh Produce (Pty) Ltd	-	-	10 918	12 502
Terms and conditions: Rate = 10.4% Maturity = 30 June 2020 The Johannesburg Fresh Produce (Pty) Ltd	-	-	10 660	11 879
Terms and conditions: Rate = 10.4% Maturity = 30 June 2021 The Johannesburg Fresh Produce (Pty) Ltd	-	-	22 671	24 870
Terms and conditions: Rate = 9.31% Maturity = 30 June 2022 The Johannesburg Fresh Produce (Pty) Ltd	-	-	6 889	7 456
Terms and conditions: Rate = 9.65% Maturity = 30 June 2023	-	-		
	-	-	6 162 617	5 274 947
Less impairment of loans to Municipal Entities	-	-	(323 842)	(181 179)
	-	-	5 838 775	5 093 768
Non-current assets	-	-	5 648 642	4 997 925
Current assets	-	-	1 009 887	980 592
	-	-	6 658 529	5 978 517

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

4. LOANS TO MUNICIPAL ENTITIES (continued)

Reconciliation of provision for impairment of loans to municipal entities

Opening balance	-	-	181 179	153 915
Additional impairment - Pikitup Johannesburg (Pty) Ltd	-	-	121 054	27 264
Additional impairment - Johannesburg Metropolitan Bus Services (Pty) Ltd	-	-	21 609	-
	-	-	323 842	181 179

CJMM

Impairment of loan to Pikitup Johannesburg (Pty) Ltd

The increase in provision for impairment of loans has been included in operating expenses in the statement of financial performance of CJMM. Pikitup's loan has been further impaired due to the fact that Pikitup has just been servicing the interest and has not repaid any capital in the past 12 months.

Additional impairment - Johannesburg Metropolitan Bus Services (Pty) Ltd

The Johannesburg Metro Bus company is technically insolvent and has liquidity challenges. The entity is in the process of putting in place a turn around strategy aimed to improve the liquidity problem in the long term. The current liquidity problem has led to the impairment of the current portion of the loan.

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
5. OTHER FINANCIAL ASSETS				
At amortised cost				
Other financial assets	-	186 361	-	186 361
Housing Selling scheme loans	26 629	27 301	26 629	27 301
Other loans and receivables	36 746	38 548	36 746	38 548
	63 375	252 210	63 375	252 210
Non-current assets				
At amortised cost	63 375	65 849	63 375	65 849
Current assets				
At amortised cost	-	186 361	-	186 361
	2015 Amortised Cost	2014 Amortised Cost	2015 Amortised Cost	2014 Amortised Cost
Investment: RMB - E Maturity - 30.11.2014	-	88 703	-	88 703
Investment: RMB - R10 Maturity - 30.11.2014	-	93 371	-	93 371
Fixed Deposit - RMB Maturity - 30.11.2014	-	4 287	-	4 287
	-	186 361	-	186 361
6. FINANCE LEASE RECEIVABLES				
Gross investment in the lease due				
- within one year	-	-	90 945	85 308
- in second to fifth year inclusive	-	-	299 376	229 293
- later than five years	-	-	42 718	44 069
	-	-	433 039	358 670
less: Unearned finance revenue	-	-	(95 802)	(83 737)
Present value of minimum lease payments receivable	-	-	337 237	274 933
Present value of minimum lease payments receivable	-	-	337 237	274 933
Non-current assets	-	-	256 058	193 949
Current assets	-	-	81 179	80 984
	-	-	337 237	274 933

COJ entered into a Finance lease on 1 March 2012 with various MOEs for specialised vehicles. The interest rate implicit on the agreement is 10%.

The unguaranteed future values of assets leased under finance lease at the end of the reporting period amount to R 94 687 (2014: R 48 111).

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
7. TRADE AND OTHER RECEIVABLES				
Loans and receivables				
Accrued VAT	230 283	125 243	230 283	125 243
Housing debtors	309 217	132 945	309 217	132 945
Insurance debtor	1 469	4 262	-	54
Operating lease receivables	41 526	39 776	40 934	39 477
Related party debtors	-	-	3 001 063	2 679 123
Sundry debtors	550 060	517 364	351 320	331 524
Trade debtors	59 064	109 989	-	-
	1 191 627	929 566	3 932 817	3 308 366
Other receivables				
Deposits	746	1 103	-	-
Fruitless and wasteful expenditure to be investigated	55 19 868	19 154	2 366	2 321
Prepayments	80 739	134 355	98 578	93 662
	101 353	154 612	100 944	95 983
Total trade and other receivables	1 292 972	1 093 898	4 033 761	3 404 349
8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Fines	112 487	171 787	112 487	171 787
Government grants and subsidies	15 958	-	-	-
Other receivables from non-exchange revenue	9 353	18 730	-	-
	137 798	190 517	112 487	171 787
9. VAT				
Receivable	346 725	470 777	284 336	428 071
Payable	(352 342)	(396 036)	-	-
	(5 617)	74 741	284 336	428 071

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS				
Gross balances				
Rates	5 448 273	5 463 047	5 448 273	5 463 047
Electricity	2 740 813	5 281 999	-	-
Water	5 839 684	7 738 197	-	-
Refuse	1 271 885	1 191 049	-	-
Housing rental	317 720	256 607	317 720	256 607
	15 618 375	19 930 899	5 765 993	5 719 654
Less: Allowance for impairment				
Rates	(4 744 399)	(4 787 008)	(4 744 399)	(4 787 008)
Electricity	(560 475)	(3 325 903)	-	-
Water	(3 874 196)	(5 748 754)	-	-
Refuse	(1 183 124)	(957 161)	-	-
Housing rental	(304 943)	(245 499)	(304 943)	(245 499)
	(10 667 137)	(15 064 325)	(5 049 342)	(5 032 507)
Net balance				
Rates	703 874	676 039	703 874	676 039
Electricity	2 180 338	1 956 096	-	-
Water	1 965 488	1 989 443	-	-
Refuse	88 761	233 888	-	-
Housing rental	12 777	11 108	12 777	11 108
	4 951 238	4 866 574	716 651	687 147
Current Assets	4 951 238	4 866 574	716 651	687 147

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS (continued)				
Included in the above balances are receivables from exchange transactions				
Electricity	2 180 338	1 956 096	-	-
Water	1 965 488	1 989 443	-	-
Refuse	88 761	233 888	-	-
Housing rental	12 777	11 108	12 777	11 108
	4 247 364	4 190 535	12 777	11 108
Included in above balances are receivables from non-exchange transactions (taxes and transfers)				
Rates	703 874	676 039	703 874	676 039
Net balance	4 951 238	4 866 574	716 651	687 147
Rates				
Current (0 - 30 days)	553 499	438 988	553 499	438 988
31 - 60 days	212 575	290 671	212 575	290 671
61 - 90 days	153 938	294 971	153 938	294 971
91 - 120 days	159 992	199 942	159 992	199 942
121 - 365 days	977 432	1 234 887	977 432	1 234 887
> 365 days	3 390 837	3 003 588	3 390 837	3 003 588
	5 448 273	5 463 047	5 448 273	5 463 047
Electricity				
Current (0 - 30 days)	1 861 632	2 015 947	-	-
31 - 60 days	281 596	252 256	-	-
61 - 90 days	83 408	265 649	-	-
91 - 120 days	68 653	153 745	-	-
121 - 365 days	415 282	975 372	-	-
> 365 days	30 242	1 619 030	-	-
	2 740 813	5 281 999	-	-
Water				
Current (0 - 30 days)	1 492 402	1 465 374	-	-
31 - 60 days	294 763	321 850	-	-
61 - 90 days	261 568	279 179	-	-
91 - 120 days	225 802	220 022	-	-
121 - 365 days	1 696 997	1 685 780	-	-
> 365 days	1 868 152	3 765 992	-	-
	5 839 684	7 738 197	-	-
Refuse				
Current (0 - 30 days)	57 627	154 718	-	-
31 - 60 days	40 698	42 182	-	-
61 - 90 days	39 127	56 120	-	-
91 - 120 days	18 726	47 739	-	-
121 - 365 days	1 115 707	890 290	-	-
	1 271 885	1 191 049	-	-
Housing rental				
Current (0 - 30 days)	11 346	9 723	11 346	9 723
31 - 60 days	5 676	4 654	5 676	4 654

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS (continued)				
61 - 90 days	5 606	4 589	5 606	4 589
91 - 120 days	5 365	4 510	5 365	4 510
121 - 365 days	5 451	4 485	5 451	4 485
> 365 days	284 276	228 646	284 276	228 646
	317 720	256 607	317 720	256 607

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS (continued)				
Summary of debtors by customer classification				
Residential				
Current (0 - 30 days)	2 154 923	2 088 267	581 620	766 688
31 - 60 days	386 728	573 747	137 772	216 823
61 - 90 days	291 081	553 564	102 590	206 213
91 - 120 days	282 468	408 621	112 987	157 061
121 - 365 days	2 846 044	3 169 922	679 227	906 652
> 365 days	2 515 952	5 166 509	1 824 226	1 519 298
	8 477 196	11 960 630	3 438 422	3 772 735
Less: Allowance for impairment	(6 467 649)	(9 731 092)	(3 086 931)	(3 326 514)
	2 009 547	2 229 538	351 491	446 221
Residential - Past due and impaired				
Current (0 - 30 days)	1 013 736	937 377	486 171	667 389
31 - 60 days	205 040	283 248	116 763	190 156
61 - 90 days	150 037	319 795	87 093	179 636
91 - 120 days	260 311	358 824	95 833	137 909
121 - 365 days	2 430 100	2 946 102	573 248	794 657
> 365 days	2 408 425	4 885 746	1 727 823	1 356 767
	6 467 649	9 731 092	3 086 931	3 326 514
Residential - Past due and not impaired				
Current (0 - 30 days)	1 141 187	1 150 890	89 923	93 858
31 - 60 days	181 687	290 499	20 952	26 447
61 - 90 days	141 044	233 769	15 441	25 085
91 - 120 days	22 156	49 797	17 100	19 069
121 - 365 days	415 944	223 820	105 924	111 828
> 365 days	107 529	280 763	102 151	169 934
	2 009 547	2 229 538	351 491	446 221

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS (continued)				
Industrial/ commercial				
Current (0 - 30 days)	2 166 572	2 346 457	264 014	352 744
31 - 60 days	394 778	320 163	74 058	86 855
61 - 90 days	237 990	323 871	52 575	88 027
91 - 120 days	190 914	203 374	55 099	40 192
121 - 365 days	1 174 050	1 509 466	268 048	320 104
> 365 days	2 562 691	2 817 962	1 463 282	973 892
	6 726 995	7 521 293	2 177 076	1 861 814
Less: Allowance for impairment	(3 951 474)	(5 024 609)	(1 835 527)	(1 631 419)
	2 775 521	2 496 684	341 549	230 395
Industrial/ commercial - Past due and impaired				
Current (0 - 30 days)	380 269	392 858	222 594	309 092
31 - 60 days	102 675	120 317	62 439	76 106
61 - 90 days	105 086	204 150	44 327	77 134
91 - 120 days	168 889	167 217	46 455	35 218
121 - 365 days	874 801	1 442 619	225 995	280 492
> 365 days	2 319 754	2 697 448	1 233 717	853 377
	3 951 474	5 024 609	1 835 527	1 631 419
Industrial/ commercial - Past due and not impaired				
Current (0 - 30 days)	1 786 302	1 953 599	41 420	43 651
31 - 60 days	292 103	199 845	11 619	10 748
61 - 90 days	132 904	119 720	8 248	10 893
91 - 120 days	22 025	36 157	8 644	4 974
121 - 365 days	299 249	66 846	42 053	39 612
> 365 days	242 938	120 517	229 565	120 517
	2 775 521	2 496 684	341 549	230 395

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS (continued)				
National and provincial government				
Current (0 - 30 days)	104 432	76 261	8 476	-
31 - 60 days	31 752	24 679	6 421	-
61 - 90 days	14 576	29 220	4 378	-
91 - 120 days	10 615	20 057	2 729	2 961
121 - 365 days	47 209	100 196	30 150	26 992
> 365 days	205 600	198 563	98 341	55 152
	414 184	448 976	150 495	85 105
Less: Allowance for impairment	(248 014)	(308 624)	(126 885)	(74 574)
	166 170	140 352	23 610	10 531
National and provincial government - Past due and impaired				
Current (0 - 30 days)	8 303	3 417	7 146	-
31 - 60 days	6 626	1 645	5 414	-
61 - 90 days	4 600	2 995	3 692	-
91 - 120 days	9 121	13 340	2 301	2 596
121 - 365 days	29 366	96 097	25 420	23 651
> 365 days	189 998	191 130	82 912	48 327
	248 014	308 624	126 885	74 574
National and provincial government - Past due and not impaired				
Current (0 - 30 days)	96 129	78 633	1 330	-
31 - 60 days	25 126	28 733	1 007	-
61 - 90 days	9 976	19 787	687	-
91 - 120 days	1 494	1 669	428	366
121 - 365 days	17 844	4 099	4 730	3 340
> 365 days	15 601	7 431	15 428	6 825
	166 170	140 352	23 610	10 531

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
10. CONSUMER DEBTORS (continued)				
Total				
Current (0 -30 days)	4 425 927	4 510 985	854 110	1 119 432
31 - 60 days	813 258	918 589	218 251	303 678
61 - 90 days	543 647	906 655	159 543	294 240
91 - 120 days	483 997	632 052	170 815	200 214
121 - 365 days	4 067 303	4 779 584	977 425	1 253 748
> 365 days	5 284 243	8 183 034	3 385 849	3 065 369
	15 618 375	19 930 899	5 765 993	6 236 681
Less: Allowance for impairment	(10 667 137)	(15 064 325)	(5 049 343)	(5 032 507)
	4 951 238	4 866 574	716 650	1 204 174
Less: Provision for debt impairment				
Current (0 - 30 days)	1 402 308	1 333 652	715 911	995 337
31 - 60 days	314 341	405 210	184 616	271 343
61 - 90 days	259 723	526 940	135 112	261 693
91 - 120 days	438 321	539 381	144 589	179 048
121 - 365 days	3 334 267	4 484 818	824 663	1 120 027
> 365 days	4 918 177	7 774 324	3 044 452	2 759 716
	10 667 137	15 064 325	5 049 343	5 587 164
Total debtor past due but not impaired				
Current (0 - 30 days)	3 023 618	3 183 122	132 673	118 654
31 - 60 days	498 916	519 077	33 578	32 114
61 - 90 days	283 924	373 276	24 376	31 056
91 - 120 days	45 675	87 623	26 172	21 084
121 - 365 days	733 037	294 765	152 707	133 554
> 365 days	366 068	408 711	347 144	313 055
	4 951 238	4 866 574	716 650	649 517
Reconciliation of allowance for impairment				
Balance at beginning of the year	(15 064 325)	(13 864 256)	(5 032 507)	(4 813 706)
Contributions to allowance	(3 747 219)	(2 863 034)	(960 002)	(846 777)
Debt impairment transferred to Pikitup	-	-	-	529 012
Debt written off against allowance	8 144 407	1 662 965	943 167	98 964
Balance at the end of the year	(10 667 137)	(15 064 325)	(5 049 342)	(5 032 507)

The contribution to the allowance is included in the statement of financial performance under allowance of current receivables at amounts exclusive of Vat.

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

11. FINANCIAL ASSETS AT FAIR VALUE - SINKING FUND

The Debt redemption fund is a financial solution to assist the City of Johannesburg Municipality meet its financial obligations to repay previously issued bonds. The City of Johannesburg Municipality pays contributions into the fund, which is managed by a 3rd party fund manager, so as to enable the Municipality to receive contributions plus growth to repay redemptions of the bonds when they fall due. This is part of the risk management framework adopted by City of Johannesburg Municipality. The financial liabilities of the fund are disclosed in note 30

The total investments pledged as collateral for CJMM Bonds.

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

The Terms and conditions are such that the collateralised asset upon maturity should be of the same value as the liability so that the liability can be redeemed.

Sinking Fund
Maturity - 5 June 2023

Other financial assets through profit or loss

Bond	348 475	2 108 113	348 475	2 108 113
Bond Options	72 120	205 624	72 120	205 624
Bond repos	3 018 257	-	3 018 257	-
Negotiable Certificate of Deposit	309 073	-	309 073	-
Cash	374 618	99 263	374 618	99 263
Cash collateral	27 364	35 501	27 364	35 501
Forward rate agreement	17 596	15 031	17 596	15 031
Swaps	23 377	19 619	23 377	19 619
Current Assets	4 190 880	2 483 151	4 190 880	2 483 151

Other financial assets through profit or loss

Bond	1 194 596	866 677	1 194 596	866 677
Floating rate note	1 336 212	825 080	1 336 212	825 080
Forward rate agreement	-	136	-	136
Amortising Swap	198 893	40 942	198 893	40 942
Bond Options	54 181	-	54 181	-
Swaps	1 804 753	512 723	1 804 753	512 723
Non-Current Assets	4 588 635	2 245 558	4 588 635	2 245 558

8 779 515	4 728 709	8 779 515	4 728 709
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

11. FINANCIAL ASSETS AT FAIR VALUE - SINKING FUND (continued)

Financial assets carried at fair value through profit or loss

Derivatives designated and effective as hedging instruments carried at fair value	3 507 130	1 619 156	3 507 130	1 619 156
Held for trading non-derivative financial assets	5 272 385	3 109 553	5 272 385	3 109 553
	8 779 515	4 728 709	8 779 515	4 728 709

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	720	803	120	128
Bank	1 602 028	608 098	905 420	443 798
Call investment deposits	3 276 806	4 704 755	3 274 448	4 700 151
	4 879 554	5 313 656	4 179 988	5 144 077

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand

12. CASH AND CASH EQUIVALENTS (continued)

Call investment deposits

Call Deposits Standard Bank Rating - (F1+)	1 406	1 334
Fixed Deposits Standard Bank Rating - (F1+)	333 800	411 500
Fixed Deposits ABSA Rating - (F1+)	508 500	951 394
Call Deposits ABSA Rating - (F1+)	481 656	42 867
Call Deposits RMB Rating - (F1+)	1 100	1 000
Fixed Deposits RMB Rating - (F1+)	700 000	973 500
Call Deposits INVESTEC Rating - (F1)	1 250	20 687
Fixed Deposits INVESTEC Rating - (F1)	83 500	717 600
Call Deposits NEDBANK Rating - (F1+)	118 447	35 606
Fixed Deposits NEDBANK Rating - (F1+)	300 000	772 000
Call Deposits CITI BANK Rating - (F1)	1 611	2 114
Fixed Deposits CITI BANK Rating - (F1)	-	308 000
Call Deposits DEUTSCHE BANK Rating - (F1)	14 000	1 000
Fixed Deposits DEUTSCHE BANK rating - F1	242 000	-
Call Deposits ETTA Rating - (None)	2 000	48 000
Call Deposits LANDBANK Rating - (F1+)	1 050	1 050
Stanlib Call Investment Rating - (F1+)	486 486	417 103

3 276 806 **4 704 755**

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

13. ZOO ANIMALS

GROUP

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Zoo animals	26 108	(2 367)	23 741	17 176	(1 930)	15 246

Reconciliation of zoo animals - GROUP - 2015

	Opening balance	Additions	Adjustments arising from accounting for births and deaths	Disposals	Depreciation	Closing balance
Zoo animals	15 246	6 057	3 817	(645)	(734)	23 741

Reconciliation of zoo animals - GROUP - 2014

	Opening balance	Additions	Adjustments arising from accounting for births and deaths	Disposals	Depreciation	Closing balance
Zoo animals	12 124	1 840	2 922	(1 095)	(545)	15 246

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand thousand

14. INVESTMENT PROPERTY

GROUP	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 015 757	(343)	1 015 414	1 013 499	(320)	1 013 179

CJMM	2015			2014		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 014 946	-	1 014 946	1 012 688	-	1 012 688

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand

14. INVESTMENT PROPERTY (continued)

Reconciliation of investment property - GROUP - 2015

	Opening balance	Transfers	Depreciation	Closing balance
Investment property	1 013 179	2 258	(23)	1 015 414

Reconciliation of investment property - GROUP - 2014

	Opening balance	Additions	Disposals	Transfers	Impairments	Depreciation	Closing balance
Investment property	1 033 471	-	(20 269)	-	-	(23)	1 013 179

Reconciliation of investment property - CJMM - 2015

	Opening balance	Transfers	Impairments	Closing balance
Investment property	1 012 688	2 258	-	1 014 946

Reconciliation of investment property - CJMM - 2014

	Opening balance	Additions	Disposals	Transfers	Impairments	Closing balance
Investment property	1 032 957	-	(20 269)	-	-	1 012 688

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT

GROUP	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 279 389	-	8 279 389	7 884 423	-	7 884 423
Buildings	12 354 952	(3 712 600)	8 642 352	11 892 844	(3 300 956)	8 591 888
Plant and machinery	13 269 247	(2 594 118)	10 675 129	11 067 360	(2 193 515)	8 873 845
Furniture and fixtures	571 795	(379 759)	192 036	557 140	(351 973)	205 167
Motor vehicles	697 039	(381 254)	315 785	567 926	(284 987)	282 939
Office equipment	894 514	(578 401)	316 113	854 202	(497 558)	356 644
Computer equipment	263 537	(153 534)	110 003	206 841	(140 083)	66 758
Infrastructure	11 101 180	(3 574 479)	7 526 701	11 525 313	(3 520 782)	8 004 531
Community assets	1 456 434	(486 949)	969 485	1 368 656	(417 305)	951 351
Bins and containers	274 816	(197 981)	76 835	250 578	(197 253)	53 325
Work in progress	11 628 794	(4 915)	11 623 879	6 682 780	-	6 682 780
Communication equipment	22 191	(11 205)	10 986	15 971	(11 712)	4 259
Fare collection equipment	7 566	(7 059)	507	8 296	(7 521)	775
Finance lease assets	56 807	(20 420)	36 387	43 471	(19 339)	24 132
Laboratory equipment	40 884	(23 865)	17 019	36 230	(20 644)	15 586
Minor plant	122 429	(77 659)	44 770	94 086	(71 797)	22 289
Signage	5 842	(3 164)	2 678	6 033	(3 143)	2 890
Specialised vehicles	1 046 046	(329 472)	716 574	1 018 778	(304 518)	714 260
Stage equipment	14 099	(5 960)	8 139	14 102	(5 235)	8 867
Tools and loose gear	66 879	(2 025)	64 854	2 297	(1 794)	503
Wastewater network	2 166 527	(187 113)	1 979 414	1 773 149	(166 303)	1 606 846
Water network	3 799 743	(488 266)	3 311 477	3 377 515	(415 716)	2 961 799
Library books	647 625	(594 959)	52 666	626 384	(575 623)	50 761
Emergency equipment.	52 632	(15 727)	36 905	48 246	(15 024)	33 222
Other	724	(624)	100	5 013	(4 882)	131
Total	68 841 691	(13 831 508)	55 010 183	59 927 634	(12 527 663)	47 399 971

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT (continued)

CJMM

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 197 741	-	8 197 741	7 819 746	-	7 819 746
Buildings	10 907 370	(3 091 156)	7 816 214	10 570 102	(2 714 091)	7 856 011
Plant and equipment	370 146	(205 271)	164 875	365 152	(162 773)	202 379
Furniture and fittings	475 134	(328 732)	146 402	472 733	(307 362)	165 371
Motor vehicles	381 281	(287 833)	93 448	327 331	(225 167)	102 164
Office equipment	836 619	(539 385)	297 234	798 774	(459 274)	339 500
Infrastructure	10 585 183	(3 351 499)	7 233 684	10 946 166	(3 296 455)	7 649 711
Community assets	1 456 434	(486 949)	969 485	1 368 656	(417 305)	951 351
Bins and containers	12 204	(7 219)	4 985	10 634	(6 530)	4 104
Work in progress	7 694 475	-	7 694 475	2 912 875	-	2 912 875
Specialised vehicles	725 861	(200 663)	525 198	719 497	(161 357)	558 140
Library books	647 625	(594 959)	52 666	626 384	(575 623)	50 761
Emergency equipment	52 632	(15 727)	36 905	48 246	(15 024)	33 222
Other	724	(624)	100	717	(586)	131
Total	42 343 429	(9 110 017)	33 233 412	36 987 013	(8 341 547)	28 645 466

