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CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

General Information

MAYORAL COMMITTEE

Executive Mayor	Parks Mpho Tau (Chairperson) (1 JUNE 2011 - 30 JUNE 2016)
	Amos Masondo (Chairperson) (1 JULY 2006 - 31 MAY 2011)
Councillors	(1 JUNE 2011 - 30 JUNE 2016) Ruby Mathang (Development Planning and Urban Management) Geoff Makhubo (Finance) Mally Mokoena (Environment and Corporate Services) Sello Lemao (Economic Development) Nonceba Molwele (Health and Human Development) Matshidiso Mfikoe (Public Safety) Rosslyn Greeff (Infrastructure and Services) Rehana Moosajee (Transportation) Daniel Bovu (Housing) Connie Bapela (Speaker of Council) Chris Vondo (Community Development) Prema Naidoo (Chief Whip) Elginah Ndhlovhu (Chief of Staff) Bafana Sithole (Ordinary Councillor) Bhengeza Mthombeni (Ordinary Councillor) Christene Walters (Ordinary Councillor) Nkele Ntingane (Ordinary Councillor)
	(1 JULY 2006 - 31 MAY 2011) Parks Mpho Tau (Finance) Ruby Mathang (Housing) Matshidiso Mfikoe (Environment and Corporate Services) Rosslyn Greeff (Development Planning and Urban Management) Rehana Moosajee (Transportation) Prema Naidoo (Chief Whip) Elgina Ndlovu (Public Safety) Bafana Sithole (Community Development) Bhengeza Mthombeni (Health) Oupa Monareng (Economic Development) Christine Walters (Infrastructure and Services) Nkele Ntingane (Speaker of Council) Mally Mokoena (Ordinary Councillor) Nonceba Molwele (Ordinary Councillor) Daniel Bovu (Ordinary Councillor) Connie Bapela (Ordinary Councillor)

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
ACTING EXECUTIVE DIRECTOR : FINANCE	Lungelwa Sonqishe
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
BANKERS	ABSA Bank Limited
AUDITORS	The Office of the Auditor-General : Gauteng Registered Auditors 61 Central Street Houghton 2198 PO Box 91081 Auckland Park 2006

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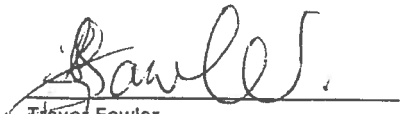
ABBREVIATIONS

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
GAMAP	Generally Accepted Municipal Accounting Practice
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
MIG	Municipal Infrastructure Grant (Previously CMIP)
NDR	Non-distributable Reserve
PAYE	Pay As You Earn
PPE	Property, plant and equipment
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SARS	South Africa Revenue Services
SCA	Supreme Court of Appeal
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

Municipal Manager's approval of the Annual Financial Statements

I am responsible for the preparation of the Group Annual Financial Statements for the Group 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.



Trevor Fowler
Municipal Manager

Auditor's report of the Auditor-General to the Gauteng Provincial Legislature on the City of Johannesburg Metropolitan Municipality for the year ended 30 June 2011

AUDITOR-GENERAL
SOUTH AFRICA

Mr T Fowler
Accounting Officer
City of Johannesburg Metropolitan Municipality
Private Bag X1049
Johannesburg
2000

15 December 2011

Reference: TS98 19611

Dear Mr Fowler

Report of the Auditor-General on the consolidated financial statements and other legal and regulatory requirements of City of Johannesburg Metropolitan Municipality for the year ended 30 June 2011

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA; you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
    - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the consolidated financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.

- The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format if needed.

6. Please notify the undersigned Corporate Executive well in advance of the date on which the annual report containing this audit report will be tabled.
7. Please submit 5 copies of the annual report to the AGSA (Attention Ockie Ludick) at 61 Central Street, Houghton.
8. The tabled report must be submitted to MPAC.
9. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

.....
Corporate Executive: Gauteng

Enquiries: Ockie Ludick
Telephone: (011) 703 7638
Fax: (011) 703 7690

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND COUNCIL ON THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying consolidated and separate financial statements of the City of Johannesburg Metropolitan Municipality (municipality), which comprise the consolidated and separate statement of financial position as at 30 June 2011, and the consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages XX to XX.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as management determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these consolidated and separate financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as

evaluating the overall presentation of the consolidated and separate financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property rates revenue

7. Included in revenue of R28 916 590 000 (2010: R26 092 141 000), is an amount of R4 892 594 000 (2010: R4 050 071 000), relating to property rates. Material differences were identified between the billing data and the source data relating to property categories and market values without complete audit evidence. The municipality's records did not permit the application of alternative audit procedures regarding the differences identified in property rates revenue. Consequently, I was unable to verify the accuracy, cut-off, completeness and occurrence of the differences included in the amount of R4 892 594 000 (2010: R4 050 071 000) relating to property rates revenue, as per note 29 to the financial statements.

Service charges revenue

8. Included in revenue of R28 916 590 000 (2010: R26 092 141 000), is an amount of R15 216 312 000 (2010: R12 477 685 000) relating to revenue for the supply of electricity and water by City Power Johannesburg SOC Ltd (City Power) and Johannesburg Water SOC Ltd (Johannesburg Water) respectively. Material differences were identified between the billing data and the source data relating to meter readings and property categories, without complete audit evidence. The entitys' records did not permit the application of alternative audit procedures regarding the differences identified in service charges revenue. Consequently, I was unable to verify the accuracy, cut-off, completeness and occurrence of the differences included in the amount of R15 216 312 000 (2010: R12 477 685 000) relating to revenue for the supply of electricity and water, as per note 30 to the financial statements.

Consumer debtors

9. As per paragraphs 7 and 8 above, there were material shortcomings that were identified during the audit of the revenue billing and management system which raised uncertainties regarding the accuracy, cut-off, completeness and occurrence of revenue and consumer debtors' financial data. Due to the significance of the matters described in the preceding paragraphs, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation, allocation of and rights pertaining to debtors of R4 423 238 000 (2010: R2 911 471 000), as per note 8 to the financial statements, with respect to the municipality and the entities mentioned in the preceding paragraphs.

Leave accrual

10. Included in trade and other payables of R7 133 946 000 (2010: R6 172 975 000) is an amount of R230 081 000 relating to leave pay accrual. The municipality could not provide sufficient appropriate audit evidence to support the accuracy of the leave days balance at year-end. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all leave was properly recorded. Consequently I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, valuation and obligations pertaining to the liability as per note 21 to the financial statements.

Qualified opinion

11. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Johannesburg Metropolitan Municipality (municipality) and its entities as at 30 June 2011, and their financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

13. With reference to note 45 to the financial statements, the municipality is the defendant in various lawsuits. The municipality is opposing the claims, as it believes the claims to be baseless. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

14. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during the year ended 30 June 2011.

Unauthorised expenditure

15. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R48 498 000 as a result of exceeding the total budgeted amounts in expenditure.

Irregular expenditure

16. As disclosed in note 50 to the financial statements, the municipality and its entities incurred irregular expenditure of R397 656 000 as a result of non-compliance with supply chain management (SCM) regulations.

Material losses

17. As disclosed in note 8 to the financial statements, material losses to the amount of R1 217 000 000 were incurred as a result of electricity distribution losses. The total technical losses of electricity incurred amounted to R568 000 000. Non-technical losses amount to R649 000 000 and are due to electricity theft, tampering and faulty meters.

18. As disclosed in note 8 to the financial statements, material losses to the amount of R827 000 000 were incurred as a result of unaccounted for water.

19. As disclosed in note 55 to the financial statements, material losses to the amount of R6 165 000 were incurred as a result of cash losses due to banking shortages.

Going concern

20. The consolidated statement of financial position shows that the total assets exceed total liabilities, fairly valued. However, a municipal entity, Pikitup Johannesburg SOC Ltd (Pikitup) has prepared its financial statements on a going concern basis even though the entity had an accumulated deficit of R363 443 155 and the total liabilities exceed total assets by R353 041 153. These conditions indicated the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern.

Additional matter

21. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

22. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

23. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I include below my findings on the annual performance report as set out on pages ... to ... and material non-compliance with laws and regulations applicable to the municipality and its entities.

Predetermined objectives

Usefulness of information

24. The reported performance information was deficient in respect of the following criteria:

- Consistency: The reported indicators or targets are not consistent with the approved integrated development plan or business plan.
- Measurability: The indicators are not well defined, and targets are not specific, measurable and time bound.

25. The following audit findings relate to the above criteria:

Reported indicators are not consistent when compared with the planned indicators

- The actual achievements with regard to 29% of all planned indicators specified in the integrated development plan for the municipality for the year under review were not included in the report on predetermined objectives submitted for audit purposes.
- The actual achievements with regard to 30% of all planned indicators specified in the business plan for Pikitup for the year under review were not included in the report on predetermined objectives submitted for audit purposes.

Changes to planned targets are not approved

- Different targets were reported on as opposed to the approved business plan at Pikitup. These different targets were not approved subsequent to the strategic planning process.