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Notes to the Group Annual Financial Statements

Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - GROUP - 2015

	Opening balance	Additions	Disposals	Transfers	Developer Funded network	Depreciation	Impairment loss	Closing balance
Land	7 884 423	347 061	(11 589)	59 494	-	-	-	8 279 389
Buildings	8 591 888	109 880	(101)	347 858	-	(407 173)	-	8 642 352
Plant and equipment	8 873 845	96 534	(2 696)	2 118 813	-	(411 018)	(349)	10 675 129
Furniture and fittings	205 167	29 284	(1 328)	10 914	-	(52 001)	-	192 036
Motor vehicles	282 939	95 883	(1 577)	-	-	(61 460)	-	315 785
Office equipment	356 644	92 745	(2 833)	13 211	-	(143 654)	-	316 113
Computer equipment	66 758	33 746	(1 250)	39 128	-	(28 379)	-	110 003
Infrastructure	8 004 531	145 534	(61 096)	167 011	-	(729 279)	-	7 526 701
Community assets	951 351	50 463	(7)	71 206	-	(103 528)	-	969 485
Bins and containers	53 325	29 411	(6)	323	-	(6 218)	-	76 835
Work in progress	6 682 780	8 518 274	-	(3 572 260)	-	-	(4 915)	11 623 879
Communication equipment	4 259	8 877	(109)	13	-	(2 054)	-	10 986
Fare collection equipment	775	-	(5)	-	-	(263)	-	507
Finance lease assets	24 132	24 774	(93)	-	-	(12 426)	-	36 387
Laboratory equipment	15 586	4 811	-	-	-	(3 378)	-	17 019
Minor plant	22 289	23 240	(7)	8 032	-	(8 784)	-	44 770
Signage	2 890	35	-	-	-	(247)	-	2 678
Specialised vehicles	714 260	113 536	(3 972)	-	-	(106 060)	(1 190)	716 574
Stage equipment	8 867	61	(12)	-	-	(777)	-	8 139
Tools and loose gear	503	64 629	(11)	(17)	-	(250)	-	64 854
Wastewater network	1 606 846	20 423	-	282 876	90 079	(20 810)	-	1 979 414
Water network	2 961 799	256 225	-	108 626	57 377	(72 550)	-	3 311 477
Library books	50 761	11 573	-	-	-	(9 668)	-	52 666
Emergency equipment	33 222	7 838	(41)	-	-	(4 114)	-	36 905
Other	131	-	(1)	-	-	(30)	-	100
	47 399 971	10 084 837	(86 734)	(344 772)	147 456	(2 184 121)	(6 454)	55 010 183

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Figures in Rand thousand

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - GROUP - 2014

	Opening balance	Additions	Disposals	Transfers	Developer Funded network	Depreciation	Impairment loss	Closing balance
Land	8 016 576	426 288	(581 035)	22 594	-	-	-	7 884 423
Buildings	8 819 252	124 162	(267)	109 990	-	(461 249)	-	8 591 888
Plant and machinery	8 193 577	206 420	(3 741)	797 200	-	(319 503)	(108)	8 873 845
Furniture and fixtures	165 919	30 923	(6 353)	66 638	-	(51 960)	-	205 167
Motor vehicles	209 148	122 043	(1 826)	-	-	(46 426)	-	282 939
Office equipment	199 174	160 760	(942)	105 567	-	(107 915)	-	356 644
Computer equipment	64 784	26 173	(674)	2 588	-	(26 113)	-	66 758
Infrastructure	7 652 894	308 163	(293)	677 538	-	(633 771)	-	8 004 531
Community assets	553 850	38 596	(60)	420 137	-	(61 172)	-	951 351
Bins and containers	45 875	13 617	-	267	-	(6 434)	-	53 325
Work in progress	3 638 903	5 354 058	(540)	(2 309 641)	-	-	-	6 682 780
Communication equipment	3 004	2 389	(12)	-	-	(1 122)	-	4 259
Fare collection equipment	1 271	-	-	-	-	(496)	-	775
Finance lease assets	13 717	22 731	(30)	-	-	(12 286)	-	24 132
Laboratory equipment	16 917	2 477	(27)	-	-	(3 781)	-	15 586
Minor plant	22 306	7 187	(51)	135	-	(7 288)	-	22 289
Signage	2 782	333	-	-	-	(225)	-	2 890
Specialised vehicles	478 309	382 991	(48 577)	-	-	(89 924)	(8 539)	714 260
Stage equipment	2 697	6 455	(10)	-	-	(275)	-	8 867
Tools and loose gear	949	14	(154)	-	-	(306)	-	503
Wastewater network	1 511 894	14 817	-	15 740	82 646	(18 251)	-	1 606 846
Water network	2 720 790	190 560	(2 359)	46 870	64 043	(58 105)	-	2 961 799
Library books	53 105	5 364	-	-	-	(7 708)	-	50 761
Emergency equipment	15 656	14 588	(239)	6 750	-	(3 533)	-	33 222
Other	184	-	-	-	-	(53)	-	131
	42 403 533	7 461 109	(647 190)	(37 627)	146 689	(1 917 896)	(8 647)	47 399 971

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - CJMM - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Land	7 819 746	347 061	(11 589)	42 523	-	8 197 741
Buildings	7 856 011	72 578	(101)	251 320	(363 594)	7 816 214
Plant and equipment	202 379	13 888	(1 275)	-	(50 117)	164 875
Furniture and fittings	165 371	18 220	(298)	7 742	(44 633)	146 402
Motor vehicles	102 164	66	(1 123)	-	(7 659)	93 448
Office equipment	339 500	82 061	(355)	13 221	(137 193)	297 234
Infrastructure	7 649 711	104 878	-	167 011	(687 916)	7 233 684
Community assets	951 351	50 463	(7)	71 206	(103 528)	969 485
Bins and containers	4 104	1 346	(6)	323	(782)	4 985
Work in progress	2 912 875	5 576 741	-	(795 141)	-	7 694 475
Specialised vehicles	558 140	40 932	-	-	(73 874)	525 198
Library books	50 761	11 573	-	-	(9 668)	52 666
Emergency equipment	33 222	7 838	(41)	-	(4 114)	36 905
Other	131	-	(1)	-	(30)	100
	28 645 466	6 327 645	(14 796)	(241 795)	(1 483 108)	33 233 412

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - CJMM - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Land	7 951 900	426 284	(581 035)	22 597	-	7 819 746
Buildings	8 120 379	69 749	-	92 303	(426 420)	7 856 011
Plant and equipment	111 754	114 940	(152)	3 968	(28 131)	202 379
Furniture and fittings	134 753	14 802	(5 909)	66 504	(44 779)	165 371
Motor vehicles	113 236	13 531	(1 123)	-	(23 480)	102 164
Office equipment	179 675	156 991	(786)	105 544	(101 924)	339 500
Infrastructure	7 300 640	262 927	(293)	677 538	(591 101)	7 649 711
Community assets	553 850	38 596	(60)	420 137	(61 172)	951 351
Bins and containers	4 853	20	-	267	(1 036)	4 104
Work in progress	1 758 751	2 572 387	-	(1 418 263)	-	2 912 875
Specialised vehicles	320 733	326 286	(42 708)	-	(46 171)	558 140
Library books	53 105	5 364	-	-	(7 708)	50 761
Emergency equipment	15 656	14 588	(239)	6 750	(3 533)	33 222
Other	185	-	-	-	(54)	131
	26 619 470	4 016 465	(632 305)	(22 655)	(1 335 509)	28 645 466

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

GROUP	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Plant and equipment	20 737	(11 303)	9 434	20 737	(4 748)	15 989
Office equipment	87 562	(12 292)	75 270	61 031	(14 193)	46 838
Leasehold property	1 649	(593)	1 056	543	(477)	66
Leasehold improvement	8 692	(4 382)	4 310	8 671	(3 764)	4 907
BRT Busses	355 021	(242 006)	113 015	355 021	(131 191)	223 830
Red Fleet	337 956	(160 776)	177 180	299 624	(219 482)	80 142
Total	811 617	(431 352)	380 265	745 627	(373 855)	371 772

CJMM	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Office equipment	63 114	(21 057)	42 057	40 696	(21 156)	19 540
Red fleet	337 956	(242 006)	95 950	299 624	(219 482)	80 142
BRT Busses	355 021	(160 776)	194 245	355 021	(131 191)	223 830
Total	756 091	(423 839)	332 252	695 341	(371 829)	323 512

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

City of Johannesburg Metropolitan Municipality

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16. INTANGIBLE ASSETS

GROUP

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Additional capacity rights	235 867	(49 150)	186 717	235 867	(43 417)	192 450
Servitudes	1 727	-	1 727	1 727	-	1 727
Licences and franchises	285	(190)	95	285	(190)	95
Computer software, internally generated	13 946	(982)	12 964	14 231	(5 209)	9 022
Computer software	2 045 711	(1 379 533)	666 178	1 649 533	(1 230 759)	418 774
Intangible assets under development	15 231	-	15 231	-	-	-
Total	2 312 767	(1 429 855)	882 912	1 901 643	(1 279 575)	622 068

CJMM

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 719 133	(1 218 220)	500 913	1 396 272	(1 065 241)	331 031

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Figures in Rand thousand

16. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - GROUP - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment reversal	Closing balance
Additional capacity rights	192 450	-	-	-	(5 733)	-	186 717
Servitudes	1 727	-	-	-	-	-	1 727
Licences and franchises	95	285	-	-	(285)	-	95
Computer software, internally generated	9 022	-	-	-	(130)	4 072	12 964
Computer software	418 774	128 074	(1 445)	340 728	(219 953)	-	666 178
Intangible assets under development	-	15 231	-	-	-	-	15 231
	622 068	143 590	(1 445)	340 728	(226 101)	4 072	882 912

Reconciliation of intangible assets - GROUP - 2014

	Opening balance	Additions	Disposals	Transfers	Amortisation	Closing balance
Additional capacity rights	198 182	1 685	-	-	(7 417)	192 450
Servitudes	1 727	-	-	-	-	1 727
Licences and franchises	-	285	-	-	(190)	95
Computer software, internally generated	9 230	-	-	-	(208)	9 022
Computer software	282 374	288 997	(705)	37 530	(189 422)	418 774
	491 513	290 967	(705)	37 530	(197 237)	622 068

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16. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - CJMM - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Closing balance
Computer software	331 031	116 961	-	237 752	(184 831)	-	500 913

Reconciliation of intangible assets - CJMM - 2014

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Closing balance
Computer software	197 117	263 327	-	22 558	(151 971)	-	331 031

City of Johannesburg Metropolitan Municipality

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17. HERITAGE ASSETS

GROUP

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art collections, antiques and exhibits	527 593	-	527 593	522 612	-	522 612
Historical monuments	14 457	-	14 457	14 457	-	14 457
Historical buildings	41 104	-	41 104	41 104	-	41 104
Total	583 154	-	583 154	578 173	-	578 173

CJMM

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art collections, antiques and exhibits	526 000	-	526 000	521 019	-	521 019
Historical monuments	14 457	-	14 457	14 457	-	14 457
Historical buildings	41 104	-	41 104	41 104	-	41 104
Total	581 561	-	581 561	576 580	-	576 580

Reconciliation of heritage assets - GROUP - 2015

	Opening balance	Additions	Transfers	Closing balance
Art collections, antiques and exhibits	522 612	3 195	1 786	527 593
Historical monuments	14 457	-	-	14 457
Historical buildings	41 104	-	-	41 104
	578 173	3 195	1 786	583 154

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Figures in Rand thousand

17. HERITAGE ASSETS (continued)

Reconciliation of heritage assets - GROUP - 2014

	Opening balance	Additions	Disposals	Transfers	Closing balance
Art collections, antiques and exhibits	522 347	402	(234)	97	522 612
Historical monuments	14 457	-	-	-	14 457
Historical buildings	19 625	21 479	-	-	41 104
	556 429	21 881	(234)	97	578 173

Reconciliation of heritage assets - CJMM - 2015

	Opening balance	Additions	Transfers	Closing balance
Art collections, antiques and exhibits	521 019	3 195	1 786	526 000
Historical monuments	14 457	-	-	14 457
Historical buildings	41 104	-	-	41 104
	576 580	3 195	1 786	581 561

Reconciliation of heritage assets - CJMM - 2014

	Opening balance	Additions	Disposals	Transfers	Closing balance
Art collections, antiques and exhibits	520 754	402	(234)	97	521 019
Historical monuments	14 457	-	-	-	14 457
Historical buildings	19 625	21 479	-	-	41 104
	554 836	21 881	(234)	97	576 580

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

18. INVESTMENTS IN MUNICIPAL OWNED ENTITIES

Gross investment

	% holding 2015	% holding 2014	Carrying amount 2015	Carrying amount 2014
City of Johannesburg Property Company (Pty) Ltd	100 %	100 %	103 113	103 113
City Power Johannesburg (Pty) Ltd	100 %	100 %	112 466	112 466
Johannesburg City Parks	100 %	100 %	29 958	29 958
Johannesburg Development Agency (Pty) Ltd	100 %	100 %	16 278	16 278
Johannesburg Metropolitan Bus Services (Pty) Ltd	100 %	100 %	54 774	54 774
Johannesburg Roads Agency (Pty) Ltd	100 %	100 %	181 445	123 840
Pikitup Johannesburg (Pty) Ltd	100 %	100 %	31 315	31 315
Johannesburg Civic Theatre	100 %	100 %	1 784	1 784
The Johannesburg Fresh Produce Market (Pty) Ltd	100 %	100 %	20 000	20 000
			551 133	493 528

Impairments

	Carrying amount 2015	Carrying amount 2014
Johannesburg Metropolitan Bus Services (Pty) Ltd	(54 774)	(54 774)
Pikitup Johannesburg (Pty) Ltd	(31 315)	(31 315)
	(86 089)	(86 089)

Net investment

	Carrying amount 2015	Carrying amount 2014
City of Johannesburg Property Company (Pty) Ltd	103 115	103 115
City Power Johannesburg (Pty) Ltd	112 466	112 466
Johannesburg City Parks	29 958	29 958
Johannesburg Development Agency (Pty) Ltd	16 278	16 278
Johannesburg Metropolitan Bus Services (Pty) Ltd	-	-
Johannesburg Roads Agency (Pty) Ltd	181 445	123 840
Johannesburg Social Housing Company (Pty) Ltd	-	-
Johannesburg Water (Pty) Ltd	-	-
Pikitup Johannesburg (Pty) Ltd	-	-
The Johannesburg Civic Theatre (Pty) Ltd	1 784	1 784
The Johannesburg Fresh Produce Market (Pty) Ltd	20 000	20 000
	465 046	407 441

CJMM has investments in the following Municipal Entities that have a carrying amount less than R1,000

Johannesburg Social Housing Company (Pty) Ltd - R120.00
Johannesburg Water (Pty) Ltd - R 200.

Investments in ME's includes shareholder loans with no fixed repayment terms and interest.

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	2015	2014	2015	2014

19. INVESTMENT IN JOINT VENTURE

Name of company	Carrying amount 2015	Carrying amount 2014	Carrying amount 2015	Carrying amount 2014
Golden Triangle Development Company (Pty) Ltd	24 968	18 389	1	1
Joshco Madulamoho Joint Venture (JMJV)	24 801	25 431	-	-

Principal activities and reporting dates of Joint Ventures

Name of entity	Principal activity	Reporting date	Period of results included
Golden Triangle Development Company (Pty) Ltd	50%	2015/06/30	01/07/2014 - 30/06/2015
Joshco Madulamoho Joint Venture (JMJV)	55%	2015/06/30	01/07/2014 - 30/06/2015

The JMJV is an investment between Joshco and Madulamoho for social rental housing. The separate Annual Financial Statements of the Joint Venture are available at the registered office of the entity. There are no contingent liabilities, contingent assets or commitments relating to the Joint Venture.

Restrictions on a Joint Venture to distribute its reserves

The Joint Venture's ability to distribute its reserves is not restricted in terms of the Joint Venture agreement.

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

20. INVESTMENTS IN ASSOCIATE

Name of entity				
Friedshelf 128 (Pty) Ltd	20 046	18 108	-	-

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

Movements in carrying value

Opening balance	18 108	15 847		
Share of surplus	1 938	2 261		
	20 046	18 108		

Principal activities, country of incorporation and voting power

The company is incorporated in South Africa and operating in the property industry.

Summary of controlled entity's interest in associate

Total assets	44 922	41 406		
Total liabilities	(6 220)	(6 872)		
Revenue	6 014	5 561		
Surplus (deficit)	4 167	4 193		

Associates with different reporting dates

The financial year-end of the associate is the last day of February. As the year-end of the two entities is 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.

21. DEFERRED TAX

Deferred tax liabilities

Property, Plant and Equipment	(2 068 440)	(1 688 952)	-	-
Prepaid expenditure	(43 628)	33 883	-	-
Total deferred tax liabilities	(2 112 068)	(1 655 069)	-	-

deferred tax assets

Provisions	16 673	7 942	-	-
Income received in advance	3 868	12 418	-	-
Assessed losses	421 744	184 111	-	-
Total deferred tax assets	442 285	204 471	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(2 112 068)	(1 655 069)	-	-
Deferred tax asset	442 285	204 471	-	-
Total net deferred tax liability	(1 669 783)	(1 450 598)	-	-

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22. FINANCIAL ASSETS BY CATEGORY

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

GROUP - 2015

	Cost	At fair value	At amortised cost	Total
Current Assets				
Other financial assets	-	4 190 880	-	4 190 880
Trade and other receivables	1 191 627	-	-	1 191 627
Receivables from non-exchange	137 798	-	-	137 798
Consumer debtors	4 951 238	-	-	4 951 238
Call investment deposits	3 276 806	-	-	3 276 806
Bank balances and cash	1 602 748	-	-	1 602 748
Non-Current Assets				
Other financial assets	63 375	4 588 635	-	4 652 010
	11 223 592	8 779 515	-	20 003 107

GROUP - 2014

	Cost	At fair value	At amortised cost	Total
Current Assets				
Other financial assets	-	2 483 151	186 361	2 669 512
Trade and other receivables	929 566	-	-	929 566
Receivables from non-exchange	190 517	-	-	190 517
Consumer debtors	4 866 574	-	-	4 866 574
Call investment deposits	4 704 755	-	-	4 704 755
Bank balances and cash	608 901	-	-	608 901
Non-Current Assets				
Other financial assets	65 849	2 245 558	-	2 311 407
	11 366 162	4 728 709	186 361	16 281 232

CJMM - 2015

	Loans and receivables	At fair value	Total
Current Assets			
Loans to Municipal Entities	1 009 887	-	1 009 887
Other financial assets	-	4 190 880	4 190 880
Trade and other receivables	3 932 817	-	3 932 817
Receivables from non-exchange	112 487	-	112 487
Consumer debtors	716 651	-	716 651
Call investment deposits	3 274 448	-	3 274 448
Bank balances and cash	905 540	-	905 540
Non-Current Assets			
Loans to Municipal Entities	5 648 642	-	5 648 642
Other financial assets	36 746	4 588 635	4 625 381
	15 637 218	8 779 515	24 416 733

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22. FINANCIAL ASSETS BY CATEGORY (continued)

CJMM - 2014

	Cost	At fair value	At amortised cost	Total
Current Assets				
Loans to Municipal Entities	980 592	-	-	980 592
Other financial assets	-	2 483 151	186 361	2 669 512
Trade and other receivables	3 308 366	-	-	3 308 366
Receivables from non-exchange	171 787	-	-	171 787
Consumer debtors	687 147	-	-	687 147
Call investment deposits	4 700 151	-	-	4 700 151
Bank balances and cash	443 926	-	-	443 926
Non-Current Assets				
Loans to Municipal Entities	4 997 925	-	-	4 997 925
Other financial assets	65 849	2 245 558	-	2 311 407
	15 355 743	4 728 709	186 361	20 270 813

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
23. LOANS AND BORROWINGS				
Non Current portion of loans and borrowings -				
At amortised cost				
Structured loans *	29 942	43 276	29 942	43 276
Development Bank Southern Africa	2 916 186	1 269 175	2 899 533	1 251 844
Listed bonds	6 475 667	7 709 000	6 475 667	7 709 000
Other loans and borrowings	4 688 102	3 377 460	4 688 102	3 377 460
	14 109 897	12 398 911	14 093 244	12 381 580
Current portion of loans and borrowings - At				
amortised cost				
Structured loans *	13 333	219 066	13 333	219 066
Development Bank Southern Africa	73 550	75 230	72 871	74 602
Listed bonds	1 233 333	333 333	1 233 333	333 333
Other loans and borrowings	253 878	343 550	253 881	343 550
	1 574 094	971 179	1 573 418	970 551
	15 683 991	13 370 090	15 666 662	13 352 131

* Structured loans are secured by an investment which will redeem the loan at maturity.

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
24. FINANCE LEASE OBLIGATIONS				
Minimum lease payments due				
- within one year	143 243	115 497	126 871	104 110
- in second to fifth year	234 425	244 864	224 430	232 347
- later than five years	82 486	129 801	78 095	128 191
	460 154	490 162	429 396	464 648
less: future finance charges	(90 400)	(121 420)	(88 667)	(120 589)
Present value of minimum lease payments	369 754	368 742	340 729	344 059
Present value of minimum lease payments due				
- within one year	127 470	87 253	102 830	76 193
- in second to fifth year inclusive	170 031	163 109	166 036	151 082
- later than five years	72 253	118 380	71 863	116 784
	369 754	368 742	340 729	344 059
Non-current liabilities	242 284	281 489	237 899	267 866
Current liabilities	127 470	87 253	102 830	76 193
	369 754	368 742	340 729	344 059

Office Equipment

The Group leases certain office equipment and these are classified as a finance lease. The lease terms range between 2 to 5 years. The effective interest rate on the leases ranges between 7.35% and 19.25% per annum.

Plant and Equipment

The Group leases plant and equipment. The lease term is 3 years and the average effective borrowing rate is 10%. The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

Specialised vehicles

The Group leases BRT vehicles and emergency service vehicles. The lease terms for these vehicles range between 10 to 12 years. The effective interest rate on the leases are between 9.7% and 15.43%.

The carrying values of these leased assets are included under property, plant and equipment. Refer to note 15.

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
25. TRADE AND OTHER PAYABLES				
Financial liabilities				
Accrued interest	124 878	120 919	124 878	120 919
Credit balances in consumer debtors	1 686 721	1 626 671	981 350	916 162
Engineering fees	95 538	92 357	95 538	92 357
Other creditors	1 187 581	1 338 061	626 556	787 511
Related party creditor	-	-	6 331 298	6 581 810
Retentions	235 059	220 666	67 347	73 410
Trade payables	7 856 991	5 499 683	3 089 514	1 420 442
	<u>11 186 768</u>	<u>8 898 357</u>	<u>11 316 481</u>	<u>9 992 611</u>
Other liabilities				
Accrued bonus	192 369	200 982	12 384	24 085
Accrued leave pay	538 857	516 608	269 831	255 336
Accrued staff 13th cheques	13 295	11 881	-	-
Operating lease payables	23 230	28 400	4 967	8 407
Payments received in advance	462 651	675 074	15 609	14 451
	<u>1 230 402</u>	<u>1 432 945</u>	<u>302 791</u>	<u>302 279</u>
	<u>12 417 170</u>	<u>10 331 302</u>	<u>11 619 272</u>	<u>10 294 890</u>

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
26. OBLIGATIONS ARISING FROM CONDITIONAL GRANTS AND RECEIPTS				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
Provincial grants : Capital projects	172 643	151 796	167 788	151 796
Provincial grants : Top Structure of houses	108	209 827	108	209 827
Provincial grants : Operating projects	9 983	8 296	9 983	8 296
2010 Public transport (SPTN)	1 819	398 840	1 819	398 840
Neighbourhood development partnership grant	19 158	9 849	19 158	9 849
Expanded Public Works Programme (EPWP)	6 382	19 033	6 382	19 033
Provincial grant : Jozi Ihlomihle (HIV/Aids)	95	696	95	696
Public Transport Network Grant	3 502	12 252	3 502	12 252
Social housing grant	74 680	71 996	-	-
Unspent public contributions and donations	5 890	27 028	2 059	3 792
	294 260	909 613	210 894	814 381
Non-current liabilities	41 206	39 440	-	-
Current liabilities	253 054	870 173	210 894	814 381
	294 260	909 613	210 894	814 381

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

A liability is recognised for any unfulfilled conditions, criteria, obligations and other contingencies attaching to government grants or assistance.