Planned and reported indicators are not well defined

- For the selected objectives at Roodepoort City Theatre SOC Ltd (RCT), 27% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.
- For the selected objectives at Johannesburg Fresh Produce Market SOC Ltd (JFPM), 21% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.
- For the selected objectives at Johannesburg City Parks (JCP), none of the planned and reported indicators were clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

Planned and reported targets are not specific, measurable and time bound

- For the selected objectives at Metropolitan Trading Company SOC Ltd (MTC), 26% of the planned and reported targets were not:
  - specific in clearly identifying the nature and the required level of performance;
  - measurable in identifying the required performance;
  - time bound in specifying the time period or deadline for delivery.
- For the selected objectives at JFPM, 31% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance.

Reliability of information

26. The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did not occur and does not pertain to the entity.
- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.

27. The following audit findings relate to the above criteria:

The validity, accuracy and completeness of reported performance against targets could not be confirmed as inadequate supporting source information was provided

- For the selected objectives at RCT, the validity and accuracy of 33% of the reported targets could not be established as sufficient appropriate audit evidence could not be provided.
- For the selected objective at JCP (Extended Public Works Program (EPWP)) that is material by nature and amount, the validity, accuracy and completeness of the reported target could not be established as sufficient appropriate audit evidence could not be provided.
- For the selected objectives at Johannesburg Property Company SOC Ltd, the validity and accuracy of 25% of the reported targets could not be established as sufficient appropriate audit evidence could not be provided.

Compliance with laws and regulations

Annual financial statements, performance and annual reports

28. The financial statements submitted by the municipality, City Power Johannesburg and Johannesburg Water for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue, consumer debtors, property, plant and equipment and various disclosure items identified by the auditors were subsequently corrected.

Procurement and contract management

29. Awards were made by the municipality to providers who are persons in service of the municipality in contravention of SCM regulation 44. Furthermore, the providers failed to declare that they are in the service of the municipality as required by SCM regulation 13(c).

30. Awards were made by the municipality and MTC to providers who are persons in service of other state institutions in contravention of the requirements of SCM regulation 44.

Furthermore, the providers failed to declare that they are in the service of the state as required by SCM regulation 13(c).

31. Goods and services of a transaction value above R200 000 were procured by the municipality and RCT without inviting competitive bids as per the requirements of SCM regulations 19(a) and 36(1).

Expenditure management

32. Money owing by the municipality and MTC was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) and section 99(2)(b) of the MFMA respectively.

33. The accounting officer of the municipality did not take reasonable steps in certain instances to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.

34. The accounting officers of the municipal entities did not take reasonable steps in certain instances to prevent irregular expenditure, as required by section 95(d) of the MFMA.

Revenue management

35. Revenue per billing reports generated by the municipality was not always reconciled to the accounting records at least on a weekly basis, as required by section 64(2)(h) of the MFMA.

36. Contrary to the requirements of the water by-laws of the municipality, water consumption was billed on estimates for more than six months.

37. The accounting officer did not take all reasonable steps to address deficiencies relating to access controls and user account management in the billing system. In addition, processes to advise municipal entities of deleted meter readings as well as validation parameters were inadequate. Consequently, the municipality did not have an adequate system which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.

38. Revenue billed was not reconciled to the source data relating to the meter readings on a monthly basis. In addition revenue per billing reports and other adjustments are not reconciled to the accounting records of Johannesburg Water and City Power resulting in non- compliance with section 98(a) of the MFMA.

39. The accounting officers of Johannesburg Water and City Power did not take all reasonable steps to ensure that meter readings are reviewed for credibility, exception reports are followed up and cleared on a timeous basis and that discipline is enforced to regularly read meters. Therefore, an adequate management and accounting system was not properly maintained as required by section 97(h) of the MFMA.

INTERNAL CONTROL

In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

40. Monitoring controls to ensure adherence to the internal policies and procedures for the correct recording of revenue and consumer debtors were not sufficient.

41. The IT governance framework that supports and enables the business, delivers value and improves performance has not been finalised.

42. In certain instances, the accounting officers of the municipality and its entities did not exercise oversight responsibility regarding financial and performance reporting and compliance with MFMA and SCM regulations.

Financial and performance management

43. As mentioned in paragraph 35 above, reconciliations between the various billing reports generated from the billing system were not adequately reviewed to identify potential errors in the billings to consumers.

44. The information system for recording revenue and debtors does not ensure that source data and billing data are aligned.

45. The financial statements of the municipality and its entities contained misstatements that were corrected. This was mainly due to inadequate review of the financial statements by senior management, prior to submission for auditing.

46. As mentioned in paragraph 38 above, management at Johannesburg Water and City Power did not ensure that revenue reconciliation between meter readings, billing reports and the municipal entities' accounting records were performed on a regular basis.

47. As mentioned in paragraph 39 above, management at Johannesburg Water and City Power did not ensure that meter readings are credible, exception reports are followed up and cleared and meters are regularly read. In addition, remedial action as provided for in service level agreements is not taken against service providers who supply incorrect meter readings.

48. Management at Johannesburg Water and City Power did not ensure that adequate reasons for overriding or amending meter readings by the billing department are received and resolved timeously.

49. Management at the municipality and its entities did not review and monitor compliance with applicable laws and regulations, specifically the MFMA and SCM regulations.

50. Management at the municipality and its entities did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information were not prepared.

OTHER REPORTS

Investigations

51. Seventy four cases of alleged irregularities were being investigated. Four of these were conducted by external investigators and the remainder were investigated by the forensic section of the municipality's internal audit division during the 2010-11 financial year. Of these, sixty six have been finalised. The nature of the cases covered a wide spectrum of activities namely, bribery, theft, financial corruption, tender irregularities and various other issues. These fraudulent activities covered various departments of the municipality including some of the entities and eight cases were still pending as investigations were still in progress.

Agreed upon procedures engagements

52. As requested by the municipality, an agreed upon procedure engagement was conducted during the year under review concerning the issue of R850 million notes on Domestic Medium Term Note Programme and Issue of Notes. The report covered the period 1 July 2010 to 31 January 2011 and was issued on 22 March 2011.

Auditor - General

Johannesburg

15 December 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position

		GROUP		CORE	
Figures in Rand thousand	Note(s)	2011	2010	2011	2010
ASSETS					
Current Assets					
Inventories	3	214,456	177,858	100,252	29,275
Loans to Municipal Entities	4	-	-	832,770	853,708
Other financial assets	5	157,944	37,058	157,944	37,058
Current tax receivable		2,384	35,062	-	-
Trade and other receivables	6	1,122,207	1,320,865	2,292,084	1,601,935
VAT receivable	7	143,525	79,498	140,337	73,914
Consumer debtors	8	4,423,238	2,911,471	477,686	739,758
Cash and cash equivalents	9	690,107	305,832	643,438	276,621
		6,753,861	**4,867,644**	**4,644,511**	**3,612,269**
Non-Current Assets					
Investment property	10	1,206,069	1,095,015	1,159,272	1,047,943
Property, plant and equipment	11	36,199,146	33,806,437	23,290,201	22,105,922
Intangible assets	12	852,083	1,014,514	570,053	760,054
Investments in Municipal Entities	13	-	-	269,643	265,615
Investment in joint ventures	14	31,423	30,962	-	-
Investments in associates	15	10,964	3,423	-	-
Loans to Municipal Entities	4	-	-	5,664,918	5,182,594
Other financial assets	5	2,431,586	2,071,318	2,431,586	2,071,318
Deferred tax	16	18,351	6,894	-	-
Consumer debtors	8	59,576	33,983	59,576	33,983
		40,809,198	**38,062,546**	**33,445,249**	**31,467,429**
Non-current assets held for sale and assets of disposal groups	17	3,679	-	-	-
Total Assets		**47,566,738**	**42,930,190**	**38,089,760**	**35,079,698**

Statement of Financial Position

		GROUP		CORE	
Figures in Rand thousand	Note(s)	2011	2010	2011	2010
LIABILITIES					
Current Liabilities					
Loans and borrowings	19	366,309	429,018	336,996	348,593
Current tax payable		12,278	3,445	-	-
Finance lease obligation	20	25,458	30,287	19,882	23,907
Trade and other payables	21	7,135,122	6,173,459	6,498,166	5,485,142
VAT payable	7	710,833	406,362	-	-
Obligations arising from conditional grants and receipts	22	539,168	609,004	515,939	577,722
Provisions	23	15,720	16,011	14,545	13,570
Deferred income	25	9,123	975	-	-
Bank overdraft	9	72	5,197	-	-
		8,814,083	**7,673,758**	**7,385,528**	**6,448,934**
Non-Current Liabilities					
Loans and borrowings	19	11,843,619	10,657,879	11,824,608	10,610,098
Finance lease obligation	20	69,124	73,686	64,388	67,434
Retirement benefit obligation	24	1,732,939	1,830,790	1,773,642	1,840,913
Deferred tax	16	697,964	438,796	-	-
Provisions	23	662,029	672,389	355,054	310,090
Deferred income	25	1,930,194	1,849,351	1,875,752	1,820,483
Interest rate swap liability	26	43,098	-	43,098	-
Consumer deposits	27	400,959	412,732	214,011	224,511
		17,379,926	**15,935,623**	**16,150,553**	**14,873,529**
Total Liabilities		**26,194,009**	**23,609,381**	**23,536,081**	**21,322,463**
Net Assets		**21,372,729**	**19,320,809**	**14,553,679**	**13,757,235**
NET ASSETS					
Hedging reserve		(43,098)	-	(43,098)	-
Associated NDR		10,401	3,809	-	-
Capital replacement reserve		14,260	93,049	14,260	93,049
COID reserve		129,223	102,535	129,223	102,535
Accumulated surplus		21,261,943	19,121,416	14,453,294	13,561,651
Total Net Assets		**21,372,729**	**19,320,809**	**14,553,679**	**13,757,235**

Statement of Financial Performance

		GROUP		CORE	
Figures in Rand thousand	Note(s)	2011	2010	2011	2010
Revenue					
Property rates	29	4,892,594	4,050,071	4,892,594	4,050,071
Service charges	30	15,216,312	12,477,685	855,057	761,268
Rental facilities and equipment		145,502	147,554	52,107	70,155
Interest received		502,018	606,047	1,052,211	1,168,422
Income from agency services		168,166	146,418	168,166	146,418
Public contributions, Donated and contributed property, plant and equipment		99,468	9,198	99,420	9,198
Fines		315,660	257,645	315,660	257,645
Licenses and permits		806	917	806	917
Government grants	31	6,153,211	6,952,278	5,987,314	6,654,528
Reversal of impairment	32	-	-	17,984	17,267
Other revenue	33	1,422,853	1,444,328	782,750	436,901
Total Revenue		**28,916,590**	**26,092,141**	**14,224,069**	**13,572,790**
Expenditure					
Employee related costs	34	(6,497,751)	(5,925,902)	(3,799,497)	(3,352,294)
Remuneration of councillors	35	(80,646)	(74,439)	(80,646)	(74,439)
Depreciation and amortisation	36	(1,445,618)	(1,183,684)	(941,597)	(695,905)
Net impairment losses	37	(42,789)	(37,120)	(41,872)	(36,202)
Finance costs		(1,522,641)	(1,661,288)	(1,480,772)	(1,563,779)
Allowance for impairment of current receivables	38	(2,729,242)	(2,080,305)	(1,217,547)	(425,942)
Repairs and maintenance		(497,227)	(447,677)	(114,607)	(83,727)
Bulk purchases	39	(8,162,421)	(6,310,094)	-	-
Contracted services	40	(2,774,112)	(2,523,988)	(1,406,326)	(1,135,051)
Grants and subsidies paid	41	(111,793)	(181,620)	(2,428,118)	(2,307,115)
General Expenses	42	(2,734,252)	(2,830,505)	(1,922,863)	(2,059,870)
Total Expenditure		**(26,598,492)**	**(23,256,622)**	**(13,433,845)**	**(11,734,324)**
(Loss)/gain on disposal of property, plant and equipment		(15,283)	(3,406)	(6,429)	(1,757)
Share of deficit of associate accounted for under the equity method		889	(229)	-	-
Taxation		(271,025)	(349,537)	-	-
Surplus for the year		**2,032,679**	**2,482,347**	**783,795**	**1,836,709**

Statement of Changes in Net Assets

Figures in Rand thousand	Note(s)	Capital replacement reserve	Cashflow hedge reserve	Associated NDR	COID reserve	Total reserves	Accumulated surplus	Total equity
GROUP								
Opening balance as previously reported		85,187	-	2,899	78,541	166,627	16,201,348	16,367,975
Adjustments								
Change in accounting policy		-	-	-	-	-	5,909	5,909
Prior year adjustments	46	-	-	-	-	-	341,370	341,370
Balance at 01 July 2009 as restated		**85,187**	**-**	**2,899**	**78,541**	**166,627**	**16,548,627**	**16,715,254**
Changes in net assets								
Contribution to COID Reserve		-	-	-	39,161	39,161	(39,161)	-
COID claims processed		-	-	-	(15,167)	(15,167)	15,167	-
Transfer to CRR		118,149	-	-	-	118,149	(118,149)	-
Unbundling of land		-	-	-	-	-	122,298	122,298
Net revenue (expenditure) recognised directly in equity		118,149	-	-	23,994	142,143	(19,845)	122,298
Surplus for the year		-	-	-	-	-	2,482,347	2,482,347
Total recognised revenue and expenditure for the year		118,149	-	-	23,994	142,143	2,462,502	2,604,645
PPE purchases from CRR		(110,287)	-	-	-	(110,287)	110,287	-
Equity share in associate		-	-	910	-	910	-	910
Total changes		7,862	-	910	23,994	32,766	2,572,789	2,605,555
Opening balance as previously reported		93,049	-	3,809	102,535	199,393	19,436,560	19,635,953
Adjustments								
Prior year adjustments	46	-	-	-	-	-	(315,144)	(315,144)
Balance at 01 July 2010 as restated		**93,049**	**-**	**3,809**	**102,535**	**199,393**	**19,121,416**	**19,320,809**
Changes in net assets								
Capitalisation adjustment		-	(43,098)	-	-	(43,098)	-	(43,098)
Contribution to COID Reserve		-	-	-	43,220	43,220	(43,220)	-
COID claims processed		-	-	-	(16,532)	(16,532)	16,532	-
Transfer to CRR		126,617	-	-	-	126,617	(126,617)	-
Unbundling of land		-	-	-	-	-	55,747	55,747
Net revenue (expenditure) recognised directly in equity		126,617	(43,098)	-	26,688	110,207	(97,558)	12,649
Surplus for the year		-	-	-	-	-	2,032,679	2,032,679
Total recognised revenue and expenditure for the year		126,617	(43,098)	-	26,688	110,207	1,935,121	2,045,328
PPE purchases from CRR		(205,406)	-	-	-	(205,406)	205,406	-
Equity share in associate		-	-	6,592	-	6,592	-	6,592
Total changes		(78,789)	(43,098)	6,592	26,688	(88,607)	2,140,527	2,051,920
Balance at 30 June 2011		**14,260**	**(43,098)**	**10,401**	**129,223**	**110,786**	**21,261,943**	**21,372,729**

Statement of Changes in Net Assets

Figures in Rand thousand	Note(s)	Capital replacement reserve	Cashflow hedge reserve	Associated NDR	COID reserve	Total reserves	Accumulated surplus	Total equity
CORE								
Opening balance as previously reported		85,187	-	-	78,541	163,728	11,390,794	11,554,522
Adjustments								
Change in accounting policy		-	-	-	-	-	442	442
Prior year adjustments	46	-	-	-	-	-	243,264	243,264
Balance at 01 July 2009 as restated		**85,187**	**-**	**-**	**78,541**	**163,728**	**11,634,500**	**11,798,228**
Changes in net assets								
Contribution to COID Reserve		-	-	-	39,161	39,161	(39,161)	-
COID claims processed		-	-	-	(15,167)	(15,167)	15,167	-
Transfer to CRR		118,149	-	-	-	118,149	(118,149)	-
Unbundling of land		-	-	-	-	-	122,298	122,298
Net revenue (expenditure) recognised directly in equity		118,149	-	-	23,994	142,143	(19,845)	122,298
Surplus for the year		-	-	-	-	-	1,836,709	1,836,709
Total recognised revenue and expenditure for the year		118,149	-	-	23,994	142,143	1,816,864	1,959,007
PPE purchases from CRR		(110,287)	-	-	-	(110,287)	110,287	-
Total changes		7,862	-	-	23,994	31,856	1,927,151	1,959,007
Opening balance as previously reported		93,049	-	-	102,535	195,584	13,564,306	13,759,890
Adjustments								
Prior year adjustments	46	-	-	-	-	-	(2,655)	(2,655)
Balance at 01 July 2010 as restated		**93,049**	**-**	**-**	**102,535**	**195,584**	**13,561,651**	**13,757,235**
Changes in net assets								
Capitalisation adjustment		-	(43,098)	-	-	(43,098)	-	(43,098)
Contribution to COID Reserve		-	-	-	43,220	43,220	(43,220)	-
COID claims processed		-	-	-	(16,532)	(16,532)	16,532	-
Transfer to CRR		126,617	-	-	-	126,617	(126,617)	-
Unbundling of land		-	-	-	-	-	55,747	55,747
Net revenue (expenditure) recognised directly in equity		126,617	(43,098)	-	26,688	110,207	(97,558)	12,649
Surplus for the year		-	-	-	-	-	783,795	783,795
Total recognised revenue and expenditure for the year		126,617	(43,098)	-	26,688	110,207	686,237	796,444
PPE purchases from CRR		(205,406)	-	-	-	(205,406)	205,406	-
Total changes		(78,789)	(43,098)	-	26,688	(95,199)	891,643	796,444
Balance at 30 June 2011		**14,260**	**(43,098)**	**-**	**129,223**	**100,385**	**14,453,294**	**14,553,679**