See note 39 for reconciliation of grants from National/Provincial Government.

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand thousand

27. PROVISIONS

Reconciliation of provisions - GROUP - 2015

	Opening Balance	Additions	Reversals/ Settlement during the year	Interest	Total
Legal proceedings: SCM	29 350	-	(250)	-	29 100
Legacy litigation	18 500	-	(18 500)	-	-
Provision for consultation fees	23 737	-	(23 737)	-	-
Provision for damages claim	20 000	-	-	-	20 000
Provision for cleaning services	1 800	-	(1 800)	-	-
Environmental rehabilitation: Closed landfill site	144 460	-	(1 195)	8 078	151 343
Environmental rehabilitation: Open landfill sites	425 226	-	(61 096)	23 747	387 877
Other provisions	96 923	-	(353)	3 903	100 473
	759 996	-	(106 931)	35 728	688 793

Reconciliation of provisions - GROUP - 2014

	Opening Balance	Additions	Reversals/ Settlement during the year	Interest	Total
Legal proceedings: SCM	-	29 350	-	-	29 350
Legacy litigation	-	18 500	-	-	18 500
Provision for consultation fees	-	23 737	-	-	23 737
Provision for damages claim	20 000	-	-	-	20 000
Provision for cleaning services	-	1 800	-	-	1 800
Escalation on contracts	63	-	(63)	-	-
Environmental rehabilitation: Closed landfill site	142 229	-	(5 016)	7 247	144 460
Environmental rehabilitation: Open landfill sites	386 661	18 865	-	19 700	425 226
Other provisions	72 405	20 839	-	3 679	96 923
	621 358	113 091	(5 079)	30 626	759 996

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand

27. PROVISIONS (continued)

Reconciliation of provisions - CJMM - 2015

	Opening Balance	Additions	Utilised/written back during the year	Interest	Total
Provision for consultation fees	23 737	-	(23 737)	-	-
Provision for damages claim	20 000	-	-	-	20 000
Provision for cleaning services	1 800	-	(1 800)	-	-
Other Provisions	76 084	-	-	3 903	79 987
	121 621	-	(25 537)	3 903	99 987

Reconciliation of provisions - CJMM - 2014

	Opening Balance	Additions	Utilised/written back during the year	Interest	Total
Provision for consultation fees	-	23 737	-	-	23 737
Provision for damages claim	20 000	-	-	-	20 000
Provision for cleaning services	-	1 800	-	-	1 800
Other Provisions	72 405	-	-	3 679	76 084
	92 405	25 537	-	3 679	121 621

Non-current liabilities	659 630	665 770	99 987	96 084
Current liabilities	29 163	94 226	-	25 537
	688 793	759 996	99 987	121 621

Legal proceedings: SCM

The legal claims provision relates to the litigation in progress that is likely to be paid by Johannesburg Road Agency based on the previous legal actions taken against the entity. The legal claims emanates from supply chain related matters which occurred in the past and the employment related matters from former and current employees against JRA.

Legacy

Provision to the settlement of a legacy litigation matter against Joburg Market SOC Limited. The outflow of economic benefits was probable and reliably measurable at year end. In terms of GRAP 19 principles a provision was raised.

Provision for Cleaning Services

The claim is for cleaning services rendered to the City of Johannesburg on the basis of a verbal contract. The court found against the City and awarded damages to the amount of R1 800 000,00 as a full and final settlement of the matter.

The liability was settled in full.

Provision for Damages Claim

A claim for damages was instituted by the Plaintiff against the City of Johannesburg(CJMM) as a result of the construction of the Grayston fly-over bridge for loss of income. The total claim was R10,000,000.00 plus interest of R10,000,000.00 and is not insured. SCA has ruled against the City on the matter of whether the construction amounted to a diversion.

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand

27. PROVISIONS (continued)

Provision for Consultation fees

This claim is by a firm of consulting engineers against CJMM for work done on the construction of the 2010 Soccer World Cup Stadium.

The liability was settled in full.

Environmental rehabilitation: landfill sites (closed and open)

The provision relates to Pikitup SOC landfill sites. On an annual basis, management has to determine an accurate estimate of the environmental 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 calculations of the landfill rehabilitation are based on the following assumptions in line with the permits requirements and consistent with prior years.

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.

The final landfill airspace estimation was performed by the Topographical surveyor appointed by the Company who has extensive experience in the field with an Advance Mine Survey Certificate - M3.

Management has estimated the provision, however there is uncertainty as to when the liability will be settled.

Other Provisions

Provision for Soweto Pension Fund

The provision is for the settlement of the Soweto Pension Fund which was approved by the Mayoral Committee on the 2nd of December 2010.

The Settlement amount should have been paid in cash on or before 30 June 2011, as a result the interest at the rate of 65% of the prime interest has been calculated.

Management has estimated a provision amount, however there is still uncertainty as to when the liability will be settled.

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

28. EMPLOYEE BENEFIT OBLIGATIONS

28.1 Post-retirement liabilities

Post-Retirement Medical Aid Plan	(1 320 453)	(1 339 856)	(1 240 425)	(1 241 051)
Post-Retirement Housing Subsidy Plan	(4 450)	(1 913)	(238)	(351)
Retirement Gratuity Plan	(439 552)	(500 610)	(163 947)	(190 546)
	(1 764 455)	(1 842 379)	(1 404 610)	(1 431 948)

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

28. EMPLOYEE BENEFIT OBLIGATIONS (continued)

28.1.1 Unfunded post-retirement medical aid plan

City of Johannesburg Metropolitan Municipality has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. Post-retirement medical aid subsidies are provided to pensioners, in the service of the CJMM as at 1 January 2001, and employees 50 years and older on 1 July 2003 whilst contributory members to either LA Health or Key Health medical schemes. The subsidy remains payable only for as long as members remain contributory members to these medical schemes.

Amounts recognised in the Statement of financial position

Present value of unfunded obligation	1 320 453	1 339 856	1 240 425	1 241 051
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Movements for the year

Opening balance	1 339 856	1 345 424	1 241 051	1 247 105
Benefits paid	(101 901)	(101 179)	(99 177)	(99 200)
Net expense recognised in the statement of financial performance	82 498	95 611	98 551	93 146
	1 320 453	1 339 856	1 240 425	1 241 051

Net expense recognised in the Statement of financial performance

Current service cost	4 680	5 220	2 924	3 027
Interest cost	114 859	101 984	106 157	94 296
Actuarial gains	(37 041)	(11 593)	(10 530)	(4 177)
	82 498	95 611	98 551	93 146

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	8,42 %	7,89 %	8,42 %	7,89 %
Expected increase in salaries	7,61 %	6,67 %	7,61 %	6,67 %

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

28. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Other assumptions.

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

Sensitivity analysis

Discount Rate

	-1%	0%	1%
Liability	1 446 789	1 319 229	1 210 499
Percentage change	-9,67%	0%	-8,24%

Benefit inflation

	-1%	0%	1%
Liability	1 210 033	1 320 453	1 447 740
Percentage change	-8,36%	0	9,64%

28.1.2 Unfunded post-retirement housing subsidy plan

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

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

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	4 450	1 913	238	351
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Movements for the year

Opening balance	1 913	2 124	351	459
Benefits paid	(81)	(120)	(77)	(117)
Net expense recognised in the statement of financial performance	2 618	(91)	(36)	9
	4 450	1 913	238	351

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

28. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Net expense recognised in the Statement of financial performance

Current service cost	67	54	-	-
Interest cost	142	157	18	24
Actuarial gains	2 409	(302)	(54)	(15)
	2 618	(91)	(36)	9

Key assumptions used

Assumptions used for the valuation .

Discount rates used	8,42 %	8,94 %	8,42 %	8,94 %
Expected increase in salaries	7,11 %	8,05 %	7,11 %	8,05 %

Sensitivity analysis

Discount rate

	-1%	0%	1%
Liability	4 957	4 450	4 010
Percentage change	11,4%	0	-9,89%

Benefit inflation

	-1%	0%	1%
Liability	4286	4450	4621
Percentage change	-3,68%	0	3,86%

28.1.3 Unfunded post-retirement gratuity plan

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

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

Amounts recognised in the Statement of financial position

Present value of unfunded obligation in respect of CJMM employees	439 552	500 610	163 947	190 546
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City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

28. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Movements for the year

Opening balance	500 610	518 241	190 546	198 117
Benefits paid	(38 454)	(50 663)	(15 807)	(18 484)
Net expense recognised in the statement of financial performance	(22 604)	33 032	(10 792)	10 913
	439 552	500 610	163 947	190 546

Net expense recognised in the Statement of financial performance

Interest cost	42 605	39 225	16 206	14 884
Actuarial (gains) losses	(65 209)	(6 193)	(26 998)	(3 971)
	(22 604)	33 032	(10 792)	10 913

Key assumptions used

Assumptions used on last valuation on .

The principal actuarial assumptions used were as follows:

Discount rates used	8,42 %	8,94 %	8,42 %	8,94 %
Expected increase in salaries	7,11 %	8,05 %	7,11 %	8,05 %

Sensitivity analysis

Discount rate

	-1%	0%	1%
Liability	471 472	439 552	411 044
Percentage change	7,26%	0	-6,49%

Sensitivity Analysis on Current-service and Interest Costs for year ending 30/06/2016

GROUP

	Change	PEMA Subsidy	Housing Subsidy	Retirement Gratuity	Total Liability	% Change
Central assumptions		1 320 453	4 450	439 551	1 764 454	
Benefits inflation	+1%	1 447 740	4 622	471 570	1 923 932	9%
	-1%	1 210 033	4 286	410 457	1 624 776	-8%
Discount rate	+1%	1 210 499	4 010	411 044	1 625 553	3%
	-1%	1 446 789	4 957	471 472	1 923 218	-3%
Post-retirement mortality	- 1 Year	1 377 972	4 489	439 551	1 822 012	3%
		-	-	-	-	

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

28. EMPLOYEE BENEFIT OBLIGATIONS (continued)

CJMM

	Change	PEMA Subsidy	Housing Subsidy	Retirement Gratuity	Total Liability	% Change
Central assumptions		100 700	18	13 029	113 747	
Benefits inflation	+1%	110 723	18	14 111	124 852	9%
	-1%	92 004	17	12 054	104 075	-8%
Discount rate	+1%	103 044	20	13 509	116 573	-8%
	-1%	97 637	16	12 431	110 084	9%
Post-retirement mortality	-1 year	105 361	18	13 029	118 408	4%
		-	-	-	-	

Five years historical Post retirement obligation

GROUP

	2015	2014	2013	2012	2011
Total	1 764 455	1 842 379	1 865 790	1 789 466	1 743 487
Experience adjustment	2015	2014	2013	2012	2011
Total	114 354	-	-	-	-

CJMM

Post- retirement obligation	2015	2014	2013	2012	2011
Total	1 404 612	1 431 950	1 445 683	1 808 068	1 773 644
	2015	2014	2013	2012	2011
Total	(57 482)	-	-	-	-

The experience adjustments were calculated in the current financial year however it was impracticable to calculate it for previous valuations

CJMM and its ME's provide post-employment benefits to all their permanent employees through defined contribution funds. The following employee contributions have been made to the defined contribution plans.

City of Johannesburg Pension Fund	42 576	46 833
eJoburg Retirement Fund	156 340	171 178
Municipal Councillors' Pension Fund	10 467	10 017
National Fund for Municipal Workers	108	102
Municipal Employees Gratuity Fund	10 124	1 163
	219 615	229 293

The following employee contributions have been made to the multi-employer plans.

Joint Municipal Pension Fund	1 107	1 114
Municipal Employees Pension Fund	4 021	4 339
	5 128	5 453

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
29. DEFERRED INCOME				
Bond tap				
Balance unspent at beginning of year	48 879	51 804	48 879	51 804
Conditions met - transferred to revenue	(3 242)	(2 925)	(3 242)	(2 925)
Conditions still to be met - transferred to liabilities	45 637	48 879	45 637	48 879
<p>The Bond tap is a Bond issued into the life of an existing Bond. The Tap was issued at a premium on the prevailing interest rate at the time of the Tap. The premium is amortised over the maturity of the Bond and released to interest income on an annual basis.</p> <p>The Tap was issued on the 9th of December 2008, due to mature on the 5th of June 2023. The Tap was issued at a premium of R58,038,692, at an interest rate of 12.21% per annum. The notional amount was R468,000,000 and the issue price was R526,038,692.</p>				
Passenger trips received in advance				
Balance unspent at beginning of year	4 545	4 106	-	-
Current year receipts	-	439	-	-
Conditions met - transferred to revenue	(281)	-	-	-
Conditions still to be met - transferred to liabilities	4 264	4 545	-	-
<p>Deferred income refers to the liability relating to passenger trips sold in advance through the Smartcards Multi-Journey Software. The deferred income is released as and when the passengers present these cards on the buses and the bus operators issue a ticket accordingly.</p>				
Commission received				
Balance unspent at beginning of year	11 066	17 430	-	-
Conditions met - transferred to revenue	(6 364)	(6 364)	-	-
Conditions still to be met - transferred to liabilities	4 702	11 066	-	-
<p>The above deferred income relate to commission received on the conclusion of the 5 year lease agreement relating to outdoor advertising. The remaining period is 9 months.</p>				
Total deferred income	54 603	64 490	45 637	48 879

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

30. Financial liabilities at fair value - Sinking fund

The Debt redemption fund is a financial solution to assist the City of Johannesburg Municipality meet its financial obligations to repay previously issued bonds. The City of Johannesburg Municipality pays contributions into the fund, which

is managed by a 3rd party fund manager, so as to enable the Municipality to receive contributions plus growth to repay redemptions of the bonds when they fall due. This is part of the risk management framework adopted by City of Johannesburg Municipality. The financial assets in the fund are disclosed in note 11

The total investments are pledged as collateral for CJMM Bonds

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

The Terms and conditions are such that the collateralised asset upon maturity should be of the same value as the liability so that the liability can be redeemed.

Sinking Fund
Maturity - 5 June 2023

Other financial liabilities through profit or loss

Bond	1 657	205 508	1 657	205 508
Bond Options	88 037	-	88 037	-
Bond repos	521	719 534	521	719 534
Cash collateral	-	120 529	-	120 529
Forward rate agreement	14 095	15 294	14 095	15 294
Swaps	33 620	21 031	33 620	21 031
Current Liabilities	137 930	1 081 896	137 930	1 081 896

Other financial liabilities through profit or loss

Bond	2 704 406	-	2 704 406	-
Forward rate notes	224 528	-	224 528	-
Bond Options	66 927	-	66 927	-
Forward rate agreement	5 327	-	5 327	-
Swaps	1 706 098	413 553	1 706 098	413 553
Amortising Swaps	174 607	-	174 607	-
Non-Current Liabilities	4 881 893	413 553	4 881 893	413 553

5 019 823	1 495 449	5 019 823	1 495 449
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Financial liabilities carried at fair value through profit or loss

Derivatives designated and effective as hedging instruments carried at fair value	2 313 238	449 878	2 313 238	449 878
Held for trading non-derivative financial liabilities	2 706 585	1 045 571	2 706 585	1 045 571
	5 019 823	1 495 449	5 019 823	1 495 449

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

31. OTHER FINANCIAL LIABILITIES AT FAIR VALUE - SWAP

During the financial year 2010/2011, CJMM entered into an interest rate swap by exchanging the Nedbank R1 billion 3 months JIBAR rate + 280 bsp for an 11.66% fixed interest rate.

Swap Details

Trade Date :	30 March 2011
Settlement Date:	29 March 2018
Nominal Amount:	R 1,000(million)
Fixed Rate:	11.66%
Payable:	Semi- annual

Opening balance	54 113	76 629	54 113	76 629
Fair value movement-SWAP	(8 896)	(22 516)	(8 896)	(22 516)
Closing balance	45 217	54 113	45 217	54 113
Current liability	6 856	7 816	6 856	7 816
Non-Current liability	38 361	46 297	38 361	46 297
	45 217	54 113	45 217	54 113

32. CONSUMER DEPOSITS

Non-Current portion of Consumer deposits

Electricity and water deposits	693 877	473 190	-	-
Other deposits	28 801	33 672	17 288	25 320
	722 678	506 862	17 288	25 320

Other deposits relate largely to deposits held in the JPC Portfolio Account (R 13 954 192). The other balance relates to deposits held by Community Development and the Housing Department. All consumer deposits are non-current in nature.

33. LIABILITIES FROM MUNICIPAL ENTITIES

Non-current liabilities	-	-	411 802	411 113
Current liabilities	-	-	-	-
	-	-	411 802	411 113

Notional Accounts

The liability with the municipality entities were undertaken by the City of Johannesburg Metropolitan Municipality to cover the portion of the post retirement liability accrued for the employees of City of Johannesburg Metropolitan Municipality who were transferred to municipal entities when they were established. The amount of the liability was determined at 1 July 2003 and has been crystallised in the form of a notional loan account which earned interest and against which the municipal entities may claim benefit payments made.

Medical Aid Notional loan account

Opening balance	-	-	134 931	128 146
Interest received	-	-	8 061	6 785
Payments	-	-	(923)	-
	-	-	142 069	134 931

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
33. LIABILITIES FROM MUNICIPAL ENTITIES (continued)				
Gratuities Notional loan account				
Opening balance	-	-	276 182	290 080
Interest received	-	-	16 199	15 340
Payments	-	-	(22 648)	(29 238)
	-	-	269 733	276 182
Notional accounts liability	-	-	411 802	411 113

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand

34. FINANCIAL LIABILITIES BY CATEGORY

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

GROUP - 2015

	Financial liabilities at amortised cost	Fair value through profit or loss	Total
Current Liabilities			
Loans and borrowings	1 574 094	-	1 574 094
Finance lease obligations	127 470	-	127 470
Deferred income	8 966	-	8 966
Financial Liabilities at fair value	-	144 786	144 786
Trade and other payables	11 186 768	-	11 186 768
Non-Current Liabilities			
Loans and borrowings	14 109 897	-	14 109 897
Finance lease obligations	242 284	-	242 284
Financial Liabilities at fair value	-	4 920 254	4 920 254
Deferred income	45 637	-	45 637
Consumer deposits	722 678	-	722 678
	28 017 794	5 065 040	33 082 834

GROUP - 2014

	Financial liabilities at amortised cost	Fair value through profit or loss	Total
Current Liabilities			
Loans and borrowings	971 179	-	971 179
Finance lease obligations	87 253	-	87 253
Deferred income	10 909	-	10 909
Trade and other payables	8 898 357	-	8 898 357
Financial Liabilities at fair value	-	1 089 712	1 089 712
Non-Current Liabilities			
Loans and borrowings	12 398 911	-	12 398 911
Finance lease obligations	281 489	-	281 489
Financial Liabilities at fair value	-	459 850	-
Deferred income	53 581	-	53 581
Consumer deposits	506 862	-	506 862
	23 208 541	1 549 562	24 298 253

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Figures in Rand thousand

34. FINANCIAL LIABILITIES BY CATEGORY (continued)

CJMM - 2015

	Financial liabilities at amortised cost	Fair value through profit or loss	Total
Current Liabilities			
Loans and borrowings	1 573 418	-	1 573 418
Finance lease obligations	102 830	-	102 830
Financial Liabilities at fair value	-	144 786	144 786
Trade and other payables	11 316 481	-	11 316 481
Non-Current Liabilities			
Loans and borrowings	14 093 244	-	14 093 244
Finance lease obligations	237 899	-	237 899
Financial Liabilities at fair value	-	4 920 254	-
Deferred income	45 637	-	45 637
Consumer deposits	17 288	-	17 288
	27 386 797	5 065 040	27 531 583

CJMM - 2014

	Financial liabilities at amortised cost	Fair value through profit or loss	Total
Current Liabilities			
Loans and borrowings	970 551	-	970 551
Finance lease obligations	76 193	-	76 193
Financial Liabilities at fair value	-	1 089 712	1 089 712
Trade and other payables	9 992 611	-	9 992 611
Non-Current Liabilities			
Loans and borrowings	12 381 580	-	12 381 580
Finance lease obligations	267 866	-	267 866
Financial Liabilities at fair value	-	459 850	459 850
Consumer deposits	25 320	-	25 320
	23 714 121	1 549 562	25 263 683

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
35. OTHER INCOME				
Advertising	905	50 829	-	-
Bulk contributions received	88 167	66 482	-	-
Commissions received	298 205	325 558	-	-
Cut-off fees	2 928	10 541	-	-
Demand side management levy	66 240	65 461	-	-
Developer funded asset income	200 335	187 410	-	-
Gautrain maintenance fees	5 788	5 746	-	-
Internal recoveries - ME's	-	-	415 551	374 766
Sundry revenue	721 398	587 551	390 401	262 172
Training revenue	17 245	29 056	16 944	29 056
	1 401 211	1 328 634	822 896	665 994

36. REVERSAL OF IMPAIRMENT

Investment in Municipal entities	-	-	-	190 927
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The reversal of impairment relates to investments in Johannesburg Roads Agency, Metro Trading Company, Johannesburg Zoo and Roodepoort theatre. These entities were previously technically insolvent and Metro Trading Company, Johannesburg Zoo and Roodepoort theatre have subsequently been merged with other Municipal entities.

The financial performance of the Johannesburg Roads Agency has significantly improved giving indication that the previous impairment does not exist.

37. SERVICE CHARGES

Other service charges	509 511	423 324	195 673	148 942
Refuse removal	1 215 366	1 134 571	-	-
Sale of electricity	12 909 004	12 222 156	-	-
Sale of water	4 212 359	3 931 836	-	-
Sewerage and sanitation charges	2 741 202	2 248 403	-	-
Surcharges : Electricity	134 686	116 919	134 686	127 531
Surcharges : Refuse	3 844	3 620	3 844	3 620
Surcharges : Water	46 637	35 162	46 637	35 162
	21 772 609	20 115 991	380 840	315 255

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
38. PROPERTY RATES				
Rates received				
Residential	2 628 855	2 485 990	2 628 897	2 485 990
Commercial	4 832 191	4 558 766	4 832 191	4 663 782
State	161 712	171 182	161 712	171 182
	7 622 758	7 215 938	7 622 800	7 320 954
Valuations				
Property rate valuations	919 592 501	912 838 178	919 592 501	912 838 178

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
39. GOVERNMENT GRANTS AND SUBSIDIES				
Provincial grants : Capital projects	232 149	259 816	137 123	174 500
Urban settlements development grant	1 685 810	1 511 649	1 685 810	1 511 649
Financial management grant	1 250	1 250	1 250	1 250
Provincial grants : Top structure of houses	328 077	207 950	328 077	207 950
Provincial grants : Operating projects	10 905	9 419	10 905	9 419
2010 Public transport (SPTN)	925 572	793 100	925 572	793 100
Neighbourhood development partnership grant	79 800	34 652	79 800	34 652
World Anti-Doping Agency (WADA)	-	10 000	-	10 000
Expanded Public Works Programme (EPWP)	42 864	36 430	42 864	36 430
Provincial grant : Jozi Ihlomihle (Hiv/Aids)	19 889	32 474	19 889	32 474
Public Transport Network operations Grant	520 708	255 748	520 708	255 748
Social housing grant	914	914	-	-
Ambulance subsidy	105 809	100 334	105 809	100 334
Equitable share and fuel levy	4 853 451	4 452 207	4 853 451	4 452 207
Provincial health subsidies	104 505	81 490	104 505	81 490
Skills Development Grant	2 302	2 149	-	-
	8 914 005	7 789 582	8 815 763	7 701 203

Provincial grants : Capital projects

Balance unspent at beginning of year	151 796	139 793	151 796	139 294
Current year receipts	159 454	192 643	59 573	107 826
Previous years AUC - Capitalised	(506)	-	(506)	-
Transfers	44 454	(252)	44 454	(252)
Adjustment - Debtors	49 594	79 428	49 594	79 428
Conditions met - transferred to revenue	(232 149)	(259 816)	(137 123)	(174 500)
Conditions still to be met - transferred to liabilities	172 643	151 796	167 788	151 796

Urban settlements development grant

Current year receipts	1 695 487	1 488 878	1 695 487	1 488 878
transfer to EPWP	(9 680)	22 771	(9 680)	22 771
Transferred to debtors	3	-	3	-
Conditions met - transferred to revenue	(1 685 810)	(1 511 649)	(1 685 810)	(1 511 649)
Conditions still to be met - transferred to liabilities	-	-	-	-

This grant is made available to support municipal capital budgets to fund municipal infrastructure and to upgrade existing infrastructure, primarily for the benefit of poor households. The Urban Settlement Development Grant contributes towards the achievement of sustainable human settlements and improved quality of household life by implementing infrastructure development projects that work towards the realisation of adequate housing and improved quality environments and a functional residential property market. The infrastructure development projects includes roads, bridges, water supply network, sanitation services, electrical reticulation, social and recreational services, cemeteries and markets.