Cash Flow Statement

Figures in Rand thousand	Note(s)	GROUP 2011	GROUP 2010	CORE 2011	CORE 2010
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Sale of goods and services		22,261,361	18,533,816	7,184,544	5,749,840
Grants		6,153,211	6,952,278	5,987,314	6,654,528
Interest income		308,937	420,237	975,005	1,074,306
		28,723,509	25,906,331	14,146,863	13,478,674
Payments					
Employee costs		(6,497,751)	(5,925,902)	(3,799,497)	(3,352,294)
Suppliers		(17,431,943)	(15,354,724)	(7,201,688)	(6,779,048)
Finance costs		(1,522,641)	(1,661,288)	(1,480,772)	(1,563,779)
Taxes on surpluses		(271,025)	(349,537)	-	-
		(25,723,360)	(23,291,451)	(12,481,957)	(11,695,121)
Net cash flows from operating activities	43	**3,000,149**	**2,614,880**	**1,664,906**	**1,783,553**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(3,786,174)	(4,625,881)	(2,044,487)	(3,051,409)
Proceeds from sale of property, plant and equipment	11	79,248	76,676	24,013	44,146
Purchase of other intangible assets	12	(55,461)	(449,308)	(6,426)	(427,969)
Investments made		(171,513)	-	(171,513)	-
Investments redeemed		255,452	1,079,828	251,884	1,057,263
(Increase)/decrease in non current receivables		3,031	615,519	(440,371)	(90,375)
Net cash flows from investing activities		**(3,675,417)**	**(3,303,166)**	**(2,386,900)**	**(2,468,344)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(287,506)	(1,260,229)	(283,296)	(1,260,229)
Proceeds from borrowings		1,512,029	1,993,007	1,512,029	1,993,007
Repayment of provisions		(9,800)	(307,196)	-	(280,000)
Finance lease payments		(9,389)	(6,322)	(7,071)	(2)
Repayment of post retirement benefits		(128,893)	(127,233)	(122,351)	(122,895)
Increase/(decrease) in consumer deposits		(11,773)	29,408	(10,500)	13,308
Net cash flows from financing activities		**1,064,668**	**321,435**	**1,088,811**	**343,189**
Net increase/(decrease) in cash and cash equivalents		**389,400**	**(366,851)**	**366,817**	**(341,602)**
Cash and cash equivalents at the beginning of the year		300,635	667,486	276,621	618,223
Cash and cash equivalents at the end of the year	9	**690,035**	**300,635**	**643,438**	**276,621**

Accounting Policies

1. Presentation of Group Annual Financial Statements

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

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

The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1 Consolidation

Basis of consolidation

Consolidated Annual Financial Statements are the Annual Financial Statements of the Group presented as those of a single entity.

The consolidated Annual Financial Statements incorporate the Annual Financial Statements of the core and all controlled entities, including special purpose entities, which are controlled by the core.

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

The results of controlled entities are included in the consolidated 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 Standard of GRAP on Financial Instruments: Recognition and Measurement 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 carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as cost on initial measurement of a financial asset in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement.

The Annual Financial Statements of the core and its shareholder loans used in the preparation of the consolidated Annual Financial Statements are prepared as of the same reporting date.

Adjustments are made when necessary to the Annual Financial Statements of the shareholder loans to bring their accounting policies in line with those of the core.

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

Minority interests in the net assets of the Group are identified and recognised separately from the core's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interests in the surplus or deficit of the economic entity is separately disclosed.

Investment in associates

An associate is an entity over which the core has significant influence and which is neither a controlled entity nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Accounting Policies

1.1 Consolidation (continued)

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.

Equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. The surplus or deficit of the Group includes the Group's share of the surplus or deficit of the investee.

The Group's share of the surplus or deficit of the investee is recognised in surplus or deficit.

The most recent available Annual Financial Statements of the associate are used by the Group in applying the equity method. When the reporting date's of the Group and the associate are different, the associate prepares, for the use of the Group, Annual Financial Statements as of the same date as the Annual Financial Statements of the Group unless it is impractical to do so.

When the Annual Financial Statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's Annual Financial Statements. In any case, the difference between the reporting date of the associate and that of the Group is more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

Deficits in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate. If the associate subsequently reports surpluses, the Group resumes recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in surplus or deficit.

Surpluses and deficits on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate and account for the investment in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement from that date, unless the associate becomes a controlled entity or a joint venture, in which case it is accounted for as such. The carrying amount of the investment at the date that it ceases to be an associate is regarded as its cost on initial measurement as a financial asset in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement.

1.2 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:

Held to maturity investments and loans and receivables

The Group assesses its loans and receivables (including trade receivables) and its held to maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) 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.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been 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 fair value assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible 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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 23 - Provisions.

Provisions are measured at the directors' 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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

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

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

The increase in the restoration provision due to passage of time is recognised as borrowing cost in the income statement.

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

Provisions are measured at the directors' 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.

A provision is recognised when:
- the company 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 will be required to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

Contingencies disclosed in the current year required estimates and judgements. Additional disclosure of contingent liabilities are included in note 45.

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.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be 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.

Additional information is disclosed in Note 24.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 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.

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. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Accounting Policies

1.3 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - Land	indefinite
Property - Buildings	30 years

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 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.

1.4 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 Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated, owing to the uncertainty regarding their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment 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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

Item	Average useful life
Land and buildings	
• Land	indefinite
• Buildings	30 years
Plant and equipment	10 - 15 years
Furniture and fittings	7 - 10 years
Motor vehicles	5 years
Office equipment	3 - 7 years
Computer equipment	3 years
Infrastructure	
• Electricity	40 - 85 years
• Housing	30 years
• Pedestrian Malls	30 years
• Roads and Paving	30 years
• Sewerage Infrastructure	100 years
• Water Infrastructure	100 years
Community	
• Buildings	30 years
• Recreational Facilities	20 - 30 years
• Security	5 years
Other	
• Dogs and horses	5 - 7 years
• Other	2 - 5 years
Bins and containers	5 years
Landfill Site	16 - 36 years
Specialised vehicles	10 years
Heritage assets	indefinite
Emergency equipment	5 - 15 years

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

Assets which the Group holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the statement of changes in net assets.

1.5 Intangible assets

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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the Group or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

Accounting Policies

1.5 Intangible assets (continued)

Expenditure, which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

Research and development expenditure is written off as incurred.

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

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

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.

1.6 Investments in Municipal Entities

CORE group annual financial statements

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

The cost of an investment in a controlled entity is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

1.7 Investments in associates

CORE group annual financial statements

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

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

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

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred. When CJMM's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the interest is reduced to nil , and the recognition of further losses is discontinued except to the extent that the CJMM has an obligation or has made payments on behalf of the investee.

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

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

1.8 Financial instruments

Non-derivative financial assets

Accounting Policies

1.8 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.

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.

The municipality classifies its non-derivative financial assets into the following categories:
- Held-to-maturity financial assets; and
- Loans and receivables.

Held-to-maturity financial assets

If the municipality has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the municipality from classifying investment securities as held to maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise various investments with several financial institutions and these have been presented under "Other financial assets".

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest 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.

Loans and receivables and held-to-maturity investments

The municipality considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investments are assessed for specific impairment.

Accounting Policies

1.8 Financial instruments (continued)

All individually significant loans and receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investments that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investments with similar risk characteristics.

In assessing collective impairment the municipality uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments. 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.

The municipality classifies non-derivative financial liabilities into the other financial liabilities category.

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.

Other financial liabilities comprise loans and borrowings, bank overdrafts, trade and other payables and consumer deposits.

Bank overdrafts that are repayable on demand and form an integral part of the municipality's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Derivative financial instruments, including hedge accounting

The municipality holds derivative financial instruments to hedge its interest rate risk exposures . Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the municipality formally documents the relationship between the hedging instrument and 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; 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.

Accounting Policies

1.8 Financial instruments (continued)

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 equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in surplus or deficit.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to surplus or deficit in the same period that the hedged item affects surplus or deficit. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in surplus or deficit.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in surplus or deficit.

Other non-trading derivatives

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.

1.9 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.

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

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 a 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 a straight-line basis.

Accounting Policies

1.9 Leases (continued)

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

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

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

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, 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 include consumable stores, maintenance materials, spare parts for plant and equipment, work in progress and land and or property held for sale. Cost is determined by the first-in-first-out method and comprises all costs of purchases, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost and current replacement cost. Current replacement cost represents the cost the municipality would incur to acquire the asset on the reporting date. Where inventories are acquired at cost, or for nominal consideration, their costs are their fair value as at the date of acquisition.

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.

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 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Change in Accounting Policy

During the period ending 30 June 2010 the City of Johannesburg changed its accounting policy with respect to the method used to account for its inventory. The change was from using the first-in-first-out basis to the weighted average method for accounting for inventory. The change in the accounting policy was as a result of a change in the accounting software of the entity which calculates the inventory balances and movements according to the weighted average method. Therefore in order to attain an accurate and complete set of information with regards to the inventory balance and movements, the change was warranted and is in accordance with the GRAP 3 treatment. The application of the change in accounting policy will result in the provision of more reliable and relevant information. This change in accounting policy has been accounted for retrospectively

1.11 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.

Accounting Policies

1.11 Non-current assets held for sale and disposal groups (continued)

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

1.12 Impairment of cash-generating assets

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the consolidated statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset fair value less cost of disposal and its value in use..

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

1.13 Impairment of non-cash-generating assets

Non-cash generating assets such as Infrastructure and Community assets are not impaired as no open market value can be obtained and there is no intention to sell these assets as they are for the benefit of the community.