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

39. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Financial management grant

Current year receipts	1 250	1 250	1 250	1 250
Conditions met - transferred to revenue	(1 250)	(1 250)	(1 250)	(1 250)
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant was to target training and capacitation of the staff in the Budget and Treasury offices. It targets systems for the implementation of the MFMA reporting requirements. The grant is mainly used to employ interns in the Finance Department and to fund the MFMA minimum competency level training.

Provincial grants : Top structure of houses

Balance unspent at beginning of year	209 827	392 202	209 827	392 202
Current year receipts	-	7 055	-	7 055
Adjustments	(34 774)	18 520	(34 774)	18 520
Transfers to debtors	153 132	-	153 132	-
Conditions met - transferred to revenue	(328 077)	(207 950)	(328 077)	(207 950)
Conditions still to be met - transferred to liabilities	108	209 827	108	209 827

Provincial grants : Operating projects

Balance unspent at beginning of year	8 296	7 226	8 296	7 226
Current year receipts	10 690	10 489	10 690	10 489
Transfers	2 902	-	2 902	-
Adjustments	(1 000)	-	(1 000)	-
Conditions met - transferred to revenue	(10 905)	(9 419)	(10 905)	(9 419)
Conditions still to be met - transferred to liabilities	9 983	8 296	9 983	8 296

To transform urban and rural community library infrastructure, facilities and services through a recapitalised programme at provincial level in support of local government and national initiatives. The funding is intended to address backlogs and disparities in ongoing provision and maintenance of community library services across municipalities and enable provincial departments to provide strategic guidance and alignment with national priorities.

2010 Public transport (SPTN)

Balance unspent at beginning of year	398 840	736 859	398 840	736 859
Current year receipts	553 571	843 781	553 571	843 781
Grants paid back	(25 020)	(388 700)	(25 020)	(388 700)
Conditions met - transferred to revenue	(925 572)	(793 100)	(925 572)	(793 100)
Conditions still to be met - transferred to liabilities	1 819	398 840	1 819	398 840

This grant is provided to finance 2010 Public Transport System.

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
39. GOVERNMENT GRANTS AND SUBSIDIES (continued)				
Neighbourhood development partnership grant				
Balance unspent at beginning of year	9 849	14 769	9 849	14 769
Current year receipts	98 958	32 868	98 958	32 868
Grants paid back	(9 849)	(3 136)	(9 849)	(3 136)
Conditions met - transferred to revenue	(79 800)	(34 652)	(79 800)	(34 652)
Conditions still to be met - transferred to liabilities	19 158	9 849	19 158	9 849
<p>The purpose of this grant is to stimulate and accelerate private sector investment in poor and underserved neighbourhoods. It is an Infrastructure Development grant focusing on township development, for the purpose of attracting private investment and for Government agencies to be able to provide basics services.</p>				
World Anti-Doping Agency (WADA)				
Current year receipts	-	10 000	-	10 000
Conditions met - transferred to revenue	-	(10 000)	-	(10 000)
Conditions still to be met - transferred to liabilities	-	-	-	-
Expanded Public Works Programme (EPWP)				
Balance unspent at beginning of year	19 033	32 789	19 033	32 789
Current year receipts	36 492	89 434	36 492	89 434
Adjustments	(3 419)	(43 989)	(3 419)	(43 989)
Transfers	(2 860)	(22 771)	(2 860)	(22 771)
Conditions met - transferred to revenue	(42 864)	(36 430)	(42 864)	(36 430)
Conditions still to be met - transferred to liabilities	6 382	19 033	6 382	19 033
<p>The Grant assists in providing an important avenue for labour absorption and aids transfers of income to poor households. It uses expenditure on goods and services to create work opportunities for the unemployed. EPWP Projects employ workers on a temporary or on-going basis either by government, by contractors, or by other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.</p>				
Orange African cup of nations				
Balance unspent at beginning of year	-	4 737	-	4 737
Adjustments	-	(4 737)	-	(4 737)
Conditions still to be met - transferred to liabilities	-	-	-	-
Provincial grant : Jozi Ihlomihe (Hiv/Aids)				
Balance unspent at beginning of year	696	15 282	696	15 282
Current year receipts	19 288	17 888	19 288	17 888
Conditions met - transferred to revenue	(19 889)	(32 474)	(19 889)	(32 474)
Conditions still to be met - transferred to liabilities	95	696	95	696

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

39. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Public Transport Network Grant

Balance unspent at beginning of year	12 252	-	12 252	-
Current year receipts	512 000	268 000	512 000	268 000
Adjustment	(42)	-	(42)	-
Conditions met - transferred to revenue	(520 708)	(255 748)	(520 708)	(255 748)
Conditions still to be met - transferred to liabilities	3 502	12 252	3 502	12 252

Social Housing grant

Balance unspent at beginning of year	71 996	68 692	-	-
Current year receipts	3 598	4 218	-	-
Conditions met - transferred to revenue	(914)	(914)	-	-
Conditions still to be met - transferred to liabilities	74 680	71 996	-	-

The grants relate to funds received by Johannesburg Social Housing Company namely:

- Social Housing Foundation
- Provincial grant - Kliptown Golf Course
- Gauteng Provincial grant - JMJV

Ambulance subsidy

Current year receipts	105 809	100 334	105 809	100 334
Conditions met - transferred to revenue	(105 809)	(100 334)	(105 809)	(100 334)
Conditions still to be met - transferred to liabilities	-	-	-	-

Gauteng province pays an annual grant to EMS for providing an ambulance service for the City of Johannesburg. This grant covers less than half of the cost of the vehicles, the manning of the vehicles and all other costs associated with providing the service by the City.

Equitable share and fuel levy

Current year receipts	4 853 451	4 452 207	4 853 451	4 452 207
Conditions met - transferred to revenue	(4 853 451)	(4 452 207)	(4 853 451)	(4 452 207)
Conditions still to be met - transferred to liabilities	-	-	-	-

Municipal Equitable Share is the share of Local Government Sphere's share of revenue raised nationally. The equitable share allocation is a subsidy received from National Treasury and is mainly for RSC levies replacement, special support for councillors' remuneration, ward committees and funding for free basic services (Basic Social Services Package) for the registered indigent households.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
39. GOVERNMENT GRANTS AND SUBSIDIES (continued)				
Provincial health subsidies				
Current year receipts	104 505	97 303	104 505	97 303
Adjustments	-	(15 813)	-	(15 813)
Conditions met - transferred to revenue	(104 505)	(81 490)	(104 505)	(81 490)
Conditions still to be met - transferred to liabilities	-	-	-	-

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

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
40. EMPLOYEE RELATED COSTS				
Employee related costs : Salaries and wages	6 104 328	5 774 800	3 398 819	3 237 540
Employee related costs : Pension contributions	941 499	699 726	524 701	386 604
Employee related costs : Medical aid contributions	312 966	289 145	283 267	260 821
Employee related costs : Skills development levy	54 901	52 024	40 396	38 080
Housing benefits and allowances	36 680	33 307	22 616	20 875
Overtime payments	244 210	237 099	71 505	59 718
Bonus	367 028	349 910	189 867	184 172
Travel, motor car, accommodation, subsistence and other allowances	441 356	397 124	265 197	254 211
Post Retirement Benefits	80 011	109 431	87 546	104 449
	8 582 979	7 942 566	4 883 914	4 546 470

Remuneration of the City Manager

Annual Remuneration	2 562	2 562
Car Allowance	128	128
Contributions to UIF, Medical and Pension Funds	2	2
	2 692	2 692

Remuneration of the Group Head : Risk Assurance Services

Annual Remuneration	1 551	1 459
Car Allowance	287	288
Performance Bonuses	68	-
Contributions to UIF, Medical and Pension Funds	44	39
Unpaid absence	7	-
	1 957	1 786

Remuneration of the Group Head : Strategy, Policy Coordination and Relations

Annual Remuneration	1 269	1 080
Car Allowance	108	108
Performance Bonuses	81	-
Contributions to UIF, Medical and Pension Funds	121	107
	1 579	1 295

Remuneration of the Group Head : Communication and Tourism

Annual Remuneration	1 517	1 402
Car Allowance	85	128
Performance Bonuses	48	-
Contributions to UIF, Medical and Pension Funds	52	71
Unpaid absence	61	-
Eminence	-	72
	1 763	1 673

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

40. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Group Head : Legal and Contracts

Annual Remuneration			908	862
Car Allowance			87	87
Performance Bonuses			40	-
Contributions to UIF, Medical and Pension Funds			134	119
			1 169	1 068

Remuneration of the Group : Chief Financial Officer

Annual Remuneration			2 500	1 382
Car Allowance			144	48
Contributions to UIF, Medical and Pension Funds			2	1
			2 646	1 431

The CFO's appointment was effective from 05 December 2013

Remuneration of the Executive Director : Economic Development

Annual Remuneration			2 115	978
Contributions to UIF, Medical and Pension Funds			2	1
			2 117	979

Remuneration of the Executive Director : Community Development

Annual Remuneration			1 514	1 427
Car Allowance			103	103
Performance Bonuses			59	-
Contributions to UIF, Medical and Pension Funds			152	154
			1 828	1 684

Remuneration of the Executive Director : Development Planning and Urban Development

Annual Remuneration			1 913	1 595
Car Allowance			144	144
Performance Bonuses			79	-
Contributions to UIF, Medical and Pension Funds			113	89
Eminence/Premiums Allowance			180	105
			2 429	1 933

Remuneration of the Executive Director : EISD

Annual Remuneration			1 666	1 569
Car Allowance			97	97
Performance Bonuses			49	-
Contributions to UIF, Medical and Pension Funds			45	44
			1 857	1 710

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

40. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Executive Director : Housing

Annual Remuneration			1 362	1 284
Car Allowance			96	96
Performance Bonuses			52	-
Contributions to UIF, Medical and Pension Funds			135	126
			1 645	1 506

Remuneration of the Executive Director : Transportation

Annual Remuneration			1 789	1 688
Car Allowance			73	73
Performance Bonuses			76	-
Contributions to UIF, Medical and Pension Funds			270	255
			2 208	2 016

Remuneration of the Executive Director : Health

Annual Remuneration			1 861	1 753
Car Allowance			108	108
Performance Bonuses			129	-
Contributions to UIF, Medical and Pension Funds			2	2
			2 100	1 863

Remuneration of the Executive Director : Corporate Services

Annual Remuneration			230	1 676
Car Allowance			-	128
Performance Bonuses			72	-
Contributions to UIF, Medical and Pension Funds			20	86
Final leave payment			106	-
			428	1 890

The Executive Director resigned on 30 June 2014 and the current appointment was effective from 01 May 2015.

Remuneration of the Executive Director : Office of the City Manager

Annual Remuneration			1 344	1 160
Performance Bonuses			82	-
Contributions to UIF, Medical and Pension Funds			68	56
			1 494	1 216

Chief of Staff

Annual Remuneration			-	1 508
Car Allowance			-	128
Contributions to UIF, Medical and Pension Funds			-	161
			-	1 797

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

40. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Group Head : Urban Management and Citizen Relationship Management

Annual Remuneration			197	1 113
Car Allowance			21	128
Performance Bonuses			77	-
Contributions to UIF, Medical and Pension Funds			36	101
Final Leave payment			51	-
			382	1 342

The Executive Director resigned 31 August 2014

Remuneration of the Group Head : Governance

Annual Remuneration			1 355	1 283
Car Allowance			96	96
Performance Bonuses			27	-
Contributions to UIF, Medical and Pension Funds			75	69
Unpaid absence			5	-
			1 558	1 448

Remuneration of the Chief Operations Officer

Annual Remuneration			2 433	2 296
Car Allowance			144	144
Contributions to UIF, Medical and Pension Funds			135	125
			2 712	2 565

Remuneration of the Secretary of Council

Annual Remuneration			1 592	1 501
Car Allowance			128	128
Contributions to UIF, Medical and Pension Funds			88	81
			1 808	1 710

Remuneration of the Executive Director : Public Safety

Annual Remuneration			1 564	491
Car Allowance			128	43
Contributions to UIF, Medical and Pension Funds			2	-
			1 694	534

The ED of Public Safety's appointment was effective March 2014

Remuneration of the Executive Director : Social Development

Annual Remuneration			1 258	1 160
Car Allowance			104	78
Contributions to UIF, Medical and Pension Funds			71	74
			1 433	1 312

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
41. REMUNERATION OF COUNCILLORS				
Executive Mayor	1 226	1 008	1 226	1 008
Mayoral Committee Members	9 888	8 255	9 888	8 255
Speaker	1 010	763	1 010	763
Councillors	89 753	87 658	89 753	87 658
Councillors' pension contribution	10 313	10 943	10 313	10 943
Chairpersons	15 309	12 012	15 309	12 012
	127 499	120 639	127 499	120 639

Remuneration of the Executive Mayor - Parks Tau

Annual Remuneration	908	854
Car Allowance	128	128
Contributions to UIF, Medical and Pension Funds	148	140
Cell Allowance	42	42
	1 226	1 164

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are employed on a full-time basis by the Council.

Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor has four full-time bodyguards. The Speaker has two full-time bodyguards.

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
42. DEPRECIATION AND AMORTISATION				
Property, plant and equipment	2 184 121	1 917 896	1 483 110	1 335 509
Investment property	23	23	-	-
Zoo animals	734	545	-	-
Intangible assets	226 101	197 236	184 831	151 971
	2 410 979	2 115 700	1 667 941	1 487 480

43. IMPAIRMENT LOSSES

Impairments

Property, plant and equipment	6 454	8 647	-	-
Investments in Municipal Entities	-	-	-	31 314

These investments were impaired due to the possible absorption of these entities into the CJMM. The Pikitup Johannesburg (Pty) Ltd Investment was fully impaired due to the technical insolvency that the entity was facing at year end. For a more detailed description of these impairments, refer to Note 18

Loans to Municipal Entities	-	-	121 055	27 265
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The Pikitup Johannesburg (Pty) Ltd loan was fully impaired due to the technical insolvency that the entity was facing at year end. For a more detailed description of this impairment, refer to Note 4

Loans to shareholders	-	-	21 609	-
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The Johannesburg Metro Bus company is technically insolvent and has liquidity challenges. The entity has put in a place a turn around strategy aimed to improve the liquidity problem in the long term. The current liquidity problem has led to the impairment of the current portion of the loan.

	6 454	8 647	142 664	58 579
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Reversal of impairments

Property, plant and equipment	(4 072)	-	-	-
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Total impairment losses recognised (reversed)	2 382	8 647	142 664	58 579
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44. ALLOWANCE FOR IMPAIRMENT OF CURRENT RECEIVABLES

Receivables from non-exchange	363 687	609 614	363 687	609 614
Consumer Debtors	3 413 379	2 298 456	960 002	851 484
Trade and other receivables	41 985	69 312	-	52 759
	3 819 051	2 977 382	1 323 689	1 513 857

45. BULK PURCHASES

Electricity	9 039 469	8 515 003	-	-
Water	3 496 500	3 248 444	-	-
Sewer purification	26 776	29 288	-	-
	12 562 745	11 792 735	-	-

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
46. CONTRACTED SERVICES				
Information Technology Services	276 724	263 680	274 265	258 535
Fleet Services	495 373	482 673	52 306	6 838
Operating Leases	144 104	183 476	143 269	183 476
Specialist Services	1 378 899	825 197	1 385 381	828 455
Other Contractors	306 271	296 539	21 796	20 883
	2 601 371	2 051 565	1 877 017	1 298 187
47. GRANTS AND SUBSIDIES PAID				
Grants paid to ME's				
City of Joburg Property Company SOC Limited	-	-	-	24 850
Johannesburg City Parks NPC	-	-	644 389	568 075
Johannesburg Development Agency SOC Limited	-	-	26 739	24 977
Johannesburg Metropolitan Bus Services SOC Limited	-	-	400 637	329 703
Johannesburg Roads Agency SOC Limited	-	-	761 067	651 103
Johannesburg Social Housing Company SOC Limited	-	-	19 970	18 397
Pikitup Johannesburg SOC Limited	-	-	592 918	564 569
Joburg Theatre SOC Limited	-	-	68 823	56 504
	-	-	2 514 543	2 238 178
Other subsidies				
Grant paid : Housing top structures	439 197	289 578	439 197	289 578
Grant paid : Other	129 874	19 053	129 874	19 053
Grant paid : Sporting Organisations (Marks Park Sports Club)	-	1 208	-	1 208
	569 071	309 839	569 071	309 839
	569 071	309 839	3 083 614	2 548 017

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
48. GENERAL EXPENSES				
Advertising	75 366	69 087	43 403	43 374
Auditors remuneration	48 977	44 710	21 296	20 610
Bank charges	81 426	74 155	73 747	67 192
Cleaning	26 903	21 293	-	-
Commission paid	49 043	36 097	-	-
Computer expenses	31 787	29 670	-	-
Conferences and seminars	26 149	27 521	19 418	15 106
Consulting and professional fees	323 186	277 172	60 221	84 682
Cost of inventories expensed	286 151	178 459	78 061	14 349
Debt collection	161 137	35 853	161 137	35 853
Entertainment	325	193	-	-
Legal settlement	-	65 464	-	-
Free electricity	23 018	14 610	-	-
Fuel and oil	75 767	87 964	-	-
Gas	14 203	13 932	13 027	12 627
Hire	18 615	19 967	17 509	19 053
Horticulture	10 138	9 488	-	-
Hostel charges	1 362	1 445	-	-
IT expenses	13 582	26 716	-	-
Incident management fund	36 216	42 006	36 216	42 006
Insurance	131 154	173 125	134 647	171 046
Lease rentals on operating lease	775 199	655 932	244 062	320 817
ME - charges	-	-	326 409	447 164
Marketing	48 346	55 975	24 887	28 003
Motor vehicle expenses	68 661	65 101	-	-
Other expenses	589 769	614 489	486 829	332 870
Placement fees	8 057	7 594	-	-
Printing and stationery	194 876	231 487	149 516	176 493
Productions	14 722	21 721	-	-
Research and development costs	525	-	-	-
Road maintenance	457 999	397 283	-	-
Security (Guarding of municipal property)	410 339	376 581	187 021	184 473
Software expenses	108 849	99 917	50 729	69 816
Staff welfare	39 997	50 475	16 876	27 273
Subscriptions and membership fees	22 306	19 121	17 649	14 736
Telephone and fax	120 843	98 102	51 057	42 659
Training	40 621	43 187	24 367	25 478
Travel - local	18 286	18 407	13 687	9 941
Travel - overseas	26 559	19 292	18 346	12 958
Utilities - Other	167 422	27 624	483 277	531 457
	4 547 881	4 051 215	2 753 394	2 750 036

Included in other expenses are guarantee fees relating to the COJ2 bond which is held at amortised cost.

Guarantee Fees	9 539	9 231	9 539	9 231
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49. FAIR VALUE ADJUSTMENTS

Other	65 359	45 140	-	-
Other financial assets				
• Fair value movement on the sinking fund	259 765	108 457	259 765	108 457
• Cash flow hedge (Ineffective portion)	-	3 516	-	3 516
	325 124	157 113	259 765	111 973

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
50. CASH GENERATED FROM OPERATIONS				
Surplus	3 894 298	3 768 891	2 358 836	1 975 657
Adjustments for:				
Depreciation and amortisation	2 410 979	2 115 700	1 667 941	1 487 480
Public contributions, donated and contributed property	(323 562)	(36 981)	-	-
Share of (deficit)/surplus of associate accounted for under the equity method	(8 436)	(11 032)	(322 379)	(36 981)
Fair value adjustments	(325 124)	(157 113)	(259 765)	(111 973)
Reversal of Impairment	-	-	-	(190 927)
Finance costs: liabilities from MEs	-	-	7 138	-
Provision	-	-	-	25 537
Allowance for impairment of current receivables	3 819 051	2 977 382	1 323 689	1 513 857
Impairment losses on property, plant and equipment	2 382	8 647	11 129	610 070
loss/gain on sale of Assets	22 065	615 208	-	-
Impairment of MOE investment	-	-	142 664	58 579
Post retirement benefits net expenditure	62 512	128 562	87 723	104 068
Gain on biological assets and agricultural produce	(5 901)	(2 922)	-	-
Changes in working capital:				
Inventories	(12 447)	52 870	53 747	6 779
Trade and other receivables	(199 530)	(73 275)	(570 116)	(1 702 446)
Consumer debtors	(84 664)	(928 742)	(29 504)	(211 573)
Other receivables from non-exchange transactions	52 719	(179 674)	-	-
Increase/decrease in deferred tax liability	219 185	332 543	-	-
Adjustment of impairment of current receivable	(3 819 054)	(2 644 965)	(1 323 692)	(1 439 676)
Refuse debtors transferred to PIKITUP	-	-	-	(31 314)
Trade and other payables	2 086 326	1 241 122	1 324 384	1 839 877
Decrease/(increase) VAT receivables	124 052	(319 329)	143 735	(285 232)
(Decrease)/increase VAT payable	(43 694)	(132 185)	-	-
Obligations arising from conditional grants and receipts	(615 353)	(500 556)	(603 487)	(541 757)
(Increase)/ decrease current tax receivable	(3 711)	(469)	-	-
Increase/(decrease in consumer deposits	215 816	41 754	(8 032)	(1 082)
Increase/(Decrease) in deferred income	(9 887)	(35 356)	(3 242)	(2 925)
Increase/(Decrease) in Provision	(26 563)	211 043	3 903	3 679
	7 431 459	6 471 123	4 004 672	3 069 697

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
51. COMMITMENTS				
Commitments in respect of capital expenditure:				
Authorised and not yet contracted for				
• Capital Commitments	11 044 431	9 855 533	4 859 949	3 980 260
Operating leases - as lessee (Fleet)				
Minimum lease payments due				
- within one year	140 098	66 983	92 186	17 518
- in second to fifth year inclusive	146 582	233 148	90 361	125 533
- later than five years	-	22 323	-	22 121
	286 680	322 454	182 547	165 172

The Group leases vehicles from Avis Fleet Services. In terms of the agreement, all rentals due on vehicles leased are payable monthly in arrears and are linked to the prime overdraft rate. Furthermore the agreement places restrictions on maximum number of kilometers which can be travelled over the lease term and specifies the rate at which excess kilometers will be billed.

Operating leases – as lessee (Buildings)

Minimum lease payments due				
- within one year	44 194	59 251	20 473	29 003
- in second to fifth year inclusive	37 796	67 145	6 280	25 845
- later than five years	13 862	20 059	3 354	2 760
	95 852	146 455	30 107	57 608

Leases for buildings are negotiated for a term of 2 to 5 years for department occupied buildings and the MEs head offices. JPC head office lease term is 10 years. Some leases are subject to yearly escalations at an average of 9%.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

51. COMMITMENTS (continued)

Operating leases – as lessee Soccer City

Minimum lease payments due

- within one year	75	75	75	75
- in second to fifth year inclusive	299	299	299	299
- later than five years	6 570	6 644	6 570	6 644
	6 944	7 018	6 944	7 018

COJ is lesasing Soccer City Stadium from DPW at an annual rental amount of R1 and the reduction of arrears accrued in respect of outstanding municipal rates and taxes and local authority services levied on the property to nil. The lease term for the preoperty is 99 years.

Operating leases – as lessee Equipment

Minimum lease payments due

- within one year	30 904	30 329	-	-
- in second to fifth year inclusive	63 825	77 543	-	-
- later than five years	-	16 629	-	-
	94 729	124 501	-	-

Operating lease payments represent rentals payable by Johannesburg Water and City Theartes for certain of its equipment. Leases are negotiated for an average term of seven years.

Operating leases – as lessor (income)

Minimum lease payments due

- within one year	25 025	18 313	17 992	15 321
- in second to fifth year inclusive	63 095	54 668	56 288	53 635
- later than five years	169 312	165 160	169 312	165 160
	257 432	238 141	243 592	234 116

The operating lease income relates to rental of the Bus Factory offices and Fresh Produce Market to various tenants. The average lease agreements are three years and are based on a rental fee per square metre of rental space.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

52. CONTINGENCIES

GROUP

Johannesburg Roads Agency SOC Limited

These are legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims succeed against the entity. No provision has been made as management believes the claims will not succeed. The amounts have been based on attorneys' best estimates of the possible amount payable and are subject to interest at 15.5% from commencement date of the litigation. Refer to cases below:

Rennie Property vs JRA A letter of demand has been served for the work to be done on storm water flooding during storms in Princess Crossing. The amount involved cannot be quantified.

Lucienne NanetterRaab & Others v JRA & Others The applicants for an order directing the respondents not to allow a construction vehicle to gain access to a construction site from Fulwell road in Bryanston. The JRA has issued a wayleave to the developers to conduct the work.

Cowan Harper vs JRA. A letter of demand has been served about the dilapidated condition of the road on Third Avenue, Sandhurst, Sandton. The amount involved could not be quantified.

Residents of North Riding Estate vs JRA. A letter of demand was sent to the JRA for remedial work to be carried out on a bridge in Felstead Road. The amount involved in the current year is not quantified.

Hetta Eiendoms BPK V JRA Claim for damage to property due to construction. The amount involved in the current year is not quantified.

Brian Bracher vs JRA. JRA is sued for the flooding on Brian Bracher property as a result of the storm-water drain. The amount involved in the current year is not quantified.

Hetta Eiendoms BPK V JRA Claim for damage to property due to construction). Amount involved in the current year is not quantified.

Applemint vs JRA. JRA was served a letter of demand to do work on his property which has experienced a sinkhole as a result of the storm-water drain running through his property. The amount involved in the current year is not quantified.

Tembu Convenience vs JRA. City of Johannesburg is being sued for the loss of profit at an Engen Service Station in Soweto, as a result of the construction of the BRT system in Orlando East. The amount involved in the current year is not quantified.

NEF v JRA .The applicant has applied for a court order directing monies owed to Eyethu Translodge & Plant Hire which the JRA owes to be paid directly to NEF. The JRA is cited as the sixth respondent in the court application.

JRA v Stonevalley Homeowners Association. JRA applied by way of a notice of motion for specific performance for the rehabilitation of an attenuation dam against the residents association.

Post-retirement medical aid benefits for certain former employees were withdrawn during the year which resulted in significant reduction in the post-retirement medical aid liability. There is risk that the beneficiaries with withdrawn benefits might sue the entity as they have been members of the post-retirement medical aid for more than 10 years.

Dispute on quality of work done and and estimated claim of R 3.7 million

Three contractors have served a letter of demand to JRA for payments on projects that they have worked on with a value of R6 million.

Joburg Market SOC Limited

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

52. CONTINGENCIES (continued)

The total estimated claims amount to R7,917,732 which is in respect of disputes with suppliers, the company is of the view that this represents the maximum exposure. The company in consultation with its legal counsel has assessed the outcome of these proceedings and the likelihood that these cases will be successfully defended, no further provision is required.

The entity is involved in three (3) litigation matters regarding disputes relating to former employees. The directors are of the opinion that the claims can be successfully defended by the company.

Johannesburg Metropolitan Bus Services SOC Limited

There are two classes of labour disputes that exist between Metrobus and four of its current employees. Two are related to promotion and the other two are related to locomotion allowances. Management feels they have a strong case and is of the opinion that this will not result in a liability.

Gross dishonesty: There are three separate labour disputes related to dismissals for dishonesty that exists between Metrobus and three of its ex-employees. In all these three cases awards were made in favour of Metrobus and the employees applied for reviews of which the court dates are still pending. In one of them the employee dismissed has proceeded to file a claim to the value of One thousand rands against four Metrobus employees who testified against him in the internal disciplinary hearing, Metrobus has assisted these employees to file opposing papers in this regard. Management feels they have a strong case and is of the opinion that this will not result in a liability.

Unfair labour practice: There is one labour dispute related to unfair labour practice that exists between Metrobus and one of its employees who was boarded in 2012. The employee claims that the termination of employment was on grounds of protected disclosure relating to his illness. An award was made in favour of Metrobus and the employee has applied for a review of this award. Management feels they have a strong case and is of the opinion that this will not result in a liability.

Medical boarding: There is a labour dispute related to medical boarding that exists between Metrobus and one of its ex-employees. An award was made in favour of Metrobus and the employee applied for a review of this award. Management feels they have a strong case and is of the opinion that this will not result in a liability.

Unfair dismissal: There is an unfair dismissal matter relating to a former employee which Metrobus lost at the Bargaining council. Management felt it had a strong case and a review application was made. The matter was heard by the labour court on 9th October 2014 and judgment in favour of Metrobus was made on 17 October 2014. The application to have the arbitration award issued was dismissed. However, the legal representatives of the employee in question have served Notice Of Leave to Appeal. Should Metrobus lose the case, it would be required to settle an amount of Six hundred thousand Rands in salaries backpay.

Potential procurement claims: Three different parties who had an interest in certain tenders advertised and adjudicated on by Metrobus have instituted legal action against Metrobus. The potential exposure cannot be quantified at this stage as the matters are being considered by lawyers. However, the contract value of those tenders collectively is 346 481

City Power Johannesburg SOC Limited

ABB South Africa has launched legal action against the entity on the basis of an irregular award of a tender. It is alleged that the consultant appointed by the entity interfered with the tender process to the detriment of the applicant. An agreement between the winning bidder Consolidated Power Projects and ABB is currently being negotiated. No monetary value was attached to the claim.

City Power is currently claiming consumer debtor impairment at 100% as a tax deduction. South African Revenue Services has approved a deduction of 25%. City Power is appealing the decision of the Receiver.

A summons was issued in favour of a customer Argent Industrial for a refund amounting to Three hundred and fifty seven thousand rands that was paid out. The matter is being defended and the trial date has been set for 16 April 2015.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

52. CONTINGENCIES (continued)

AP Eudemon, a supplier, is claiming a sum of thirty five million from the entity and other defendants. The matter is at a pleading stage.

Johannesburg City Parks NPC

The company is a defendant on claims amounting to R79 451 784 relating to contractual disputes with the service providers.

There is a claim against the company for a possible contractual dispute of R74 400 105. The service provider was awarded a tender for the provision of security services in the company facilities.

There is a claim against the company for the alleged wrongful exclusion from the tender process brought by Khusini Holdings (Pty) Ltd for R214,635.

There is a claim against the company for possible dispute of R4 837 044.80. The service provider is taking legal action against the company for canceling and withdrawing an irregular award to Techno Brain.

The company is currently pursuing claims amounting to R1 431 622 relating to contractual disputes with the service providers.

There is a claim against a service provider for an amount of R1 409 622 due to non-performance on the tender awarded to them for the installation of the access control system. However the service provider did not complete the project as per specification of the tender.

There are also summons instituted against a service provider for the amount of R22 000.

Johannesburg Development Agency SOC Limited

Bertram's Priority Block The JDA entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertram's Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with illegal occupants to settle the matter out of court. Progress made since 2012 - Some of the illegal occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left because of inability to meet monthly rental payments will be accommodated by the Department of Housing. Since this, no progress has been made in this matter due to ongoing negotiations for reallocations and the legal proceedings have been put in abeyance until alternate accommodation is found by the JDA and CJMM.

Ubuntu Kraal (Pty) Ltd vs JDA & CJMM: The JDA has been served with summons for loss of income and damages to property by the operators of the establishment known as Ubuntu Kraal in Soweto, Johannesburg. The damages were alleged to have been caused by flooding due to the JDA activities in the construction of the Rea Vaya BRT infrastructure along Klipspruit Valley Road. The amount of damages claimed by the plaintiffs is R23,500,000.

Achvsim Chijoike vs JDA and Skymark Security (Pty) Ltd: JDA was incorrectly cited as a party to the proceedings relating to a claim for injury suffered by the Plaintiff resulting from a shooting incident that occurred in Randburg in December 2010. The plaintiff alleged that the person implicated in the shooting, (a security guard), was in the employ of the JDA and was acting on behalf of the JDA. The JDA disputes all the allegations. The proceedings have not been set down yet.

BRT - Thembu Convenience Store: The CJMM and the JDA were served with a summons by Tembu Convenience Centre CC, trading as a convenience store and Engen Fuel dealership, for loss of income amounting to more than R17 million, as a result of BRT construction works. The City has filed its papers defending the matter in the South Gauteng High Court. The matter has still not been put on a trial roll and the plaintiffs have applied for a set-down. The matter has been set down for trial on 02 March 2016.

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

52. CONTINGENCIES (continued)

Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC: The matter relates to the fibre optic cable that was damaged by opening a trench in the road reserve with a TLB Machine along the road carriage way of Orlando east, near Sefa Sonke street around 22 June 2013. The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2nd Defendant) on the basis that JDA used the services of Easyway Tarmac Pave and Projects CC to manage and control the execution of the water pipeline project and to do the drilling and excavation along the road carriage way of Orlando east near the intersection with sefa sonke street. The matter is being defended by the lawyers appointed by the JDA's insurers (AON).

Johannesburg Social Housing Company (Pty) Ltd

Contracted developers claim: For the financial year, the sole shareholder, made available capital infrastructure development to the value of R134 520 000. These funds were obtained through various Government Grants through the City of Johannesburg. In addition, JOSHCO secured funding from the Social Housing Regulatory Authority (SHRA) and Provincial Housing Subsidies on the development of the Fleurhof Junction project to the value of R38 000 000. The development related to social housing and infrastructure in Anthea, AA House, Klipspruit, Randburg Selkirk, City Deep, Orlando Ekhaya, Selby Village, Fleurhof, Roodepoort, Bellavista, Dobsonville, Lombardy east, Turffontein and Lynatex. For the year, R160 706 733 was incurred for the development of these projects. A marginal amount of R11 813 267 remains as a contingent claim by contracted developers for the project.

Pikitup Johannesburg SOC Limited

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 (Proprietary) Limited. Transfer duties might be payable by the company on the transfer of property. It is not possible to estimate an expected amount.

The company has a contingent liability to the value of R3.1 Million in the main relating to disputed claims with respect to service providers.

CJMM

1. Five plaintiffs brought action against the Council in the 1990's, arising from major road and other construction works at the Empire Interchange, around the suburbs of Braamfontein, Milpark, Cottesloe, Melville, Parktown West, Emmarentia and Richmond. They allegedly suffered damages as a result of the Council having closed the road. (This claim was originally for R4,146,583 the majority of which was for loss of earnings). The approximate amount that the plaintiff could now claim would be in the order of approximately R500,000.
2. Claim for damages for R10,000,000 in respect of relocation of homeless people. The plaintiff sued the City of Johannesburg allegedly because the City of Johannesburg relocated homeless people onto the defendant's property without its consent, making it impossible for him to develop the property.
3. Claim for damages against the City of Johannesburg amounting to R11,668,746. The claim is based on an alleged breach of contract in that the City of Johannesburg has allegedly failed to use its "best endeavours" to have the property transferred to the plaintiff.
4. Claim for breach in the amount of R12,842,449 arising from the City of Johannesburg cancellation of a security contract for operational requirements. The claim is being defended on the basis that the contract was cancelled lawfully. The hearing took place from 21 to 23 April 2015. Judgement is awaited.
5. Claim for R50,000,000 for services rendered in terms of a contract for the provision of red light violation services. The matter was referred to arbitration. The hearing will continue from 20 to 25 July 2015. The hearing was heard on 17 and 18 August 2015. Judgement is awaited.
6. The plaintiff instituted action against the City of Johannesburg for wrongful termination of a contract. It sought relief two fold, to uphold the contract, alternatively damages in the sum of R33,150,639. The matter was referred to arbitration; the plaintiff is however refusing to sign the arbitration agreement. The City is prepared to proceed with the arbitration however the plaintiff has not taken any further steps.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

52. CONTINGENCIES (continued)

7. The City of Johannesburg appointed a service provider (a joint venture) to construct 1000 low cost RDP houses. The one partner to the JV subsequently ceded its rights and obligations in terms of the JV agreement to the other partner, which the City of Johannesburg was not party to. The latter partner then only concluded 385 foundations. After various opportunities to remedy the defects, the City terminated the contract. A dispute was declared and the matter referred to arbitration in terms of the JBCC agreement for the sum of R29,406,592. The service provider has applied for a trial date which was on 30 January 2015, however the case was further postponed to a date not yet known. The City of Johannesburg is processing the drafting of a discovery affidavit.
8. Claim for breach in the amount of R3,255,674 arising from the City of Johannesburg's cancellation of a security contract for operational requirements. The claim is being defended on the basis that the contract is cancelled lawfully.
9. Claim for breach in the amount of R6,289,510 for allegedly failing to provide sufficient electricity for development after rezoning a property. Claim is defended on the basis that sufficient electricity is available and Plaintiff was aware of available supply.
10. Claim against the City of Johannesburg for the continuation of monthly post-retirement medical aid payments to employees of the city who are medical aid members. Estimated amount of R350, 000, 000. This matter arise from the City of Johannesburg withdrawing the post-retirement medical aid contributions in 2003, currently the matter is to proceed for a trial which has not been announced yet.
11. Claim for a refund against the City Of Johannesburg by Bombela Civil Joint Venture of R 5 ,500 ,000 in which the amount also includes legal cost.
12. The amount of R 5,661,578 relates to various court cases against the city of Johannesburg which were aggregated together as individually they are immaterial .

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand

53. PRIOR PERIOD RESTATEMENTS

GROUP

Statement of Financial Position	Reference	As previously reported	Change in accounting policy	Correction of errors	Restated
ASSETS					
Current Assets					
Trade and other receivables	1	1 324 974	-	(231 076)	1 093 898
Receivables from non-exchange transactions	1	20 552	-	169 965	190 517
Consumer debtors	2	4 888 272	-	(21 698)	4 866 574
Non-Current Assets					
Investment property	3	1 262 350	-	(249 171)	1 013 179
Property, plant and equipment	4	47 426 384	-	(26 413)	47 399 971
Intangible assets	5	525 383	-	96 685	622 068
LIABILITIES					
Current Liabilities					
Trade and other payables	6	(10 332 238)	-	936	(10 331 302)
Non-Current Liabilities					
Provisions	6	(589 686)	-	(76 084)	(665 770)
Finance lease obligation	4	(328 033)	-	46 544	(281 489)
reclassifications in other balance sheet items	9	(8 521 248)	-	23 316	(8 497 932)
NET ASSETS					
Accumulated surplus		(35 676 710)	-	266 996	(35 409 714)
		-	-	-	-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand

53. PRIOR PERIOD RESTATEMENTS (continued)

Statement of Financial Performance	Reference	As previously reported	Change in accounting policy	Correction of errors	Restated
Revenue					
Revenue from exchange transactions					
Other income	7	1 454 827	-	(126 193)	1 328 634
Service charges	2	20 360 213	-	(244 222)	20 115 991
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	2	7 549 458	-	(333 520)	7 215 938
Transfer revenue					
Fines	1	1 367 970	-	(359 440)	1 008 530
Expenditure					
Employee related costs	8	(7 873 445)	-	(69 121)	(7 942 566)
Depreciation and amortisation	4	(2 061 832)	-	(53 868)	(2 115 700)
Allowance for impairment of current receivables	2	(3 169 414)	-	192 032	(2 977 382)
General Expenses	8	(4 739 690)	-	688 475	(4 051 215)
(Loss)/gain on disposal assets		(528 032)	-	(87 176)	(615 208)
Surplus before taxation					
Surplus for the year from continuing operations					
Other Reclassifications not listed	9	(8 150 791)	-	(47 340)	(8 198 131)
		4 209 264	-	(440 373)	3 768 891

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand

53. PRIOR PERIOD RESTATEMENTS (continued)

Effect of errors in accumulated surplus:	GROUP	CJMM
Opening balance of 2014 :	173 391	316 937
Increase /(decrease) in net surplus for 2014.	(440 373)	(537 959)
Closing balance 2015	<u>(266 982)</u>	<u>(221 022)</u>

Certain comparative figures have been reclassified to enhance presentation. Material amendments to prior years due to error or reclassifications are explained below

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

Figures in Rand thousand

53. PRIOR PERIOD RESTATEMENTS (continued)

1. Trade and Other Receivables and Fines

To enhance the presentation of the financial statements Traffic fines debtors were reclassified from trade and other receivables to receivables from non-exchange transactions. This is in line with the nature of the debtor as per GRAP 23.

Traffic fines revenue in the previous year was overstated as a result of invalid fines included. This error had an impact on the fines receivable, revenue and impairment. This error was identified in the current year and adjusted retrospectively.

2. Consumer Debtors, Service Charges, Property rates and allowance for impairment

Rates: The market values of properties had changed as a result of a ratepayer's objection and the appeal process. The reversal of the prior year's revenue was as a result of the outcome of the Connaught Case in which the court finding went against the City. The court decided that the city must reverse the billing and refund where necessary.

Refuse: The prior period error relates to revenue for 2013/14 and 2012/13 financial periods. These are amounts that were not billed in their respective periods. This error was retrospectively restated.

Water: The City of Johannesburg Metropolitan Municipality has recalculated the accrual value in relation to the 2013 and 2014 financial years. These transactions resulted in an adjustment to revenue for the 2013 and 2014 financial years as disclosed below. This has been accounted for as a prior period adjustment.

Electricity: The accrual for electricity sales includes an increase in revenue reported for the 2014 financial period and a decrease in revenue for 2013.

3. Investment Property

The cost of a project was prematurely capitalised before it had been completed. The initial cost and the subsequent depreciation have thus been retrospectively reversed.

4. Property Plant and Equipment and Finance lease obligation

Public Works Lease: Land (R49,5 million) the lease was previously classified as a Finance Lease which resulted in the recognition of the land and a finance lease obligation in the financial statements. Upon critical review of the contract in conjunction with the relevant GRAP standards it was concluded that the lease was in fact an operating lease. This was due to a lack of evidence to prove that the lease transferred substantially all the risks and rewards incidental to ownership of the land. The land and the finance lease liability were thus retrospectively derecognised from the financial statements. The Finance Costs relating to the obligation were also retrospectively derecognised.

Depreciation on completed assets had not been accounted for in the prior year. This was retrospectively adjusted. (R56 million)

Property, plant and equipment which had been incorrectly classified as Heritage assets (R35 million) were retrospectively reclassified.

Donations of Heritage assets (R21 million) which had not been capitalised were retrospectively recognised.

5. Intangible Assets

Intangible assets were erroneously omitted from the financial statements. The cost and subsequent depreciation of these assets were retrospectively recognised.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

53. PRIOR PERIOD RESTATEMENTS (continued)

6. Provisions and Trade Payables

R40 million relating to provisions had been erroneously classified as Trade and other payables. This was identified in the current year and corrected retrospectively. The provision is for the settlement of the Soweto Pension Fund which was approved by the Mayoral Committee on the 2nd of December 2010. The settlement amount agreed upon was R65 million plus finance charges as from 30 June 2011. The provision of R25 million and the relevant finance charges of R3 million relating to the above provision were erroneously omitted from the financial statements. This error was identified in the current year and recognised retrospectively.

7. Other Income

Revenue from Rae Ayah bus services was reclassified from Other Revenue to Service Charges as management believes this to be the most appropriate classification.

Rental of Halls income was incorrectly classified as Other Revenue. It was retrospectively reclassified to Rental facilities.

Kelvin Power revenue had been under-stated by R12 million due to a misinterpretation of the contract which had stipulated for an increase of R3 million per quarter.

8. Employee Related Costs and General Expenses

Utility Services provided by other members of the economic entity to the various departments and Moe's were erroneously not eliminated in the Group financial statements. This error was retrospectively restated.

The benefits paid on the Post-Retirement Liability were erroneously recorded as employee related costs in profit/loss. This error was retrospectively restated.

9. Other reclassifications

Other reclassifications are items on the face of the Income statement and balance sheet which were not materially restated individually and thus have not been included in the explanation above.

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54. RISK MANAGEMENT

City Power Johannesburg

Distribution Losses

The electricity energy losses can be classified into technical losses and non-technical losses during the 2014/15 financial year.

The entity's technical losses for the year are measured at 9%, amounting to R840 952. Technical losses relate to energy that is lost in the transportation of electricity from the point of supply to point of distribution through evaporation.

The entity's non-technical losses decreased from 19.18% to 9.63%. Non-technical losses, if sold would have generated additional revenue of R1 524 307 (2014: R3 026 900) in the current year. The non-technical losses are attributable mainly to the following:

- Theft and bypass of meters
- Illegal decalibration of meters
- Damaged meters and faulty voltage and current transformers
- Billing errors
- Customers without meters

As part of the entity's strategy to continuously reduce the impact of non-technical losses, the following interventions have been implemented and are being reviewed and improved on an annual basis:

- Installation of automatic meter management systems, for both large and small power users i.e. automated metering technologies
- Continuous replacement of faulty conventional and pre-paid meters
- Automation of process to acquire new customers and change of meters (through the implementation of automated workflow and escalation system)
- Utilisation of an anonymous "hot line" to report theft, vandalism and tampering
- Random and targeted audits are performed, followed by the removal of illegal connections and normalisation supply

Johannesburg Water (SOC) Ltd

Water losses are included in bulk purchases in note 45. The level of physical and commercial losses for the year under review is 22% [R776 million], (2014: 29% [R942 million]). The level of physical losses for the year under review is 16% [R559 million], (2014: 20.9% [R678,9 million]). The level of commercial losses for the year under review is 6.2% [R217 million], (2014: 8.1% [R263 million]).

It is acknowledged and accepted that a certain level of water losses cannot be avoided from a technical perspective and is considered acceptable from an economic perspective. This means the cost of interventions to reduce water losses from a technical perspective should be less than the savings to be realised. The industry norm for water losses is 18%. Taking consideration hereof would result in a reduction of the level of water losses for the year under review to 4.2% [R146,8 million], (2014: 11.0% [R357,3 million]). The industry norm of 18% applied is 2% more stringent than the benchmark of 20% as published by the South African Water Research Commission.

GROUP TREASURY

The CJMM, through Group Treasury and the Finance Strategy unit (Treasury) manages financial risks through the usage of two portfolios comprising of financial instruments. For purposes of this disclosure, portfolios are assigned Portfolio 1 and 2. Portfolio 1 is managed internally by the CJMM while Portfolio 2 is outsourced to a specialist Fund/Portfolio Manager.