The Group has various maintenance and upgrading programmes to ensure continuous uphold and sustained use of these non-cash generating assets.

1.14 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Accounting Policies

1.14 Employee benefits (continued)

Other post retirement obligations

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

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

Purchase of service

Certain pension funds allow members to purchase additional service in terms of the fund's rules. This is reflected in the statement of financial performance when the expense is incurred.

Gratuities

The economic entity provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

Actuarial gains and losses are recognised in full in the period in which they arise as income or expenditure.

Bonus pensionable service and medical boarding's.

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

1.15 Provisions and contingencies

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

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

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

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

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

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

Additional disclosure of these estimates of provisions are included in note 23 - Provisions.

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.

1.15 Provisions and contingencies (continued)

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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 agreement.

After their initial recognition contingent liabilities recognised in business 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. Contingencies are disclosed in note 45.

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

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

Accounting Policies

1.16 Revenue from exchange transactions (continued)

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the Group's right to receive payment has been established.

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

1.17 Investment income

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

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the Group on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.12 and 1.13. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Accounting Policies

1.18 Borrowing costs (continued)

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the Group completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

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

1.20 Unauthorised expenditure

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

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

Accounting Policies

1.22 Irregular expenditure (continued)

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.

1.23 Presentation of currency

These Annual Financial Statements are presented in South African Rand.

1.24 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.25 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.

1.26 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Group 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.

Notes to the Group Annual Financial Statements

		GROUP		CORE	
Figures in Rand thousand		2011	2010	2011	2010

2. STATEMENT AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these Annual Financial Statements, the following Standards and Interpretations were in issue but not yet effective:

- GRAP 18 - Segment Reporting
- GRAP 21 - Impairment of non-Cash-Generating Assets
- GRAP 23 - Revenue from non-Exchange Transactions (Taxes and Transfers)
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee benefits
- GRAP 26 - Impairment of Cash-Generating Assets
- GRAP 103 - Heritage Assets
- GRAP 104 - Financial Instruments

3. INVENTORIES

Consumable stores		132,285	166,897	33,073	29,294
Spare parts		15,299	13,461	-	-
Water		7,697	6,562	-	-
Housing stock		67,206	-	67,206	-
		222,487	186,920	100,279	29,294
Inventories (write-downs)		(8,031)	(9,062)	(27)	(19)
		214,456	**177,858**	**100,252**	**29,275**
Cost of inventories expense	42	97,226	99,114	15,160	14,727

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

4. LOANS TO MUNICIPAL ENTITIES

Shareholder loans

City Power Johannesburg (Pty) Ltd Terms and conditions: Rate = 16% Maturity = No set date for repayment	-	-	624,793	624,793
Johannesburg Water (Pty) Ltd Terms and conditions: Rate = 15% Maturity = No set date for repayment The unsecured loan bears interest at a nominal annual rate of 14.5% to 15% (2010 : 14.5% to 15%) compounded monthly and are repayable in equal quarterly installments over a period of 10 years, maturing on 30 June 2018. The quarterly repayments commenced in 2009.	-	-	454,939	519,933
	-	**-**	**1,079,732**	**1,144,726**

Conduit and additional loans

City of Johannesburg Property Company (Pty) Ltd Terms and conditions: Rate = 12.21% Maturity = 30 June 2011	-	-	1,500	4,312
City Power Johannesburg (Pty) Ltd Terms and conditions: Rate range = 10.2% to 17.5% Maturity = 30 June 2017	-	-	2,553,150	2,574,415
Johannesburg Metropolitan Bus Services (Pty) Ltd Terms and conditions: Rate = 9% Maturity = 30 June 2017	-	-	93,907	107,671
Johannesburg Roads Agency (Pty) Ltd Terms and conditions: Rate = 12.09% Maturity = 30 July 2010	-	-	-	331
Johannesburg Water (Pty) Ltd Terms and conditions: Rate range = 10.2% to 17.5% Maturity = 30 June 2016	-	-	2,460,260	1,875,390
Pikitup Johannesburg (Pty) Ltd Terms and conditions: Rate range = 10.2% to 17.5% Maturity = 30 June 2016	-	-	132,548	149,278
The Johannesburg Fresh Produce Market (Pty) Ltd Terms and conditions: Rate range = 10.2% to 17.5% Maturity = 30 June 2016	-	-	190,903	212,475
	-	-	5,432,268	4,923,872
Less impairment of loans to Pikitup Johannesburg (Pty) Ltd	-	-	(14,312)	(32,296)
	-	**-**	**5,417,956**	**4,891,576**

Non-current assets	-	-	5,664,918	5,182,594
Current assets	-	-	832,770	853,708
	-	**-**	**6,497,688**	**6,036,302**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

4. LOANS TO MUNICIPAL ENTITIES (continued)

Credit quality of loans to group companies

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

Credit rating				
AA-	-	-	6,497,688	6,036,302

Fair value of loans to and from group companies

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

Reconciliation of provision for impairment of loans to group companies

Opening balance	-	-	259,931	277,198
Reversal	-	-	(17,984)	(17,267)
	-	**-**	**241,947**	**259,931**

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

5. OTHER FINANCIAL ASSETS

Held to maturity investments				
Other financial assets	2,501,801	2,017,616	2,501,801	2,017,616
Loans and receivables				
Housing Selling scheme loans	2,089	2,089	2,089	2,089
Other loans and receivables	87,729	90,760	87,729	90,760
	89,818	92,849	89,818	92,849
Loans and receivables - Impairments	(2,089)	(2,089)	(2,089)	(2,089)
	87,729	**90,760**	**87,729**	**90,760**
Total other financial assets	**2,589,530**	**2,108,376**	**2,589,530**	**2,108,376**
Non-current assets				
Held to maturity	2,343,857	1,980,558	2,343,857	1,980,558
Loans and receivables	87,729	90,760	87,729	90,760
	2,431,586	**2,071,318**	**2,431,586**	**2,071,318**
Current assets				
Held to maturity	157,944	37,058	157,944	37,058
	2,589,530	**2,108,376**	**2,589,530**	**2,108,376**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

5. OTHER FINANCIAL ASSETS (continued)

Held to maturity investments

	2011 Amortised Cost	2011 Market Values	2011 Amortised Cost	2011 Market Values
ABSA Investment Maturity - 20.12.2012 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	135,677	149,184	135,677	149,184
SCMB Long-term Investment Maturity - 31.08.2013 Rating - (AA) Pledged as collateral cannot be sold until the related liability is settled in full	22,953	29,425	22,953	29,425
Investment: RMB - E Maturity - 30.11.2014 Rating - (AA) Pledged as collateral cannot be sold until the related liability is settled in full	54,270	90,215	54,270	90,215
Investment: RMB - E Maturity - 31.12.2012 Rating - (AA) Pledged as collateral cannot be sold until the related liability is settled in full	239,391	354,963	239,391	354,963
Investment: RMB R10 Maturity - 30.11.2014 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	57,127	94,964	57,127	94,964
STD Bank: (2496) Maturity - 30.11.2011 Rating - (AA) Pledged as collateral cannot be sold until the related liability is settled in full	46,933	49,929	46,933	49,929
ABSA Sinking Fund 20 Maturity - 05.06.2023 Rating - (AAA) Pledged as collateral for CJMM Bond redemptions	1,922,526	1,922,526	1,922,526	1,922,526
Fixed Deposit - RMB Maturity - 30.11.2014 Rating - (AA) Pledged as collateral cannot be sold until the related liability is settled in full	22,924	45,467	22,924	45,467
	2,501,801	**2,736,673**	**2,501,801**	**2,736,673**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

5. OTHER FINANCIAL ASSETS (continued)

	2010 Amortised Cost	2010 Market Values	2010 Amortised Cost	2010 Market Values
ABSA Investment Maturity - 20.12.2012 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	125,960	345,324	125,960	345,324
SMB Long-term Investment Maturity - 31.08.2013 Rating - (A-) Pledged as collateral cannot be sold until the related liability is settled in full	20,306	45,656	20,306	45,656
Investment: RMB - **E** Maturity - 30.11.2014 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	46,079	77,634	46,079	77,634
Investment: RMB - **E** Maturity - 31.12.2012 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	218,194	621,458	218,194	621,458
Investment: RMB R10 Maturity - 30.11.2014 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	48,504	81,720	48,504	81,720
STD Bank: (2496) Maturity - 30.11.2011 Rating - (A-) Pledged as collateral cannot be sold until the related liability is settled in full	40,096	185,150	40,096	185,150
INCA & STD Bank Red Maturity - 30.06.2011 Rating - (A-) Pledged as collateral cannot be sold until the related liability is settled in full	16,336	106,021	16,336	106,021
ABSA Sinking Fund 20 Maturity - 05.06.2018 Rating - (BBB+) Pledged as collateral for CJMM Bond redemptions	1,475,167	2,039,490	1,475,167	2,039,490
Fixed Deposit - RMB Maturity - 30.11.2014 Rating - (AAA) Pledged as collateral cannot be sold until the related liability is settled in full	26,974	45,446	26,974	45,446
	2,017,616	**3,547,899**	**2,017,616**	**3,547,899**

Notes to the Group Annual Financial Statements

		GROUP		CORE	
Figures in Rand thousand		2011	2010	2011	2010

5. OTHER FINANCIAL ASSETS (continued)

The fair values of the financial assets were determined as follows:
- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

The held to maturity investments are ring-fenced for the repayment of non-current liabilities and there were no gains or losses realised on the disposal of held to maturity financial assets in 2011 and 2010.