Portfolio 1 Overview

Effective financial risk management is imperative to CJMM. The realisation of the CJMM's objectives toward service delivery depends on CJMM's sound management of financial risks which enable the City to anticipate and respond to changes in the market environment as well as making informed decisions under conditions of uncertainty.

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54. RISK MANAGEMENT (continued)

The CJMM is exposed to the following financial risks from the use of financial instruments:

- Liquidity risk (including integrated cash flow management)
- Market risk.
- Credit/Counterparty risk

To ensure the execution of and compliance to overall risk management policies and guidelines in terms of exposure limits, concentration limits and volatility limits on financial assets and liabilities, CJMM plays a focal role in:

- The maintenance of sound liquidity levels such that optimal returns on surplus cash are realized and interest expenses minimized.
- Ensuring that CoJ's Credit rating is maintained or improved by ensuring that financial risk ratios fall within required limits.
- Ensuring sustainable financial viability of COJ by avoiding the occurrence of uncontrolled losses that could arise as a result of exposure to the financial markets with the overall aim of protecting CJMM's financial position.
- To provide Council with reasonable assurance that financial risks the CJMM is exposed to are identified and, to the best extent possible, mitigated and controlled.

The Treasury Unit identifies, quantifies and sets up control measures to mitigate financial risks in close co-operation with operating units. Treasury executes its responsibility in line with the approved Treasury and Assets and Liabilities Management (ALM) policies.

Financial Risk Management Framework

The Risk Management Framework serves to raise awareness, inform and guide the Group on its approved approach to risk management. The framework, which is reviewed on a continuous basis in line with best market practices, seeks to assist the Group in the effective identification, evaluation and control of financial risks that may impact upon the realization of corporate, mayoral and service delivery objectives and priorities that the Group has set itself to achieve.

Council, through the Assets and Liabilities Committee (ALCO), has overall responsibility for the establishment and oversight of the CJMM's risk management framework. ALCO, in this regard, is responsible for developing and monitoring the CJMM's financial risk management policies. ALCO reports regularly to the Mayoral Committee and Section 79 committee on its activities.

The CJMM's financial risk exposures are managed by the Treasury Unit. The CJMM's activities expose it to a variety of financial risks. The municipality's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the CJMM's financial performance. The group recognises that an effective risk management function is fundamental to its business. Risk awareness, control and compliance are embedded in Treasury's day-to-day activities.

The CJMM's Treasury unit reports its risk management activities to Mayoral, Council and ALCO on a regular basis. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the CJMM's activities.

Liquidity and Concentration Risk

Liquidity Risk, in this instance, refers to the risk that CJMM may not meet its periodic obligations with respect to its liabilities when they fall due. Management of liquidity risk is particularly important as it ensures that capital and operating expenditure is met. Treasury enters into liability obligations to bridge funding gaps arising from both capital and operational expenditure with the aim of ensuring that CJMM meets its liability obligations when they fall due.

For each financial year, Council approves a funding plan that minimizes liquidity risk. Treasury manages both the long-term and short-term cash requirements, with surplus funds from operations of the City invested in short term money market instruments.

Long-term liquidity risks arising from capital project initiatives are managed through issuance of long-term debt in the form of COJ bonds or long term loans or a combination of the two.

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54. RISK MANAGEMENT (continued)

Short-term liquidity constraints are managed through two types of short-term funding methods: i) General Banking Facilities and ii) Commercial Paper Issuance. CJMM's Treasury makes sure that all short term facilities utilised within the financial year are paid before the end of the financial year in line with Section 45(4)(a) of the MFMA. A cash management policy for managing its short-term cash flows and cash balances in a cost-effective manner is in place. The cash management policy assists the Group in managing its liquidity risk through the use of cash projection models with the aim of minimizing variances between projected and actual usage.

Both Short-term and Long-term borrowings are approved as per the budget and the banking services contract. The table below indicates approved facilities as at end of June 2015:

Details	Approved Funding	Total Utilised	Available for use
Long-Term Borrowings			
Borrowings	3 276 000	3 276 000	-

Liquidity risk is also linked to Concentration risk which could be defined as the probability of high cash outflow arising from concentration of debt obligations payable around the same period, resulting in the risk of default and the inability to evenly spread liability obligations.

Funding Debt Maturities

The Group funds its coupon, interest and capital payments for all liabilities, other than bonds, from a Contingency Reserve Fund (CRF). Operational surpluses generated by the City are channeled into the CRF. Capital redemptions for bonds are funded from the Sinking Fund. The CJMM's annual budget contains provisions for coupon, interest and capital payments.

In line with GRAP 104, the tables below show CJMM's contractual maturity analysis of its interest rate swap and non-derivative financial liabilities.

Swap Redemption Analysis

Instrument	Maturity date	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years		
Interest Rate Swap	29-Mar-18	24 300	15 279	9 270	-	-	-	-
R1bn Loan								

Capital Redemption Analysis of Non Derivative Liabilities as at 30 June 2015

Class	Balance	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Floating Rate Loans	1 987	114 724	114 724	114 724	68 386	65 111	510 028
Fixed Rate Loans	13 708	158 694	469 693	148 397	440 743	467 081	723 429
	-	-	-	-	-	-	-

Maturity Analysis of Investments

The table below shows the maturity profile of investments as at 30 June 2015

Investment type	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Call Deposits	106 136	-	-	-	-	-
Short-Term Investments	167 800	-	-	-	-	-
	-	-	-	-	-	-

Market risk

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54. RISK MANAGEMENT (continued)

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the CJMM's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable risk parameters, while optimising the CJMM's service delivery objectives. GRAP 104 requires entities to disclose sensitivity analysis for each type of market risk as shown in the sections below. Interest rate risk is the main category of market risk which affects the Group.

Interest rate risk

This refers to the risk that the value of a financial instrument will change due to a change in i) the absolute level of interest rates; ii) in the spread between two rates; iii) in the shape of the yield curve or in any other interest rate relationship. CJMM's floating rate liabilities are exposed to interest rate risk in terms of both cash flow and fair values.

Interest Rate Fair Value Sensitivity Analysis

The fair values of the CJMM's floating rate liability portfolio are sensitive to interest rate changes. The fair values of these liabilities are based on projected cash flows calculated using market projected forward rates. The projected cash flows are then discounted using market implied discount factors. The table below shows how the fair values of floating rate liabilities change on the basis of the following assumptions:

- The base case interest rate is at current levels
- A range of values between two upward percent and one downward percent movement in interest rates. Management generally expects interest rates to rise in the future.

Fair value sensitivity to the interest rate movement/shift for Floating Rate Loans

Class	Fair Value	-1%	-0.50%	0	0.50%	1%	1.50%	2%
Floating Rate Loans	1 274 602	1 207 573	1 241 079	1 274 602	1 308 141	1 341 696	1 375 268	1 408 857

Fair Value Sensitivity Analysis of Variable Rate Liabilities

The fair value sensitivity analysis of variable rate liabilities shows that a 2 percentage point increase in interest rates will increase the fair value of floating rate liabilities by R134 million (10.53%), and a 1 percentage point decrease in interest rates will decrease the fair value of floating rate liabilities by R67 million.(-5.26).

Interest Rate Cashflow Sensitivity Analysis

The Floating rate tables below shows the cash flow sensitivity analysis for floating rate liabilities. The sensitivity analysis is based on the following assumptions:

- The base case interest rate is at current levels
- A two percent upward and one percent downward movement in interest rates.

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54. RISK MANAGEMENT (continued)

Cash flow sensitivity analysis

Loan name	Institution	Nominal	Issue date	Cash Flow	Rate	Rate option	Interest rate shift						
							-1%	-0.50%	0%	0.50%	1%	1.50%	2%
DBSA 13541-1	DBSA	75 829	31 Mar-02	30-Sep-15 3 months JIBAR + 2.535%	Floating	3 555	3 622	3 689	3 755	3 822	3 889	3 956	
						-	3 545	3 609	3 672	3 736	3 800	3 863	3 927
						-	3 505	3 565	3 625	3 685	3 745	3 805	3 864
						-	3 488	3 545	3 601	3 658	3 715	3 771	3 828
						-	-	-	-	-	-	-	-
DBSA 102761-1	DBSA	425 000	20-Aug-09	31-Dec-15 6 months JIBAR + 2.85%	Floating	28 216	29 129	30 043	30 957	31 870	32 784	33 668	
						-	28 268	29 141	30 014	30 886	31 759	32 631	33 504
						-	28 545	29 396	30 246	31 097	31 948	32 799	33 649
						-	28 188	28 994	29 800	30 606	31 412	32 218	33 023
						-	-	-	-	-	-	-	-
DBSA 103345-1	DBSA	495 000	17-Apr-09	31-Dec-15 6 months JIBAR + 2.96%	Floating	33 441	34 500	35 559	36 617	37 676	38 734	39 793	
						-	33 468	34 478	35 488	36 498	37 507	38 517	39 527
						-	33 757	34 740	35 724	36 706	37 689	38 672	39 655
						-	33 307	34 236	35 166	36 096	37 026	37 956	38 885
						-	-	-	-	-	-	-	-
CALYON	CALYON	190 469	05-Sep-06	30-Sep-15 3 months JIBAR less 0.35%	Floating	10 385	10 522	10 659	10 796	10 933	10 933	11 288	
						-	10 351	10 478	10 603	10 729	10 855	10 981	11 106
						-	10 263	10 377	10 489	10 602	10 715	10 829	10 942
						-	10 206	10 307	10 409	10 511	10 622	10 714	10 816
						-	-	-	-	-	-	-	-

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54. RISK MANAGEMENT (continued)

							-	-	-	-	-	-	-
							-	-	-	-	-	-	-
NEDBANK 1b	NEDBANK	1 000 000	04-Mar-10	30-Sep-15	3 months JIBAR + 2.8%	Floating	40 134	42 692	45 254	47 818	50 386	52 956	55 530
				31-Mar-16			42 242	44 802	47 366	49 933	52 504	55 077	57 654
				30-Sep-16			44 738	47 302	49 869	52 439	55 012	57 589	60 168
				31-Mar-17			46 345	48 897	51 452	54 011	56 571	59 135	61 703
							-	-	-	-	-	-	-
SCMB 200m	SCMB	69 942	19-Sep-03	30-Sep-15	CPI plus Margin	Floating	3 300	3 317	3 333	3 350	3 367	3 383	3 400
				31-Dec-15			3 300	3 317	3 333	3 350	3 367	3 383	3 400
				31-Mar-15			3 300	3 317	3 333	3 350	3 367	3 383	3 400
				30-Jun-16			3 300	3 317	3 333	3 350	3 367	3 383	3 400
							-	-	-	-	-	-	-

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54. RISK MANAGEMENT (continued)

Hedging Interest Rate Risk

Testing Hedge Effectiveness by the City of Johannesburg

Dollar-Offset Method

The City of Johannesburg tests the hedge effectiveness of the interest rate swap using the Dollar Offset Method. The Dollar-Offset Method compares changes in the fair value or cash flow of the hedged item and the derivative (hypothetical swap). A hypothetical swap is one that has a fixed rate which gives a zero value at inception. The fixed rate that gives a zero value at swap initiation is 11.213%.

This rate is used to generate the hypothetical swap. The all in fixed rate on the actual swap is 11.66%. The Dollar-Offset Method can be applied either period-by-period or cumulatively.

The per period approach is used to generate accounting entries. Under the per period test, the movement in the swap value from one financial year to the next period is compared to the movement in the hypothetical swap in the same period.

The cumulative approach is used to measure hedge effectiveness. Under the cumulative test, the movement in the swap value from inception to the next is compared to the movement in the hypothetical swap in the same period.

Should the hedge be effective, the market and credit risk gets included in Other Comprehensive Income (OCI), by deferring the minimum of the change in fair value of the actual swap and the hypothetical swap, provided the hedge effectiveness ratio is between 80% and 125%.

Per IAS 39 IG F.4.2: The expected hedge effectiveness may be assessed on a cumulative basis if the hedge is so designated and that condition is incorporated into the appropriate hedging documentation. Therefore even if a hedge is not expected to be highly effective in a particular period, hedge accounting is not precluded if effectiveness is expected to remain sufficiently high over the life of the hedging relationship.

If the hedge no longer meets the criteria for hedge accounting in paragraph 88, the COJ shall prospectively discontinue applying hedge accounting. The cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When the transaction occurs; amounts that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss.

Hedge effectiveness measurement

Assessment of the actual effectiveness as at 30 June 2014 as per the Dollar-Offset Method was calculated as shown below:

Date	Swap Value	Hypothetical Swap Value	Cummulative Effectiveness Test	Per Period Effectiveness Test
31 March 2011	(23 701)	-	- %	- %
30 June 2011	(51 288)	(26 773)	103,00 %	103,04 %
30 June 2012	(117 932)	(95 323)	99,00 %	97,22 %
30 June 2013	(76 629)	(57 469)	93,00 %	109,11 %
30 June 2014	(54 113)	(38 470)	80,00 %	118,51 %
30 June 2015	(45 217)	(33 104)	66,00 %	165,00 %

Given that the effectiveness of the cash flow hedge is 165.78 percent which is not within the 80-125 percent effectiveness range, the hedge no longer meets the criteria for hedge accounting in IAS 39.88. Given the ineffectiveness of the cash flow hedge in the current period, the COJ will discontinue with hedge accounting. Thus the reserve of R38,469,561 shall be reclassified from equity to profit or loss when the forecast transaction occurs. During the current financial year R18,463,137 of the reserve was reclassified to profit/loss. The current movement on the swap liability of R8,896,143 was fully recognised directly in profit/loss due to the discontinuation of hedge accounting.

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54. RISK MANAGEMENT (continued)

Swap Cashflow Sensitivity

The table below shows how the cashflow resulting from the swap would respond to changes in interest rates assuming:

- The base case interest rate is at current levels
- A two percent upward and one percent downward movement in interest rates

SWAP CASHFLOW SENSITIVITY ANALYSIS							
Date	-1%	-0.50%	0	0.50%	1%	1.50%	2%
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
30-Sep-15	(15 702)	(14 413)	(13 206)	(11 836)	(10 548)	(9 260)	(7 971)
31-Mar-16	(15 989)	(13 535)	(11 093)	(8 648)	(6 213)	(3 784)	(1 361)
30-Sep-16	(13 180)	(10 877)	(8 591)	(6 321)	(4 067)	(1 829)	392
31-Mar-17	(10 921)	(8 790)	(6 688)	(4 602)	(2 544)	(509)	1 503
29-Sep-17	(9 214)	(7 242)	(5 297)	(3 388)	(1 506)	348	2 174
29-Mar-18	(7 541)	(5 740)	(3 973)	(2 241)	(541)	1 127	2 764
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	(72 547)	(60 597)	(48 848)	(37 036)	(25 419)	(13 907)	(2 499)

From the above table we note that a 1 percentage point decrease in interest rates would increase swap cashflows by R23.7 million(48.51%). A 2 percentage point increase in interest rates will decrease the swap cash R46.4 million (94.88%).

Swap Fair Value Sensitivity

The table below shows how the fair value of the swap would respond to changes in interest rates assuming:

- The base case interest rate is at current levels
- A two percent upward and one percent downward movement in interest rates.

Instrument	Maturity date	Swap Fair Value Sensitivity						
		Fair value sensitivity to the interest rate shift						
		-1%	-0.50%	0%	0.50%	1%	1.5%	2%
Interest Rate Swap on R1BN loan	29-Mar-18	(67 343)	(56 115)	(45 217)	(34 383)	(23 863)	(13 565)	(3 481)

On the basis of the above assumptions, a 1 percentage point increase in interest rates will result in a 47% decrease in the value of the swap liability. There is a positive relationship between the swap value and interest rates, thus if interest rates increase, the value of the swap will increase.

Estimation of Fair Values

The fair value of financial instruments that are not traded in an active market (for example, trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the municipality is the current bid offer price. The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques.

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54. RISK MANAGEMENT (continued)

The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

To determine the fair values of floating rate instruments, the municipality uses market forward rates to estimate future interest and capital cashflows, and then utilises market implied discount rates to calculate their present values. To determine the fair values of fixed rate instruments, the municipality uses market implied discount factors to calculate their present values.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Fair Value Hierarchy

In terms of GRAP 104.130 there are different levels of fair values based on the extent that quoted prices are used in the calculation of the fair value. The fair value hierarchy applies to instruments reported at fair value on the statement of financial position. The interest rate swap is the only instrument reported at fair value and therefore needs to be classified as per fair value hierarchy. Level 2 Fair values are calculated using valuation techniques based on observable inputs either directly or indirectly other than level 1 inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data. The Level 2 all-inclusive fair value of the swap stood at -R45.2 million at the end of 30 June 2014.

Credit/Counterparty Risk

The Group deposits surplus funds with financial institutions to mitigate against the negative cost of carry and these funds are diversified around different investment types and institutions.

The credit limit exposure table below depicts all investments with various counterparties as at the 30 June 2015. Total investments were R 3.2 billion. Treasury constantly monitors the percentage limit utilized.

COUNTERPARTY CLASS	Approved Limit	Operational		Ringfenced		Total Exposure	Available for use	Percentage Utilised
		Call Deposits	Term Deposits	Call Deposits	Term Deposits			
Domestic Banks	4 825	90	300	511	1 626	2 527	2 298	52 %
International Banks	1 050	16	-	-	242	258	792	24 %
Public Sector	1 200	3	-	-	-	3	1 197	- %
Asset management firms	2 850	486	-	-	-	486	2 364	17 %
	9 925	595	300	511	1 868	3 274	6 651	32 %

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54. RISK MANAGEMENT (continued)

Credit quality of Investments

The credit qualities of CJMM's counterparties as at 30 June 2015 are shown in the table below.

COUNTERPARTY CLASS	Long Term Rating										Short Term Rating						
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	Govt Guarantee	Not Rated	F1+	F1	F2	F3	Govt Guarantee	Not Rated
Domestic Banks	1		3		1							4	1				
International Banks				1		2						1	2				
Public Sector		2										2	0				
Asset management firms		1		1							3						5
Total	1	3	3	2	1	2	0	0	0	0	3	7	3	0	0	0	5

Portfolio 2

Introduction and overview

In order for the CJMM to meet its debt redemption obligations specific to its long-term borrowing and to mitigate the related risks, the CJMM has mandated a fund manager to operate its Debts Redemption Fund (The Fund).

The key objectives central to the fund included in the mandate are:

- Immunize the liability, in principle eliminating interest rate risk, as well as eliminating reinvestment risk by matching the investment horizon of funds with their anticipated utilization;
- Enable the CJMM to meet their redemption obligations

The fund has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

Risk Management Framework

The Fund maintains positions in a variety of derivative and non-derivative financial instruments in accordance with its investment management strategy. The Liability Plus approach entails a risk-based investment strategy that manages the fund's assets appropriately, relative to its liabilities. The strategy focuses on mitigating the risks surrounding the liability, whilst at the same time seeking a return from the asset base. Conservative hedges can be employed to provide protection against the risks embodied in the liability. An asset strategy deployed is designed to deliver above-benchmark returns, and this is overlaid on the protective derivative structures. The integrated solution mitigates risks and improves performance.

The Fund's investment manager has been given a discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the Fund's risk management framework is monitored quarterly by the Fund's Risk Committee which is chaired by the City Treasurer. Other committee members include senior treasury officials and the investment management team. Overall governance is monitored by the CJMM's Asset and Liability Committee (ALCO) whose primary objective is to manage financial risk emanating from the City's operational and borrowing initiatives.

Credit Risk

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54. RISK MANAGEMENT (continued)

Credit Risk, in the instance of Portfolio 2, is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from derivative financial assets, cash and cash equivalents, balances due from agencies and receivables from reverse repurchase agreements.

Management of credit risk

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's risk management policy. Credit risk is monitored on a daily basis by the investment manager in accordance with policies and procedures in place. Any deviations on the expected parameters of the Fund's credit risk are acted upon immediately.

In terms of this mandate, the acceptable credit exposures are:

- Government
- Parastatals
- Highly-Rated Corporate, Banks and Institutions

Exposure limits are determined as a function of the primary capital of the issuer, the credit rating provided by a rating agency and the liquidity of the instrument.

Exposure to credit risk

The Fund's maximum credit risk at the reporting date is represented by the respective carrying amount of the relevant financial assets in the statement of financial position at 30 June 2015. The Fund was invested in securities of the following credit quality:

Instrument Type	Fair Value
Bonds	(1 162 992)
Bond Repos	3 017 737
FRN	1 111 685
FRA	(1 826)
Bond options	(28 662)
Cash	374 618
Cash Collateral	27 364
"	309 073
Swaps	88 409
Amortisation Swaps	24 287
	-

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Fund's policy and the investment manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of bonds, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity risk is managed on a daily basis by the investment manager in accordance with policies and procedures in place. The Fund's overall liquidity risk is monitored on a quarterly basis by the Fund's Risk Committee and CJMM ALCO. Six months prior to any CJMM upcoming bond redemptions, the liquidity of the Fund is assessed in relation to the required redemption amount and necessary measures to meet the obligations are undertaken if necessary.

Maturity analysis for financial instruments

The following are the contractual maturities of financial assets and liabilities, including estimated interest payments:

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54. RISK MANAGEMENT (continued)

Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Settled Bond Assets	1 538 510	343 914	41 748	171 704	86 591	-	894 553
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Settled Bond Liabilities	(2 704 406)	-	-	-	-	-	(2 704 406)
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
FRN Assets	1 336 212	-	-	472 541	558 057	305 614	-
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
FRN liabilities	(224 527)	-	-	(22 528)	-	-	-
Subtotal	(224 527)	-	-	(22 528)	-	-	-
	(224 527)	-	-	(22 528)	-	-	-
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
FRA Assets	17 596	17 596	-	-	-	-	-
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
FRA Liabilities	(19 421)	(14 095)	(5 327)	-	-	-	-
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Swap Assets	2 027 021	23 376	13 871	60 617	4 793	16 768	1 907 624
Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Swap Liabilities	(1 914 325)	(33 620)	(25 101)	(23 287)	(4 280)	-	(1 828 037)

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54. RISK MANAGEMENT (continued)

Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
Bond Repos Asset	3 018 257	3 018	-	-	-	-	-

Class	Trade NPV (Today)	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years	Due in more than five years
NDCs Assets	309 073	309 073	-	-	-	-	-
	309 073	309 073	-	-	-	-	-

Market Risk

Market Risk is the risk that changes in market prices such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the issuers credit standing) will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Management of market risk

The Fund's strategy for the management of market risk is driven by the Fund's objective. The Fund deploys asset-liability matching principles to design an asset management strategy to immunise the portfolio from the underlying risks inherent in the liability. In addition, an active portfolio management strategy that rebalances the assets in order to take advantage of market mispricing opportunities is followed. Directional trades are overlaid on the asset strategy to provide yield enhancement.

The Fund's market risk is managed on a daily basis by the investment manager in accordance with policies and procedures in place. The Fund manager monitors the market risk in real time using the Rand per-Point metric which defines the profit or loss that would be generated by a one basis point move in the underlying interest rate curve.

The Fund's market positions are monitored on a quarterly basis by the Fund's Risk Committee and CJMM ALCO.

The Fund uses derivatives to manage its exposure to interest rate and other price risks. The instruments used include interest rate swaps, forward contracts, futures and options.

Interest rate risk sensitivity analysis

The Fund is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. With respect to the Fund's interest-bearing financial instruments, the Fund is subject to exposure of fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The sensitivity analysis reflects how changes in underlying interest rates affect the fair value of the financial instruments.