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

6. TRADE AND OTHER RECEIVABLES

Loans and receivables					
Accrued VAT		122,429	132,948	124,200	132,761
Housing debtors		54,950	330,210	54,950	330,210
Insurance debtor		83,677	128,131	77,513	123,769
Kelvin power		76,717	109,748	76,717	109,748
Operating lease receivables		30,150	29,845	1,573	871
Sundry debtor		721,560	561,326	172,880	231,000
Related party debtors		-	-	1,761,228	652,118
		1,012,766	1,182,460	2,269,061	1,580,477
Other receivables					
Fruitless and wasteful expenditure to be investigated	48	9,429	6,457	5,715	5,324
Prepayments		23,295	22,200	17,308	16,134
		32,724	**28,657**	**23,023**	**21,458**
Total trade and other receivables		**1,122,207**	**1,320,865**	**2,292,084**	**1,601,935**

7. VAT

Receivable	143,525	79,498	140,337	73,914
Payable	(710,833)	(406,362)	-	-
	(567,308)	**(326,864)**	**140,337**	**73,914**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS

Gross balances				
Rates	3,855,124	3,128,432	3,855,124	3,128,432
Electricity	4,753,471	2,613,990	-	-
Water	5,909,776	4,611,314	-	-
Refuse	823,377	615,335	647,608	439,120
Housing rental	258,746	229,574	258,746	229,574
	15,600,494	**11,198,645**	**4,761,478**	**3,797,126**
Less: Provision for debt impairment				
Rates	(3,461,536)	(2,445,666)	(3,461,536)	(2,445,666)
Electricity	(2,211,808)	(1,361,850)	-	-
Water	(4,531,239)	(3,757,901)	-	-
Refuse	(659,648)	(468,472)	(509,231)	(358,417)
Housing rental	(253,449)	(219,302)	(253,449)	(219,302)
	(11,117,680)	**(8,253,191)**	**(4,224,216)**	**(3,023,385)**
Net balance				
Rates	393,588	682,766	393,588	682,766
Electricity	2,541,663	1,252,140	-	-
Water	1,378,537	853,413	-	-
Refuse	163,729	146,863	138,377	80,703
Housing rental	5,297	10,272	5,297	10,272
	4,482,814	**2,945,454**	**537,262**	**773,741**
Current Assets	4,423,238	2,911,471	477,686	739,758
Non-Current Assets	59,576	33,983	59,576	33,983
	4,482,814	**2,945,454**	**537,262**	**773,741**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS (continued)

Rates				
Current (0 - 30 days)	1,672,858	683,347	1,672,858	683,347
31 - 60 days	93,306	143,693	93,306	143,693
61 - 90 days	93,321	165,126	93,321	165,126
91 - 120 days	71,936	111,146	71,936	111,146
121 - 365 days	387,404	717,271	387,404	717,271
> 365 days	1,536,299	1,307,849	1,536,299	1,307,849
	3,855,124	**3,128,432**	**3,855,124**	**3,128,432**
Electricity				
Current (0 - 30 days)	897,953	770,199	-	-
31 - 60 days	524,031	206,000	-	-
61 - 90 days	283,594	152,960	-	-
91 - 120 days	232,582	196,054	-	-
121 - 365 days	190,797	126,440	-	-
> 365 days	2,624,514	1,162,337	-	-
	4,753,471	**2,613,990**	**-**	**-**
Water				
Current (0 - 30 days)	835,231	514,697	-	-
31 - 60 days	170,928	181,656	-	-
61 - 90 days	185,441	181,596	-	-
91 - 120 days	147,328	188,076	-	-
121 - 365 days	980,498	892,727	-	-
> 365 days	3,590,350	2,652,562	-	-
	5,909,776	**4,611,314**	**-**	**-**
Refuse				
Current (0 - 30 days)	165,525	50,944	127,696	29,828
31 - 60 days	29,674	33,873	25,552	26,903
61 - 90 days	28,044	31,466	22,294	24,514
91 - 120 days	40,365	26,426	23,510	21,893
121 - 365 days	217,570	129,076	106,357	108,168
> 365 days	342,199	343,550	342,199	227,814
	823,377	**615,335**	**647,608**	**439,120**
Housing rental				
Current (0 - 30 days)	3,208	5,913	3,209	5,913
31 - 60 days	2,961	3,496	2,961	3,496
61 - 90 days	2,889	3,022	2,889	3,022
91 - 120 days	2,855	2,943	2,855	2,943
121 - 365 days	22,319	105,855	22,319	105,855
> 365 days	224,514	108,345	224,513	108,345
	258,746	**229,574**	**258,746**	**229,574**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to the customer classification and historical information about counterparty default rates.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS (continued)

Summary of debtors by customer classification

Consumers				
Current (0 - 30 days)	2,205,402	1,000,363	1,503,166	481,866
31 - 60 days	364,224	366,592	70,009	128,982
61 - 90 days	268,121	352,495	63,285	129,550
91 - 120 days	259,542	334,727	63,834	78,969
121 - 365 days	948,338	1,028,835	281,657	451,317
> 365 days	4,890,689	3,401,496	995,550	723,450
	8,936,316	6,484,508	2,977,501	1,994,134
Less: Provision for debt impairment	(6,481,140)	(5,050,961)	(2,568,138)	(1,502,214)
	2,455,176	**1,433,547**	**409,363**	**491,920**
Consumers - Past due and impaired				
Current (0 - 30 days)	1,354,108	249,197	1,241,902	62,741
31 - 60 days	157,867	188,419	62,089	111,971
61 - 90 days	106,747	173,755	56,146	121,874
91 - 120 days	205,029	276,401	56,628	75,458
121 - 365 days	876,580	948,029	250,800	404,335
> 365 days	3,780,809	3,215,160	900,573	725,835
	6,481,140	**5,050,961**	**2,568,138**	**1,502,214**
Consumers - Past due and not impaired				
Current (0 - 30 days)	851,294	751,166	261,264	419,125
31 - 60 days	206,356	178,173	7,921	17,011
61 - 90 days	161,374	178,740	7,139	7,676
91 - 120 days	54,513	58,326	7,206	3,511
121 - 365 days	71,758	80,806	30,856	46,982
> 365 days	1,109,881	186,336	94,977	(2,385)
	2,455,176	**1,433,547**	**409,363**	**491,920**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS (continued)

Industrial/ commercial				
Current (0 - 30 days)	1,369,145	875,846	297,215	206,720
31 - 60 days	441,824	171,521	49,072	43,469
61 - 90 days	318,143	162,062	52,068	61,015
91 - 120 days	229,964	161,276	30,839	54,079
121 - 365 days	811,804	914,446	213,736	495,720
> 365 days	3,047,151	2,076,502	1,053,160	879,649
	6,218,031	4,361,653	1,696,090	1,740,652
Less: Provision for debt impairment	(4,462,979)	(3,134,721)	(1,574,490)	(1,487,343)
	1,755,052	**1,226,932**	**121,600**	**253,309**
Industrial/ commercial - Past due and impaired				
Current (0 - 30 days)	642,007	86,008	275,907	24,261
31 - 60 days	236,993	74,901	45,554	37,514
61 - 90 days	152,793	82,185	48,335	56,805
91 - 120 days	174,690	141,561	28,628	50,888
121 - 365 days	769,127	876,091	198,412	473,412
> 365 days	2,487,369	1,873,975	977,654	844,463
	4,462,979	**3,134,721**	**1,574,490**	**1,487,343**
Industrial/ commercial - Past due and not impaired				
Current (0 - 30 days)	727,138	789,838	21,309	182,459
31 - 60 days	204,831	96,620	3,518	5,955
61 - 90 days	165,351	79,876	3,733	4,210
91 - 120 days	55,274	19,716	2,211	3,191
121 - 365 days	42,677	38,355	15,324	22,308
> 365 days	559,781	202,527	75,505	35,186
	1,755,052	**1,226,932**	**121,600**	**253,309**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS (continued)

National and provincial government				
Current (0 - 30 days)	136,092	124,354	3,380	30,502
31 - 60 days	32,069	28,926	2,739	1,641
61 - 90 days	36,768	28,616	3,151	2,096
91 - 120 days	22,859	28,825	3,628	2,934
121 - 365 days	66,120	40,985	20,687	8,210
> 365 days	152,239	100,778	54,302	16,957
	446,147	352,484	87,887	62,340
Less: Provision for debt impairment	(173,561)	(67,509)	(81,588)	(33,828)
	272,586	**284,975**	**6,299**	**28,512**
National and provincial government - Past due and impaired				
Current (0 - 30 days)	3,191	3,580	3,138	3,580
31 - 60 days	2,610	1,416	2,543	1,416
61 - 90 days	3,057	1,951	2,925	1,951
91 - 120 days	13,711	4,897	3,368	2,761
121 - 365 days	57,331	16,185	19,204	7,841
> 365 days	93,661	39,480	50,410	16,279
	173,561	**67,509**	**81,588**	**33,828**
National and provincial government - Past due and not impaired				
Current (0 - 30 days)	132,901	120,774	241	26,922
31 - 60 days	29,459	27,510	196	225
61 - 90 days	33,711	26,665	226	145
91 - 120 days	9,147	23,928	260	173
121 - 365 days	8,790	24,800	1,483	369
> 365 days	58,578	61,298	3,893	678
	272,586	**284,975**	**6,299**	**28,512**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS (continued)

Total				
Current (0 -30 days)	3,710,639	2,000,563	1,803,761	719,088
31 - 60 days	838,117	567,039	121,820	174,092
61 - 90 days	623,032	543,173	118,504	192,661
91 - 120 days	512,365	524,828	98,301	135,982
121 - 365 days	1,826,262	1,984,266	516,080	955,247
> 365 days	8,090,079	5,578,776	2,103,012	1,620,056
	15,600,494	11,198,645	4,761,478	3,797,126
Less: Provision for debt impairment	(11,117,680)	(8,253,191)	(4,224,216)	(3,023,385)
	4,482,814	**2,945,454**	**537,262**	773,741
Less: Provision for debt impairment				
Current (0 - 30 days)	1,999,306	338,785	1,520,947	90,582
31 - 60 days	397,470	264,736	110,186	150,901
61 - 90 days	262,597	257,891	107,406	180,630
91 - 120 days	393,430	422,859	88,624	129,107
121 - 365 days	1,703,038	1,840,305	468,416	885,588
> 365 days	6,361,839	5,128,615	1,928,637	1,586,577
	11,117,680	**8,253,191**	**4,224,216**	**3,023,385**
Total debtor past due but not impaired				
Current (0 - 30 days)	1,711,333	1,661,778	282,814	628,506
31 - 60 days	440,646	302,303	11,635	23,191
61 - 90 days	360,436	285,281	11,098	12,031
91 - 120 days	118,934	101,970	9,677	6,875
121 - 365 days	123,225	143,961	47,663	69,659
> 365 days	1,728,240	450,161	174,375	33,479
	4,482,814	**2,945,454**	**537,262**	773,741

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

8. CONSUMER DEBTORS (continued)

Reconciliation of debt impairment provision				
Balance at beginning of the year	(8,253,191)	(6,116,843)	(3,023,385)	(2,373,576)
Contributions to provision	(2,868,248)	(2,730,392)	(1,200,831)	(1,018,258)
Debt impairment written off against provision	2,470	377,191	-	116,639
Reversal of provision	1,289	216,853	-	251,810
	(11,117,680)	**(8,253,191)**	**(4,224,216)**	**(3,023,385)**

Johannesburg Water

A debt impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Accordingly, an impairment loss is recognised based on the ageing as well as the profile of debtors. The terms of the trade and other receivables have not been renegotiated during the current or prior period.

Extensive investigative work performed prior to 2004 in order to inform the direction of the company turnaround strategy identified that the deemed consumption areas were largely responsible not only for the high outstanding debtors, but also the higher than benchmark unaccounted for water level. Although the level of unaccounted for water for the year under review is 39.1% [R827 million], (2010: 36.6% [R 648 million]), the level in metered areas is approximately 22.0% (2010: 18.4%), which is well within accepted norms. The level for deemed consumption areas however, exceeds 83.8% (2010: 84%) The focus point of the initiative referred to as prepayment metering project is expected to address the water loss issue in deemed consumption areas.

Credit quality of consumer debtors

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis and characteristics like collection levels are considered during evaluation for impairment. The credit quality of trade receivables that are neither past due nor impaired are considered fair by the company taking into account the historical information available.

Electricity distribution losses

Distribution losses relate to unaccounted for electricity. This cost arises from illegal connections to the electricity network, errors in billing and bridging of meters by consumers. The total cost of unaccounted distribution losses, included in bulk purchases, amounts to (Non-Technical) R649 million : (2010 : R108 million) and (Technical) R568 million : (2010 : R727 million)

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	416	411	114	131
Bank balances	603,047	174,716	561,032	149,462
Call investment deposits	86,644	130,705	82,292	127,028
Bank overdraft	(72)	(5,197)	-	-
	690,035	**300,635**	**643,438**	**276,621**
Current assets	690,107	305,832	643,438	276,621
Current liabilities	(72)	(5,197)	-	-
	690,035	**300,635**	**643,438**	**276,621**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. The amortised cost carrying amount estimates the fair value due to the short term nature of these deposits.

Fixed Deposits STD Bank Rating - (F1+)			1,157	1,218
Fixed Deposits ABSA Rating - (F1+)			358	355
Call Deposits ABSA Rating - (F1+)			4,289	4,175
Call Deposits RMB Rating - (F1+)			1,119	1,108
Call Deposits INVESTEC Rating - (F1)			21,624	17,604
Call Deposits NEDCOR Rating - (F1+)			46,890	4,172
Call Deposits CITY BANK Rating - (F1+)			1,155	1,041
Call Deposits DEUTSCHE BK Rating - (F1+)			1,005	1,000
Call Deposits TCTA Rating - (F1+)			1,004	1,000
Call Deposits LANDBANK Rating - (F1+)			1,055	1,050
Calyon SA Rating - (F1+)			1,131	1,084
Stanlib Call Investment Rating - (F1+)			1,505	1,090
Call Deposits HSBC Rating - (F1+)			-	92,131
			82,292	**127,028**
Cash and cash equivalents that have been ring-fenced for following future expenditure				
Underwriting of COID reserve	56,726	49,200	62,800	56,726
Capital replacement reserve	14,260	93,049	14,260	93,049
Repayment of long-term liabilities	-	300,000	-	300,000
JDA funders accounts	1,193	1,143	-	-
	72,179	**443,392**	**77,060**	**449,775**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

10. INVESTMENT PROPERTY

GROUP	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,292,467	(86,398)	1,206,069	1,175,265	(80,250)	1,095,015

CORE	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,172,320	(13,048)	1,159,272	1,055,118	(7,175)	1,047,943

Reconciliation of investment property - GROUP - 2011

	Opening balance	Disposals	Transfers	Depreciation	Total
Investment property	1,095,015	(249)	117,451	(6,148)	1,206,069

Reconciliation of investment property - GROUP - 2010

	Opening balance	Disposals	Transfers	Depreciation	Total
Investment property	1,100,237	(3,377)	(37)	(1,808)	1,095,015

Reconciliation of investment property - CJMM - 2011

	Opening balance	Disposals	Transfers	Depreciation	Total
Investment property	1,047,943	(249)	117,451	(5,873)	1,159,272

Reconciliation of investment property - CJMM - 2010

	Opening balance	Disposals	Transfers	Depreciation	Total
Investment property	1,052,888	(3,377)	(37)	(1,531)	1,047,943

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

10. INVESTMENT PROPERTY (continued)

Fair value

CJMM	2,132,900	2,132,900	2,132,900	2,132,900
The Johannesburg Fresh Produce Market (Pty) Ltd	11,612	10,218	-	-
Metropolitan Trading Company (Pty) Ltd	55,002	55,002	-	-
	2,199,514	**2,198,120**	**2,132,900**	**2,132,900**

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

Metropolitan Trading Company (Pty) Ltd
- Metro Mall — Erf 601,602 and 603, Newtown, Extension 1
- Yeoville flats — Erf 737, Yeoville
- Yeoville market — Erf 1304, Yeoville

The Johannesburg Fresh Produce Market (Pty) Ltd
- Stand 118 City Deep Extension 2, Johannesburg, Gauteng - comprising of retail shops.

Details of valuation

CJMM

The CJMM valuation is based on the valuation roll and is reviewed every three years.

The Johannesburg Fresh Produce Market (Pty) Ltd

An external, independent valuation entity, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the entity's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the entity and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time

The gross property rental income earned by the entity from it's investment property, all of which are leased out under gross operating leases, amounted to R1,377 million (2010 : R1,305 million).

Expenditure incurred during the year on investment property amounted to R NIL (2010 : R NIL).

The Metropolitan Trading Company SOC Ltd

The gross property rental income earned by the entity from it's investment property, all of which are leased out under gross operating leases, amounted to R7,833 million (2010 : R6,135 million).

Expenditure incurred during the year on investment property amounted to R9,087 (2010 : R11,976).