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54. RISK MANAGEMENT (continued)

Fair Value Sensitivity Analysis

Fair Value Sensitivity to the interest rate movement/shift

Asset Class	-1%	-0.5%	0	0.5%	1%	1.5%	2%
Redemptions	(5 606 519)	(5 499 112)	(5 394 990)	(5 294 032)	(5 196 120)	(5 101 144)	(5 008 996)
Contributions	1 689 186	1 674 151	1 659 356	1 644 799	1 630 474	1 616 376	1 602 501
Bonds	(1 275 881)	(1 217 842)	(1 162 992)	(1 111 146)	(1 062 134)	(1 015 794)	(971 972)
Bonds Repos	3 018 332	3 018 034	3 017 737	3 017 439	3 017 142	3 016 845	3 016 549
FRN	1 112 921	1 112 302	1 111 685	1 111 069	1 110 455	1 109 843	1 109 232
FRA	3 237	704	(1 826)	(4 352)	(6 874)	(9 394)	(11 909)
IRS	259 471	183 977	112 696	45 313	(18 458)	(78 879)	(136 189)
ABSA Cal	374 618	374 618	374 618	374 618	374 618	374 618	374 618
Reg Sec Collateral	17 460	17 460	17 460	17 460	17 460	17 460	17 460
Nedbank Collateral	9 903	9 903	9 903	9 903	9 903	9 903	9 903
Bond options	6 188	(10 329)	(28 662)	(44 640)	(55 243)	(60 402)	(62 195)
NCD'S	309 241	309 157	309 073	308 989	308 905	308 821	308 737
Net	(81 843)	(26 977)	24 058	75 420	130 128	188 253	247 739

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The primary responsibility for the development and implementation of controls over operational risk rests with the Fund's Risk Committee. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plans;
- ethical and business standards;
- risk mitigation

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to the CJMM.

The Fund has provided the custodian a general lien over the financial assets held in custody for the purpose of covering the exposure from providing custody services. The general lien is part of the standard contractual terms of the custody agreement. At present, ABSA Bank Limited provides custody services.

Valuation of financial instruments

Availability of observable market prices and model inputs reduces the need for management opinion and estimation. This also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions of financial markets.

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54. RISK MANAGEMENT (continued)

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function which is independent of front office management and reports to the Funds Risk committee which has overall responsibility of significant fair value measurements. Specific controls include: verification of observable pricing inputs and re-performance of model valuation; a review and approval process for new models and changes to such models; analysis and investigation of significant daily valuation movements and reporting of significant valuation issues to the Funds Risk committee.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in the measurements:

- Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs either directly i.e (as prices) or indirectly (i.e derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data
- Level 3: Valuation techniques using significant, unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations.

The Fund uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, or estimation. Observable prices and model inputs are usually available in the market for listed debt, exchange like interest swaps that use only observable market data and require little management, judgment and/ traded derivatives exchange and simple over the counter derivatives like interest rate swaps.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

30 June 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Bonds	(1 162 992)	-	-	(1 162 992)
Bond Repos	-	3 017 737	-	3 017 737
Floating Rate Notes	-	1 111 685	-	1 111 685
Forward Rate Agreements	-	(1 826)	-	(1 826)
Interest Rate Swaps	-	112 696	-	112 696
Bond options	-	-	(28 662)	(28 662)
	(1 162 992)	4 240 292	(28 662)	3 048 638

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
55. FRUITLESS AND WASTEFUL EXPENDITURE				
Reconciliation of fruitless and wasteful expenditure				
Opening balance	19 153	24 069	2 321	6 200
Fruitless and wasteful expenditure current year	1 099	2 536	45	19
Approved by Council or condoned	(23)	(3 987)	-	(648)
Transferred to Receivables/Reclassified	(361)	(3 465)	-	(3 250)
Transfer to other debtors for verification	19 868	19 153	2 366	2 321

GROUP - 2015

Johannesburg Development Agency (SOC) Ltd

The African Food Hub Project incurred standing costs that were paid to the contractor for standing time. The JDA Development Manager delayed to provide the project's professional team with the approval of the application for road closure for the African Food Hub Project. Consequently, the engineers could not obtain the final approval for the construction drawings. This resulted in the contractor charging and claiming standing time due to delays experienced. A disciplinary process pertaining to the responsible JDA employees is currently underway in this matter.
R859, 806

Interest on late payment of Telkom invoices
R662

Johannesburg Roads Agency SOC Limited

Interest charged on the Telkom account at 30 June 2015 due to late payments.
R 9,038

The entity incurred legal fees and interest on the Scholtz Attorneys account at 30 June 2015 due to late payments.
R25,862

Interest on late payment of Fund contributions at 30 June 2015 due to late application of contribution percentage increase.
R2,140

The entity is currently in the process of investigating the interest charges and once finalized, disciplinary action will be taken on individuals responsible for the fruitless expenditure.

City of Joburg Property Company (SOC) Limited

Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2014/15 financial year.
R156 813

GROUP - 2014

Johannesburg Roads Agency SOC Limited

Interest charged on the Telkom account as at 30 June 2015 due to late payments.
R22,932

City of Johannesburg Metropolitan Municipality

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55. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

City of Johannesburg Property Company (Proprietary) Limited

The penalties reflected relates to the late submission of the August 2013 VAT due to a banking error on the day of submission. There were outstanding payments on the PAYE returns of MTC from the 2009 financial year that accumulated penalties and interest. Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2013/14 financial year, this cost is to be transferred to the relevant departments and MOE's from which the expense originates.

R594,507

Johannesburg City Parks NPC

The interest was incurred as a result of late receipts of certified invoices and supplier statements by the accounts payable department

R12,000

Pikitup Johannesburg SOC Limited

Catering for the Employee Wellness department meeting was arranged and a supplier order was issued. The relevant official failed to timeously cancel the order with the supplier and resulting in the food being delivered and returned. Relevant disciplinary action was being taken in terms of MFMA.

R2,975

Payment for the supply and delivery of 240L bins- The service provider Phambili Services (Pty) Ltd was appointed in 2012/13 financial period to provide 240L bins to Pikitup. A fraudulent request to change banking details was processed and a payment made and it was subsequently established that payment was made into a fraudulent account . By the time the account was suspended by the bank, 5 days had lapsed and R1,261 960 of the original payment had been withdrawn or transferred. The service provider claimed this amount to be refunded. A subsequent forensic investigation cleared Pikitup staff of any involvement and recommended a review of internal controls and disciplinary action for possible negligence against applicable employees. The control environment regarding the changing of banking details have been reviewed and additional controls put in place and the disciplinary steps against three employees have been taken.

R1,261,960

Johannesburg Development Agency (SOC) Ltd

The interest and penalties paid relate to sweeping interest and an amount charged by SARS on VAT return submissions. An objection was filed in dispute of this. A letter was received from SARS dated 9 September 2014, indicating that the interest and penalties previously charged had been waived. Total interest charged and recovered was - R243,604. The sweeping interest has since been reclassified as finance charges and taken out of the fruitless and wasteful expenditure line item.

R558,789

Fraud adjustment R20,485

City Power Johannesburg (SOC) Limited

Interest on late payments R44 000

CJMM - 2015

Rates and Taxes Department

An amount of R2 748 relates to an incorrect advertisement placed on the newspaper.

Housing Department

An amount of R41 917 relates to interest charged on Eskom account.

City of Johannesburg Metropolitan Municipality

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55. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

CJMM - 2014

Revenue Department

The Fruitless and wasteful expenditure for R18, 974 relates to interest charged for late payment.
Disciplinary steps / Criminal proceedings: None

EMS

An amount of R647,758 was condoned during the year.

Reversal of Fruitless and Wasteful Expenditure

An amount of R3,250,000 was found to have been incorrectly classified as Fruitless and wasteful expenditure. This error was identified and corrected in the 2013/14 financial year; however, the prior financial years were not restated as the amount was of low materiality.

City of Johannesburg Metropolitan Municipality

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

56. UNAUTHORISED EXPENDITURE

Reconciliation of unauthorised expenditure

Opening balance	1 767 154	53 165	1 765 700	51 711
Unauthorised expenditure current year	959 322	1 713 989	959 322	1 713 989
	2 726 476	1 767 154	2 725 022	1 765 700

GROUP - 2015

Johannesburg Development Agency (SOC) Ltd

The unauthorised expenditure relates to 2012/13. Subsequent to the approval of the mid-year budget downward adjustment of 2012/13, it was evident that the JDA would report a deficit of approximately R4.1 million. The JDA Board approved the utilisation of reserves up to the value of R2.4 million with the balance of R1.7 million expected to be generated from interest revenue and other income to fund the deficit. The higher electricity costs incurred during the 2012/13 financial year as a result of the change in the method of calculating consumption, the higher recruitment costs as well as the fraud suffered in the current year resulted in the major over-expenditure in these line items. Some of the electricity charges initially billed by City Power were reversed in the year under review.

CJMM - 2015

The unauthorised expenditure relates to non-cash items i.e. debt impairment, depreciation and asset impairment which resulted from actual expenditure exceeding budget.

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
57. IRREGULAR EXPENDITURE				
Reconciliation of irregular expenditure				
Opening balance	1 378 117	1 069 915	1 009 018	726 043
Irregular expenditure current year	146 628	333 227	68 321	283 249
Approved by Council or condoned	(4 062)	(25 011)	-	(260)
Transfer to receivables for recovery	-	(14)	-	(14)
	1 520 683	1 378 117	1 077 339	1 009 018

Details of irregular expenditure – current year

-

GROUP - 2015

Johannesburg Development Agency SOC Limited:

Broll Property Management: The supplier's contract with the JDA has expired and is currently on a month-to-month basis. Broll Property Management manages the Bus Factory tenants and the collection of rental. The expenditure above relates to the management fee charged by and paid to Broll for the period July 2014 until March 2015. The management of tenants is now done internally.
R10,692

Makro Crown Mines: Office groceries were purchased from Makro without obtaining three quotations. The expenditure above relates to payments to Makro for the period July 2014 to November 2014. Office groceries are now procured through requests for quotations.
R26,180

Torque Technical Computer Training: Training for IT staff as per approved individual Learning Plans (ILP's). Only one quotation was sourced instead of the required three from the supplier database.
R6,150

City Power Johannesburg SOC Limited.

Services were procured without complying with company processes. No action was taken as the procurement was not for personal gain
R382,000.

Johannesburg Roads Agency SOC Limited

Ambassador Air - Expired contract
R91,310

Dakalo Cleaning Services - Services rendered with no contract in place
R81,904

Document Warehouse - Expired contract
R138,910

Rentokil - Expired contract
R316,279

Metrofile - Transgressions of SCM procedures
R31,053

Johannesburg Metropolitan Bus Services SOC Limited:

Contract amount exceeded.-The irregular expenditure relate to contracts on which the contracted amounts have been exceeded. The expenditure is directly related to unexpected or unplanned bus breakdowns which cannot be foreseen, but which have to be fixed. The tender procedures have been completed in 100% of all contracts involving contract amounts being exceeded.

R40,411,350

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57. IRREGULAR EXPENDITURE (continued)

Pikitup Johannesburg SOC Limited

The amount relates to the procurement of bulk containers, furniture and bin liners.

R23,423,993

Johannesburg Water (SOC) Limited

The expenditure was incurred as a result of transactions that impacted some awards in the supply chain management processes in the previous financial year 2013/14, but payment was only made in the current financial year. The transactions are as a result of accepting B-BBEE certificates that were not in accordance with the requirements of the Preferential Procurement Regulations which provides that no points be awarded for B-BBEE status if a bidder did not submit a valid and original or certified B-BBEE certificate, as well as an original tax clearance certificate. To date all other non-compliant transactions have been rectified. National Treasury Guidelines on irregular expenditure provide that transactions corrected prior to any payment being made will not result in any irregular expenditure.

It is also noted that transactions or conditions which triggered the irregular expenditure resulted in the entity suffering no loss but value for money was derived from the use of the goods or services rendered.

R13,378,000

CJMM - 2015

1. CQS Technology Holdings (Pty) Ltd

The audit command language (ACL) Software is a tool used by Internal Audit to perform various analytics on sets of data. The software was procured from Messrs CQS Technology Holdings (Pty) Ltd as the official sole distributor of ACL and support of ACL licences in South Africa, hence the request for a deviation.

R 677 230.66

2. Growthpoint Properties Limited

The Housing Department Region A offices are located at Block L, 400 16th Road Central Park, Midrand, the public has been using the premises to engage with the Department, hence the request for a deviation to extend the lease for those premises as it is impractical to go out on tender on the same building.

R 494 745.40

3. KPMG

On 20 December 2011 KPMG was appointed to second an Acting Group CFO and related services on a temporary basis for a period of nine months at a cost of R5 859 000.00. Subsequent to the appointment of KPMG CJMM commenced with the recruitment process of an appropriate Group CFO however no suitable candidate was found hence the request for a deviation to extend the original engagement of KPMG by six months.

R 9 093 076.65

4. Blend Property Group and Redefine Properties Limited

The normal procurement processes were dispensed with on the basis that the procurement in question is regarded as an exceptional case where it is impractical to follow the normal procurement processes. Libraries have been established in certain communities for a very long time and moving or relocating them will disadvantage the communities and will be costly.

Blend property group - R 391 721.93

Redefine Properties Limited - Value: R 9 329 233.33

5. JT Ross Property Services (Pty) Ltd

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57. IRREGULAR EXPENDITURE (continued)

The Health Department Region A offices are located at Unit 6, 7 and 8, Alphen Square North Randjespark, Midrand. The public has been using the premises to engage with the Department; hence the request for a deviation to extend the lease for those premises as it is impractical to go out on tender on the same building.

R 2 372 843.86

6. Universal Knowledge Software (UKS)

The provision and support of the Library System and that of a new contract for the supply and maintenance of the Library System for a period of thirty six (36) months, starting on 1 February 2013.

R 861 203.51

7. LexisNexis

In the past Group Central HR and Group Legal and Contracts solicited quotations from services that provide research engine licenses for law reports, cases, training etc., for HR related cases and ordinary cases. Three service providers Sabinet, Juta and LexisNexis submitted their products and were interviewed and presentations were held to determine which product best suits the requirements of CJMM. The product by LexisNexis proved to provide a reliable reference and research engine that can be used as a reference work. CJMM has been using the product by LexisNexis since then, hence the request to deviate from the normal procurement process and appoint LexisNexis to provide licenses and services to be used as a research engine for the CJMM

R 1 803 739.50

8. Liberty Life Properties (Pty) Ltd

Economic Development is currently occupying Jorissen Place, and the contract expired.

R 10 535 545.61

9. Axton Matrix Construction CC

Tax clearance not submitted/No evidence that the municipal account statement was submitted

R 958 803.51

10. Vimtsiri Security and Protection Services

Non Compliance with SCM regulation 28(1)(a)(ii) (Tenders not evaluated on preference point system)

R 10 677 453.51

11. KRB Law Firm (A466)

Winning bidder's municipal accounts in arrears 90 days overdue Ramapala W L MJ46569.88 Issued on 2 May 2012, and Kunene 90 days overdue R5 204.26 on 2 April 2012

Value: R 11 017 403.07

12. Ratification: Reg. 36(1)(b)

Authorisation for payment of Late Harvest Caterers and Events

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57. IRREGULAR EXPENDITURE (continued)

The Housing Department (Office of the MMC) requested catering for the launch of the allocation of units to the beneficiaries in Jabulani Extension 1 (Hostel) and Imbizo organized for 2000 people.

The department followed the normal procurement process in terms of soliciting quotations from their panel (A473) but however their process was not completed as they did not comply with Practise Note 4 of 2011 (Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority for a threshold of R30 000 to R200 000 hence the ratification.

Value: R 178 293.80

13. Events Galore

The Housing Department (Office of the MMC) requested catering for the establishment of the steering committee in Princess plot and Thulamntwana. The purpose of the event was to address the service delivery to avoid an eruption of unrest as well as the handing over of projects to the Ward Councillor and his team.

The department followed the normal procurement process in terms of soliciting quotations from their panel (A473) but their process was not completed as they did not comply with Practise Note 4 of 2011 (Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority for a threshold of R30 000 to R200 000 hence the request for ratification.

Value: R 92 240.49

14. Brandhead Strategic Marketing Communications

The department followed the normal procurement process in terms of soliciting quotations from their panel (A471) but the process was not completed as they did not comply with Practise Note 4 of 2011 (Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority for a threshold of R30 000 to R200 000 hence the request for ratification.

Value: R 60 326.92

15. Elphash Trading Enterprise

The department followed the normal procurement process in terms of soliciting quotations but the process was flawed in that they engaged the service provider outside contract 402/12 and without proper authorisation by the delegated authority for a threshold of R30 000 to R200 000, hence the request for ratification.

Value: R21 190.92

16. EMS Private Providers

The Health Department requested the approval or ratification of its actions for using services of EMS private providers while in the process of appointing a contract for the EMS services for the 81 local government Primary Health Care (PHC) facilities. The EMS private ambulance service are used in the event of non-response by provincial ambulances in life threatening situations to prevent loss of life and avoid possible medico-legal implications for the Health facilities of the City of Johannesburg.

R 208 135.39

17. Events Galore CC

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57. IRREGULAR EXPENDITURE (continued)

The department followed the normal procurement process in terms of soliciting quotations from their panel (A473) but the process was not completed as they did not comply with Practise Note 4 of 2011 (Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority and the threshold amount exceeded the delegation authority of the Group Head: Strategic Supply Chain Management and the report was referred to the EAC for approval, hence the request for ratification.

R 263 733.63

18. Gourmet Food Services (Pty) Ltd

The department followed the normal procurement process in terms of soliciting quotations from their panel (A473) but their process was not completed as they did not comply with Practise Note 4 of 2011 (Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority for a threshold of R30 000 to R200 000 hence the request for ratification.

R 169 898.09

19. Events Galore CC

The department followed the normal procurement process in terms of soliciting quotations from their panel (A473) but the process was not completed as they did not comply with Municipal Supply Chain Management Policy, in that they engaged the service provider without their report being signed and approved by the Central Adjudication Committee, hence the request for ratification.

R 1 099 131.30

20. Seipelo Consulting Services, Mantshakala Catering and Mbedzi Events Management

The Environmental And Infrastructure Services Section 79 Committee scheduled a Public Hearings for the Treated Effluent Draft By-Law in various regions on 14 March 2015 and this event required catering and PA Systems. Quotations were sourced from suitably qualified service providers and while the department was still busy with the procurement process, they were advised that the Public Hearings were postponed (as per the decision made in the Programming Committee on 11 March 2015). On the day before the Public Hearings (13 March 2015), the department was advised that the public hearing were going through (as per the decision made by the By-Law Task Team on 12 March 2015) and that they should proceed with the procurement process. This left the department with no time to complete the procurement process, hence the request for ratification.

Seipelo Consulting Services

R 25 614.04 (for catering)

Mantshakala (Catering)

R 25 438.60 (for catering)

Mbedzi Events Management

R 24 561.40 (PA Systems)

21. Sunday Kit Uniform Supplies CC, Faithfulness Business Enterprise CC, Link Reflective and Protective

Designs CC, Bonamini Trading Enterprise and Rads Investments. Bid Advertised for less than the minimum required period (Contract number 434/14)

R 2 333 768.90

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

57. IRREGULAR EXPENDITURE (continued)

22. Kendon Medical Supplies, Instant Office Furniture Cc and Zamchem CC

Non - compliance with SCM regulation 5 which may result in irregular expenditure no evidence that the following quotation were approved by a appropriately delegated official or committee as required by SCM regulation 5.

R 48 227.48

23. Moagi Technologies cc and Zamchem CC

It appears that there has been a deliberate splitting of quotations to avoid compliance with the ACM regulations .

R 51 548.28

24. Mulilavhathu trading, Botlefela Trading cc, Iyer Urban Studio CC and Royal Haskning DHV.

Municipal account that is in arrears for more than 3 months.

R 6 709 536.06

25. Griffiths and Griffiths CC

Purchase of Antique Furniture pieces.

R 125 780.78

26. Dimension Data - Setting up of ICT Infrastructure

Setting up of ICT infrastructure for the New office of the Ombudsman and its Business Operations The incorporation of the Ombudsman's Office ought to have been adequately planned for and hence justification is inadequate. It was not impossible neither was it impractical for CJMM to follow the official procurement process hence the deviation is contrary to Reg.36 (1)(a)(v).

R 3 996 177.42

27. EOH - Setting up of infrastructure network cabling

Setting up of ICT infrastructure for the New office of the Ombudsman and its Business Operations. The incorporation of the Ombudsman's Office ought to have been adequately planned for and hence justification is inadequate. It was not impossible neither was it impractical for CJMM to follow the official procurement process hence the deviation is contrary to Reg.36 (1)(a)(v).

R 792 816.69

28. Yeo Technologies - Setting up and Hosting of the Contact centre

Setting up of ICT infrastructure for the New office of the Ombudsman and its Business Operations The incorporation of the Ombudsman's Office ought to have been adequately planned for and hence justification is inadequate. It was not impossible neither was it impractical for CJMM to follow the official procurement process hence the deviation is contrary to Reg.36 (1)(a)(v).

R 5 129 167.41

29. Tefo Efithlile Trading

Supplier in service of the CJMM

R 30 965.00

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

57. IRREGULAR EXPENDITURE (continued)

30. In addition to the above, we have identified potential deliberate splitting of quotations and quotation not approved by a appropriately delegated official or committee. The maximum value which is currently being investigated amounts to R 83 953 280.33, however due to time constraints, at the date of finalising the financial statements it was impracticable to quantify the irregular expenditure as investigations were still in progress.

58. IN-KIND DONATIONS AND ASSISTANCE

The department of Environment and Infrastructure has received the following

To attend the International Symposium on Energy from biomass and Waste conference - R13 662(AIR TICKET WAS SPONSORED)

To represent the City as a participant at the C40 Climate Change Risk Assessment network works shop in Rio de Janeiro, Brazil 10-13 November 2014 - R18 207

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand

59. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organised local government

Council subscriptions	10 500	10 264	10 500	10 264
Amount paid - current year	(10 500)	(10 264)	(10 500)	(10 264)
	-	-	-	-

Audit fees

Opening balance	4 528	2 699	1 912	1 639
Current year audit fee	49 202	43 007	21 333	20 639
Amount paid - current year	(50 537)	(36 814)	(20 954)	(20 366)
Amount paid - previous years	(333)	(4 364)	-	-
	2 860	4 528	2 291	1 912

PAYE and UIF

Opening balance	75 354	64 403	61 294	56 104
Current year payroll deductions	1 218 367	963 566	788 003	723 929
Amount paid - current year	(1 136 273)	(888 212)	(722 241)	(662 635)
Amount paid - previous years	(70 455)	(64 403)	(61 294)	(56 104)
	86 993	75 354	65 762	61 294

Pension and Medical Aid Deductions

Opening balance	107 135	99 751	106 706	99 751
Current year payroll deductions and council contributions	2 061 675	1 774 982	1 592 691	1 358 500
Amount paid - current year	(1 977 070)	(1 563 348)	(1 521 962)	(1 251 794)
Amount paid - previous years	(120 572)	(204 250)	(106 706)	(99 751)
	71 168	107 135	70 729	106 706

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

59. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015. All amounts are disclosed in Rands and are not rounded to the nearest thousand.

30 June 2015	Outstanding less than 90 days Rands	Outstanding more than 90 days Rands	Total R
D DEWES	105 914	371 913	477 827
P ZITHA	459	43 474	43 933
S RADEBE	10 213	38 553	48 766
D JANE	8 175	20 178	28 353
F ABDULLAH	1 110	19 604	20 714
C RADEBE	1 865	16 616	18 481
D NETNOW	295 244	14 834	310 078
A MBINGELELI	949	14 546	15 495
P LEKGETHO	9 404	20 899	30 303
MATHEBULA & GWALA	493	11 616	12 109
A PUTSOA	1 554	8 125	9 679
P DYODO	735	5 502	6 237
M MALULEKE	1 247	5 430	6 677
S MNGUNI	219	7 116	7 335
A SEFOLOKO	1 993	4 418	6 411
M LIBUSENG	1 769	4 062	5 831
M LOUW	1 780	3 937	5 717
E KENANA	527	2 935	3 462
J MAHLANGA	139	2 638	2 777
F MATHANG	1 392	2 510	3 902
P NYENGEZA	391	2 333	2 724
M MASEMOLA	898	2 183	3 081
L LAMOLA	744	1 847	2 591
COOPER	-	41	41
P NTOMBELA	4 484	272	4 756
DAGADA	797	167	964
THOMO	759	556	1 315
NGWEDZENI	704	651	1 355
MATHANG	869	97	966
SITHOLE	20	197	217
MAFOKWANE	1 463	1 512	2 975
DAWES	746	171	917
VALENTINE	1	51	52
VOLKER	30 055	1 999	32 054
RAMARU	518	2 408	2 926
MAZIBUKWANA	304	792	1 096
SHALE	274	379	653
VONDO AND BANTU	445	14	459
NHOSE	12 131	222	12 353
	500 784	634 798	1 135 582

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

59. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

30 June 2014	Outstanding less than 90 days (Rands)	Outstanding more than 90 days (Rands)	Total R
Clarke SNM	1 957	-	1 957
Dyodo P	1 190	2 517	3 707
Jane DK	534	14	548
Lemao SJ	3 911	586	4 497
Louw MA	2 866	1 260	4 126
Mahlanga JP	399	1 200	1 599
Matladi JM	-	19	19
Motlhamme SBE	518	43	561
Netnow DM	9 754	302 647	312 401
Nyengeza Mp	274	1 194	1 468
Radebe C	2 589	13 890	16 479
Tsobane MM	1 413	165	1 578
	25 405	323 535	348 940

City of Johannesburg Metropolitan Municipality

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Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the Group Annual Financial Statements.

In terms of Section 36 (2) of the supply chain management regulation.

GROUP

Johannesburg City Parks NPC

1. Purchase order number REQ17749 for procurement of Website changes was made to Studio 63 for the amount of R16 500 as the Service Provider was being utilised by Johannesburg ZOO when the merger took place and therefore they had to continue to render the service as this was part of the SLA between Johannesburg ZOO and Studio 63.
2. Purchase order number REQ17625 for procurement of Tweet technology at Joburg ZOO was made to Candice Hellens for the amount of R13 158 as they are the sole provider of the service.
3. Purchase order number REQ18477 for procurement of frogs was made to WCB Imports for the amount of R111 189 as this is procurement of animals in terms of Section 36 (1) of the SCM regulations.
4. Purchase order number REQ18397 for procurement of tigers was made to Lory Park Zoo for the amount of R90 000 as this is procurement of animals in terms of Section 36 (1) of the SCM regulations.
5. Purchase order number REQ18293 for procurement of tigers was made to Wild Life Assignment International for the amount of R72 950 as this is procurement of animals in terms of Section 36 (1) of the SCM regulations.
6. Purchase order number REQ18561 for procurement of a Cheetah was made to Chazen for the amount of R140 000 as the preferred supplier for the required animal.
7. Purchase order number REQ18940 for procurement of the organisational structure review was made to Vortex Strategic Alignment for the amount of R107 800 as this was an emergency.
8. Purchase order number REQ18771 for procurement of Additional Catering was made to Gourmet Food Services for the amount of R 24 396 as original PO was for a total amount of R29 548 Excl. Vat but on the day the event the number of attendees exceeded the original estimate and an additional amount of R24 396 was to paid.
9. Purchase order number REQ22396 for procurement of Wild African Dogs was made to Bester Birds and Animals for the amount of R42 000 as the preferred supplier for the required service.
10. Purchase order number REQ22002 for procurement of a Male Cheetah was made to Jacobs Safaris for the amount of R114 000 as the preferred supplier for the required animal.
11. Purchase order number REQ22773 for procurement of a Female Cheetah was made to Jacobs Safaris for the amount of R150 000 as the preferred supplier for the required animal.
12. Purchase order number REQ22829 for procurement of 702 Walk the Talk was made to Primedia/702 for the amount of R20 750 as they are sole provider for the required service.
13. Purchase order number REQ23060 for procurement of Birds was made to Bester Birds and Animals for the amount of R32 000 as the preferred supplier for the required service.
14. Purchase order number REQ23227 for procurement of White Pelicans was made to Bester Birds and Animals for the amount of R72 000 as the preferred supplier for the required service.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

15. Purchase order number REQ23061 for procurement of Sable was made to Sable for the amount of R120 000 as the preferred supplier for the required service.

16. Purchase order number REQ23577 for procurement of Impala was made to Sable for the amount of R7 500 as the preferred supplier for the required service.

Joburg Market SOC Limited

1. Sole supplier deviations
Value :R34 089
2. Extension of contracts
Value : R1 632 965
3. During the year under review the Board became aware of procurement irregularities. This necessitated investigations, which resulted in the appointment of forensic investigators and legal counsel.
Value: R6 548 224
4. Avoidable deviations
R297 300

Johannesburg Social Housing Company SOC Limited

1. Delta - Link 12 659 -
 2. Stanford M Electrical 106 422 -
 3. Akula Trading 211 210 972 526 -
 4. Pitney Bowes S.A 5 408 -
 5. CEO Global 6 500 -
 6. Greg & Vermaak Attorneys 50 981 -
 7. South African Housing Foundation 57 000 -
 8. Otis Elevators 103 000 -
 9. CGF Research 40 000 -
 10. Cambridge Energy Efficiency Solution 1 572 447 -
 11. Detalink Consulting 6 726 -
 12. Calgro M3 (PTY) Ltd 26 570 718 -
 13. Reabusa Construction And Suppliers 62 608 -
 14. ETHIQS 259 319 -
 15. Munyai Malaka 3 677 143 -
 16. Work in Development 26 298 213 -
 17. SIRAC Gauteng & North Region 112 860 -
 18. Marcus Evans SA LTD 18 474 -
-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

19.Government Printing Works 2 465 -

20.Dailtron 6 213 -

21.Nyoni Projects 2 941 398 -

22.Thembakele Consulting 468 534 -

23.MMQS 160 611 -

24.Motheo 2 461 105 -

25.Joe Malherbe Attorneys 189 074 -

26.Ezzy property Maintenance & Security 51 289 -

27.Lightyway Skylights 391 432 -

28.Stanford M Electrical 106 422 -.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Johannesburg Roads Agency SOC Limited

1. AECOM SA - Professional Services for the M1 Double Decker Viaduct in Johannesburg
R 119 708
 2. ARQ CONSULTING Engineers - Professional Services for the M1 Double Decker Viaduct in Johannesburg
R 100 161
 3. Thembakele Consulting Engineers - Professional Services for the Design & Construction monitoring of stormwater management system at David Street, Olivedale
R 767 495
 4. SNA Civil Structural Engineers - Professional Services for Urgent repair work on the M1 Double Decker Bridge
R 7 881 500
 5. Otis Pty Ltd - The Upgrade of basement Elevator at JRA Head office
R 1 124 000
 6. Egoli Gas - Bulk Gas Supply to the Asphalt Plant
R 550 741
 7. Gillcels Construction & Projects cc - Repairs to a Burst Pipe at the Laboratory – Main Ablution Facilities
R4 200
 8. Madisha and Associates cc - Emergency Appointment of Stormwater Project in Auckland Park Country Club, Culvert
R 825 203
 9. Madisha and Associates cc - Emergency Appointment Stormwater Project in Auckland Park, BRT Wall
R 825 203
 10. Lettam Building & Civils cc - Emergency Appointment – Remedial Interventions at Erven 98 & Rooiels Road, Sharonlea Extension 1
R 200 000
 11. Molemo Consulting Engineers - Emergency Appointment – Stormwater Project in Surrey Road, Ferndale
R 959 955
 12. Molemo Consulting Engineers - Emergency Appointment – Stormwater Project in Grosvenor Road, Bryanston
R 851 955
 13. SAP - (Sole supplier - New accounting software)
R 17 414 232
 14. Rodecon Engineering - Sole Supplier - Calibration of weighbridges at Asphalt Plant
R 148 392
 15. AHI Carries SA - Emergency Appointment - Repairs of air-condition systems at JRA Head Office
R 10 436
 16. Bizstrat Intelligent Business - Sole Supplier - Sole provider for the 5th Business continuity management disaster recovery and risk management conference
R 20 497
 17. Document Warehouse - Sole Supplier - Storage facilities for JRA documents
R 411 064
 18. Moodie & Robertson R 50 0006
-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Pikitup Johannesburg SOC Limited

1. There were Supply chain management deviations during the year under review resulting from various services procured within the entity amounting to R101 350 322.

City Power Johannesburg SOC Limited

1. Emergency maintenance on Data centre and Disaster recovery Site
R87 000.
2. Emergency procurement of a network core switch
R3 200 000.
3. Emergency replacement of CT's at Multichoice
R100 000.
4. Emergency repairs to restore supply at Ponorama sws
R62 920.
5. Emergency procurement for transformer replacement services
R381 544.
6. Emergency procurement of material for the installation of new meters
R24 845 828.
7. Emergency repairs to 11kv feeder board for the recommissioned standby transformer
R500 000.
8. Emergency repairs to restore Data Centre Firewall
R105 923.
- 9 .Emergency repairs to ABB panel which caused the shutdown of incomer number 3 board
R261 679.
10. Emergency repairs to Roosevelt Park substation
R283 575

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Johannesburg Development Agency SOC Limited

1. The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a service provider to design, manufacture and erect a monumental bronze statue of former President Nelson Mandela for the City of Ramallah in Palestine. The deviation was to shorten the tender advertising period from 14 days to 7 days. The reason for shortening the tender advertising period was due to the stringent time frames to deliver the project.
Koketso Growth (Pty)Ltd R5 974 551
2. The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a contractor for the construction of the Inner City Commuter Links Phases 5 and 6. The deviation was to shorten the tender advertising period from 30 days to 21 days. The tender was initially advertised publicly for 30 days however all submissions were found to be non-compliant by the Bid Evaluation Committee. The tender was then readvertised and due to the stringent timeframes the tender advertising period was shortened.
GVK Siya Zama (Pty) Ltd R 126 095 085
3. The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(i) for the appointment of a service provider to undertake repairs to a burst geyser. The deviation was to request a quotation from one service provider instead of three quotations from three service providers in the JDA database. This was done to minimise further damage to property and goods as a result of the burst geyser.
MBP Earthworks R9340
4. The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a service provider to manage Community Liaison Officers (CLOs) based in Alexandra. Since the beginning of the Alexandra Renewal Programme in 2001 the project has had the services of a group of CLOs. These CLO's were appointed by the Gauteng Department of Human Settlements through an independent service provider. The contract between the Gauteng Department of Human Settlements and the service provider came to an end on 31 March 2015. Replacing the group of CLOs through an open tender process would pose a serious threat to the delivery of projects in Alexandra. The deviation from normal supply chain processes was to enter into direct negotiations with the Cooperative formed by the CLOs with a view of appointing them to provide community liaison services for the Alexandra Renewal Programme.
Ditlodi Community Development Co-operative R968 604

Johannesburg Water SOC Limited

1. Emergencies was procured via negotiations at bid committees R9,441,000 while those procured via written price quotations amounted to R10,505,000.
Total R 19,946,000.
2. Sole suppliers: procured via negotiations at bid committees R49,456,000, while those procured via written price quotations amounted to R 1,748,000.
Total R 51,204,000.
3. Impracticality represents exceptional cases where it was impractical or impossible to follow the official procurement process, procured via negotiations at bid committees R70,829,000, while those procured via written price quotations amounted to R50,697,000.
Total R 121,526,000.

Joburg Theatre SOC Limited

1. Special Work of Art: Services and goods were procured during the financial year which are a special works of art
Total R 6,721,458
 2. Emergency procurement of good and services
Total R 18,842
 3. Procurement of goods and services under exceptional cases
Total R 573,202
-

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

4. Procurement of goods and services from a sole supplier
Total R 619,601

Johannesburg Metrobus Company (Pty) Ltd

1. Month-to-month extensions. The irregular expenditure relates to month-to-month extensions that was granted to existing suppliers pending tender procedures. The tender procedures have been completed for 100% of all

Johannesburg Property Company

1. Contracted Cleaning - Contracts extended to allow for finalisation the tender process
Total R 1,817,650.
2. Operating lease rentals - Lease extended to finalise the Office Space Optimisation programme
Total R97,333,056
3. Other expenditures - Contracts extended to allow for finalisation the tender process
Total R 6,472,802
4. Sole Suppliers - procurement of goods and services from a sole supplier
Total R2,423,124.

CJMM

1. Extension of Joburg Tourism Rental Lease Agreement.

Reason

The Johannesburg Tourism Company (JTC) has been operating its head office at Ground Floor, Grosvenor Corner, Parktown North since its inception in 2005. Due to the incorporation of JTC to Group Communication and Tourism Department (GC&T), the rental agreement for the current lease which expired at end May 2014 had to be extended. GC&T is currently finalising new Tourism office space with Joburg Property Company (JPC) at the Sandton Library (owned by the City of Johannesburg) Nelson Mandela Square. The process has not yet been finalised and is awaiting finalisation a competitive bidding processes for the necessary renovations required for tourism and for the relocation. Hence then deviation.

Value: R397 125

2. Software Support for the Heritage Asset Management Software by the Sole Provider.

Reason

Glomas Africa, is the only company licenced to support the STAR system in South Africa.

Value: R505 644

3. Housing Department

Request for Approval to Purchase Approved Detailed Designs and Bill of Quantities from AS Nonyane Consortium for Driziek Extension 3 & 5.

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Reason.

AS Nonyane Consortium were appointed as the lead consultant by CoJ Housing Department on 15th January 2012 to provide project management services for the Mayibuye Programme for Driziek Ext 3 & 5. The appointment of AS Nonyane Consortium was conducted through the competitive bidding process and it should be noted that the award was done prior to the promulgation of the SCM Policy Section 111 of the MFM Act 56 of 2003 and Supply Chain Management Regulations.

After completing activities on 26th July 2002, AS Nonyane Consortium were instructed to facilitate the construction of internal services i.e water and sewer, roads and stormwater to Driziek Ext 3 & 5, later were instructed to proceed with the procurement of contractors to construct the services. Subsequent to detailed design approval by JRA in 2004, construction of tarred roads and stormwater was delayed due to budget constraints. And changes of design standards introduced by JRA had a negative effect on time and cost for implementing this project.7

Value: DRIZIEK EXTENSION 3 R4 963 716 and DRIZIEK EXTENSION 5 R4 963 716

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

4. City Manager's office (Ombudsman's office)

Purchase of Antique Furniture pieces

Reason

Purchase of Antique furniture per regulation 36(1)(a)(iii)

Value: R140 799

5. GROUP CSS: GICT

Setting up of ICT infrastructure for the New office of the Ombudsman and its Business Operations

Reason

Due to the requirement to set up the office of the Ombudsman prior to establishing its formal procurement office. Due to the short time required to establish the Ombudsman Office it became impractical to follow procurement process

Value: Dimension Data R4 473 321 , EOH R887 479 and Yeo Technologies R887 479

6. Housing Department

Extension of Proposal A456: Panel of Service Providers for the Relocation of Families within the City of Johannesburg Municipality

Reason

The Housing Departments requested the extension of Proposal A456: Panel of Service Provides for the Relocation of Families within the City of Johannesburg, which has exhausted the approved amount of R10 million VAT inclusive within the period of twenty four (24) months instead of the approved thirty six (36) months.

The extension should be for a period of five (5) months and not exceeding R5 million VAT inclusive, in order to allow the Housing Department to follow procurement processes for a new panel of service providers.

Value: R5 000 000

7. Housing Department

The appointment of Valumax Northern Farms (Pty) Ltd Turnkey Developer as Implementing Agent of the remainder of Portion 1 Land Description) and Incorporation of the Remainder of Portion 1 as part of Diepsloot 388 JR Riverside Extension 28 Integrated Housing Development

Reason

The Housing Departments requests the authorisation of the EAC to incorporate the Remainder of Portion 1 of the Farm Diepsloot 388 with Riverside View Extension 28 which was approved by EAC in line with Mayoral approval report presented by JPC and also to appoint Valumax Northern Farm (Pty) Ltd to be turnkey developer for Riverside View Extension 28 and Remainder of Portion 1

Value: R294 780 000

8. Housing Department

Payment of the Service Provider

Reason

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

60. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

The Housing Departments requests the extension of the management contract held by MES of Linatex Building and Ekuthuleni for emergencies and temporary accommodation for people who are either evicted or without accommodation within the Innerscity.

ValueR777000

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

61. HEDGING ACTIVITIES

During the financial year 2010/2011, CJMM entered into an interest rate swap by exchanging the Nedbank R1 billion 3 months JIBAR rate + 280 bsp for a 11.66% fixed interest rate.

Swap Details

Trade Date :	30 March 2011
Settlement Date:	29 March 2018
Nominal Amount:	R 1,000 (million)
Fixed Rate:	11.66%
Payable:	Semi- annual

Given that the effectiveness of the cash flow hedge is 165.78 percent which is not within the 80-125 percent effectiveness range, the hedge no longer meets the criteria for hedge accounting in IAS 39.88. Given the ineffectiveness of the cash flow hedge in the current period, the COJ will discontinue with hedge accounting. Thus the reserve of R 37,720,743 shall be reclassified from equity to profit or loss when the forecast transaction occurs. During the current financial year R 18,150,931 of the reserve was reclassified to profit/loss.

The hedge effectiveness was assessed using the following method:

- Dollar - Offset Method 118,51%

CASH FLOW RESERVE

Opening Balance	37 721	54 928	37 721	54 928
Fair value movement - SWAP	(18 151)	(17 207)	(18 151)	(17 207)
	19 570	37 721	19 570	37 721
Interest expense recognised in the statement of financial performance during the financial period	37 381	34 205	37 381	34 205

City of Johannesburg Metropolitan Municipality

Group Annual Financial Statements for the year ended 30 June 2015

Notes to the Group Annual Financial Statements

Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014

62. RELATED PARTIES

Relationships

CORE

Other members of the group

City of Johannesburg Metropolitan Municipality
 Johannesburg City Parks
 Johannesburg Metropolitan Bus Services (Pty) Ltd
 Johannesburg Social Housing Company (Pty) Ltd
 City Power Johannesburg (Pty) Ltd
 Johannesburg Development Agency (Pty) Ltd
 Johannesburg Roads Agency (Pty) Ltd
 Johannesburg Water (Pty) Ltd
 The Johannesburg Civic Theatre (Pty) Ltd
 The Johannesburg Fresh Produce Market (Pty) Ltd
 Pikitup Johannesburg (Pty) Ltd
 City of Johannesburg Property Company (Pty) Ltd
 Golden Triangle Development Company (Pty) Ltd
 refer to note 19
 Joshco Madulamoho Joint Venture (JMJV)
 Friedshelf 128 (Pty) Ltd Refer to note 20

Joint ventures

Associates

Related party balances

Amounts included in Loans,

Trade and other receivables regarding related parties

City Power Johannesburg (Pty) Ltd	3 981 965	2 706 007
City of Johannesburg Property Company (Pty) Ltd	236 037	414 101
Johannesburg City Parks	39 133	69 445
Johannesburg Development Agency (Pty) Ltd	70 854	11 503
Johannesburg Metropolitan Bus Services (Pty) Ltd	323 182	242 558
Johannesburg Roads Agency (Pty) Ltd	123 055	208 006
Johannesburg Social Housing Company (Pty) Ltd	16 436	36 586
Johannesburg Water (Pty) Ltd	4 366 719	3 921 665
Pikitup Johannesburg (Pty) Ltd	1 088 547	1 130 326
The Johannesburg Civic Theatre (Pty) Ltd	3 220	2 550
The Johannesburg Fresh Produce Market (Pty) Ltd	111 427	153 968
	10 360 575	8 896 715

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Figures in Rand thousand	GROUP		CJMM	
	2015	2014	2015	2014
62. RELATED PARTIES (continued)				
Amounts included in Loans, Trade and other payables regarding related parties				
City Power Johannesburg (Pty) Ltd			2 251 768	2 704 046
City of Johannesburg Property Company (Pty) Ltd			252 262	393 954
Johannesburg City Parks			604 570	533 864
Johannesburg Development Agency (Pty) Ltd			868 828	493 165
Johannesburg Metropolitan Bus Services (Pty) Ltd			30 113	32 233
Johannesburg Roads Agency (Pty) Ltd			822 118	557 449
Johannesburg Social Housing Company (Pty) Ltd			246 143	141 786
Johannesburg Water (Pty) Ltd			643 470	688 680
Pikitup Johannesburg (Pty) Ltd			1 060 557	912 256
The Johannesburg Civic Theatre (Pty) Ltd			7 196	6 046
The Johannesburg Fresh Produce Market (Pty) Ltd			40 546	94 463
			6 827 571	6 557 942
Related party transactions				
Revenue from related parties				
City Power Johannesburg (Pty) Ltd			422 634	437 454
City of Johannesburg Property Company (Pty) Ltd			7 005	4 575
Johannesburg City Parks			50 215	11 052
Johannesburg Development Agency (Pty) Ltd			7 832	1 466
Johannesburg Metropolitan Bus Services (Pty) Ltd			49 142	21 517
Johannesburg Roads Agency (Pty) Ltd			26 695	11 917
Johannesburg Water (Pty) Ltd			569 004	565 205
Pikitup Johannesburg (Pty) Ltd			25 775	60 096
The Johannesburg Civic Theatre (Pty) Ltd			8 413	6 854
The Johannesburg Fresh Produce Market (Pty) Ltd			64 397	17 710
			1 231 112	1 137 846
Operating Expenditure				
City Power Johannesburg (Pty) Ltd			186 494	334 743
City of Johannesburg Property Company (Pty) Ltd			294 133	282 970
Johannesburg City Parks			691 953	585 177
Johannesburg Development Agency (Pty) Ltd			26 855	27 380
Johannesburg Metropolitan Bus Services (Pty) Ltd			403 775	331 049
Johannesburg Roads Agency (Pty) Ltd			768 941	660 483
Johannesburg Social Housing Company (Pty) Ltd			25 580	20 158
Johannesburg Water (Pty) Ltd			272 182	262 366
Pikitup Johannesburg (Pty) Ltd			592 918	583 788
The Johannesburg Civic Theatre (Pty) Ltd			70 545	63 913
The Johannesburg Fresh Produce Market (Pty) Ltd			16 730	14 119
			3 350 106	3 166 146

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Figures in Rand thousand

63. CHANGE IN ESTIMATE

Allowance for debt impairment of consumer debtors

Management utilises judgement in evaluating credit risk related to customers. Judgement is based on various factors including, but not limited to, historical information available for different categories of consumer debtors.

Evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulty, default of delinquency in interest or principal payments.

Management has revised its estimates on impairment of water consumer debtors:

64. SINKING FUND

The following table indicates the value of the sinking fund disclosed as other financial assets at fair value note 11 and other financial liabilities at fair value note 30.

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

The Terms are such that the collateralised asset upon maturity should be of the same value as the liability so that the liability can be redeemed.

Sinking Fund - Maturity - 5 June 2023

	GROUP	
Cash and Cash Equivalents	401 982	14 234
Current Assets at Fair Value	3 788 897	2 483 152
Non-Current Assets at Fair Value	4 588 635	2 245 558
Total Assets	8 779 514	4 742 944
Current Liabilities at Fair Value	(137 929)	(1 081 897)
Non-Current Liabilities at Fair Value	(4 881 892)	(413 553)
Total Value of Fund	3 759 693	3 247 494

65. EVENTS AFTER THE REPORTING PERIOD

On 14 October 2015 a scaffolding which was being erected in preparation for the construction of the Great Walk Pedestrian Bridge over the M1 highway in Sandton collapsed. Regrettably there were two fatalities and nineteen injuries. An investigation process is in progress to determine the root cause of the collapse of the scaffolding equipment which was completed in preparation for construction of the pedestrian bridge over the M1 freeway along the Grayston Drive Bridge.

Three independent engineering investigation processes have been commissioned by:

- City of Johannesburg
- Department of Labour
- Murray & Roberts (main contractor)

Findings of the investigation would be provided to the relevant stakeholders in the middle of 2016.