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

11. PROPERTY, PLANT AND EQUIPMENT

GROUP

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	16,227,987	(2,206,556)	14,021,431	15,924,660	(1,970,576)	13,954,084
Plant and equipment	1,782,474	(579,404)	1,203,070	1,518,363	(498,564)	1,019,799
Furniture and fittings	532,797	(331,314)	201,483	489,938	(264,918)	225,020
Motor vehicles	14,701	(7,742)	6,959	15,685	(7,784)	7,901
Office equipment	475,902	(302,658)	173,244	416,921	(242,210)	174,711
Computer equipment	412,866	(270,154)	142,712	390,954	(229,353)	161,601
Infrastructure	17,387,348	(2,710,212)	14,677,136	14,597,700	(2,131,748)	12,465,952
Community	624,822	(249,320)	375,502	621,875	(215,467)	406,408
Other	23,010	(17,550)	5,460	17,271	(10,770)	6,501
Bins and containers	219,185	(182,265)	36,920	211,690	(165,503)	46,187
Work in progress	4,918,831	-	4,918,831	4,878,183	-	4,878,183
Landfill sites	233,252	(103,257)	129,995	232,567	(93,466)	139,101
Zoo animals	71	(3)	68	74	(2)	72
Specialised vehicles	497,988	(344,921)	153,067	498,509	(310,516)	187,993
Heritage assets	112,738	(21,361)	91,377	109,489	(21,364)	88,125
Library books	320,525	(268,781)	51,744	287,843	(255,977)	31,866
Emergency equipment	26,392	(16,245)	10,147	25,069	(12,136)	12,933
Total	**43,810,889**	**(7,611,743)**	**36,199,146**	**40,236,791**	**(6,430,354)**	**33,806,437**

CORE

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	15,087,841	(1,711,765)	13,376,076	14,805,689	(1,514,987)	13,290,702
Plant and equipment	188,507	(88,211)	100,296	173,663	(60,495)	113,168
Furniture and fittings	440,381	(280,056)	160,325	399,646	(222,809)	176,837
Motor vehicles	4,293	(4,023)	270	4,297	(3,771)	526
Office equipment	421,020	(274,285)	146,735	359,442	(213,048)	146,394
Computer equipment	190,102	(145,901)	44,201	166,140	(114,634)	51,506
Infrastructure	6,608,139	(1,536,462)	5,071,677	5,280,730	(1,197,680)	4,083,050
Community	624,822	(249,320)	375,502	621,875	(215,467)	406,408
Other	597	(440)	157	746	(491)	255
Bins and containers	10,423	(4,677)	5,746	10,510	(3,366)	7,144
Work in progress	3,857,541	-	3,857,541	3,698,601	-	3,698,601
Heritage assets	111,145	(21,361)	89,784	107,896	(21,364)	86,532
Library books	320,525	(268,781)	51,744	287,843	(255,977)	31,866
Emergency equipment	26,392	(16,245)	10,147	25,069	(12,136)	12,933
Total	**27,891,728**	**(4,601,527)**	**23,290,201**	**25,942,147**	**(3,836,225)**	**22,105,922**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - GROUP - 2011

	Opening balance	Additions	Unbundling of land	Disposals	Classified as held for sale	Transfers	Depreciation	Impairment loss	Total
Land and buildings	13,954,084	131,157	55,747	(21,913)	-	139,836	(220,617)	(16,863)	14,021,431
Plant and equipment	1,019,799	63,402	-	(1,574)	-	222,928	(100,489)	(996)	1,203,070
Furniture and fittings	225,020	11,873	-	(529)	-	29,436	(47,670)	(16,647)	201,483
Motor vehicles	7,901	793	-	(396)	-	(2)	(1,274)	(63)	6,959
Office equipment	174,711	39,816	-	(1,641)	-	31,203	(67,421)	(3,424)	173,244
Computer equipment	161,601	29,896	-	(825)	-	6,551	(54,047)	(464)	142,712
Infrastructure	12,465,952	1,058,753	-	(8,035)	-	1,741,144	(579,274)	(1,404)	14,677,136
Community	406,408	13,510	-	(58)	-	(7,767)	(36,164)	(427)	375,502
Other	6,501	355	-	(10)	-	3	(1,361)	(28)	5,460
Bins and containers	46,187	7,586	-	(26)	-	15	(16,481)	(361)	36,920
Work in progress	4,878,183	2,358,147	-	-	-	(2,317,499)	-	-	4,918,831
Landfill sites	139,101	24,349	-	(23,664)	-	-	(9,791)	-	129,995
Zoo animals	72	-	-	-	-	-	(4)	-	68
Specialised vehicles	187,993	10,348	-	(1,308)	(3,679)	-	(40,287)	-	153,067
Heritage assets	88,125	-	-	-	-	3,252	-	-	91,377
Library books	31,866	31,299	-	-	-	-	(11,421)	-	51,744
Emergency equipment	12,933	1,212	-	(33)	-	194	(2,053)	(2,106)	10,147
	33,806,437	**3,782,496**	**55,747**	**(60,012)**	**(3,679)**	**(150,706)**	**(1,188,354)**	**(42,783)**	**36,199,146**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - GROUP - 2010

	Opening balance	Additions	Unbundling of land	Disposals	Classified as held for sale	Transfers	Depreciation	Impairment loss	Total
Land and buildings	9,983,441	2,370,816	122,298	(37,682)	-	1,733,228	(190,624)	(27,393)	13,954,084
Plant and equipment	880,566	49,728	-	(2,378)	-	172,043	(79,976)	(184)	1,019,799
Furniture and fittings	198,996	24,181	-	(1,431)	-	50,666	(44,777)	(2,615)	225,020
Motor vehicles	7,682	1,302	-	(4)	-	2	(1,073)	(8)	7,901
Office equipment	180,874	64,817	-	(5,496)	-	376	(64,597)	(1,263)	174,711
Computer equipment	138,119	37,431	-	(1,114)	-	46,873	(59,701)	(7)	161,601
Infrastructure	9,252,522	770,886	-	(7,425)	-	2,921,111	(467,745)	(3,397)	12,465,952
Community	363,364	36,758	-	-	-	42,723	(35,184)	(1,253)	406,408
Other	8,273	1,400	-	(710)	-	-	(2,462)	-	6,501
Bins and containers	60,117	10,829	-	(112)	-	9	(24,625)	(31)	46,187
Work in progress	9,034,319	1,192,157	-	-	-	(5,348,293)	-	-	4,878,183
Landfill sites	91,959	51,035	-	-	-	-	(3,893)	-	139,101
Zoo animals	-	74	-	-	-	-	(2)	-	72
Specialised vehicles	212,089	9,379	-	(9)	-	(10)	(33,456)	-	187,993
Heritage assets	79,479	1,701	-	(114)	-	7,059	-	-	88,125
Library books	48,398	1,383	-	(29)	-	-	(17,886)	-	31,866
Emergency equipment	14,138	2,005	-	(100)	-	-	(2,141)	(969)	12,933
	30,554,336	**4,625,882**	**122,298**	**(56,604)**	**-**	**(374,213)**	**(1,028,142)**	**(37,120)**	**33,806,437**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - CORE - 2011

	Opening balance	Additions	Unbundling of land	Disposals	Classified as held for sale	Transfers	Depreciation	Impairment loss	Total
Land and buildings	13,290,702	115,687	55,747	(16,322)	-	127,325	(180,200)	(16,863)	13,376,076
Plant and equipment	113,168	21,964	-	(13)	-	(6,691)	(27,279)	(853)	100,296
Furniture and fittings	176,837	10,202	-	(467)	-	29,325	(39,654)	(15,918)	160,325
Motor vehicles	526	-	-	-	-	(2)	(195)	(59)	270
Office equipment	146,394	32,483	-	(382)	-	30,590	(58,926)	(3,424)	146,735
Computer equipment	51,506	21,726	-	(24)	-	2,736	(31,286)	(457)	44,201
Infrastructure	4,083,050	70,604	-	-	-	1,256,632	(337,205)	(1,404)	5,071,677
Community	406,408	13,510	-	(58)	-	(7,767)	(36,164)	(427)	375,502
Other	255	3	-	(10)	-	3	(94)	-	157
Bins and containers	7,144	3	-	(26)	-	15	(1,029)	(361)	5,746
Work in progress	3,698,601	1,725,794	-	-	-	(1,566,854)	-	-	3,857,541
Heritage assets	86,532	-	-	-	-	3,252	-	-	89,784
Library books	31,866	31,299	-	-	-	-	(11,421)	-	51,744
Emergency equipment	12,933	1,212	-	(33)	-	194	(2,053)	(2,106)	10,147
	22,105,922	**2,044,487**	**55,747**	**(17,335)**	**-**	**(131,242)**	**(725,506)**	**(41,872)**	**23,290,201**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - CORE - 2010

	Opening balance	Additions	Unbundling of land	Disposals	Classified as held for sale	Transfers	Depreciation	Impairment loss	Total
Land and buildings	9,332,881	2,343,292	122,298	(36,717)	-	1,703,703	(147,362)	(27,393)	13,290,702
Plant and equipment	28,120	9,602	-	(83)	-	86,060	(10,347)	(184)	113,168
Furniture and fittings	153,497	22,611	-	(1,044)	-	42,805	(38,422)	(2,610)	176,837
Motor vehicles	722	19	-	-	-	-	(207)	(8)	526
Office equipment	150,498	53,132	-	(909)	-	63	(56,040)	(350)	146,394
Computer equipment	50,841	29,932	-	-	-	26	(29,286)	(7)	51,506
Infrastructure	2,156,907	509,379	-	-	-	1,659,273	(239,112)	(3,397)	4,083,050
Community	363,364	36,758	-	-	-	42,723	(35,184)	(1,253)	406,408
Other	368	-	-	-	-	-	(113)	-	255
Bins and containers	8,248	23	-	(16)	-	9	(1,089)	(31)	7,144
Work in progress	7,593,797	41,572	-	-	-	(3,936,768)	-	-	3,698,601
Heritage	77,886	1,701	-	(114)	-	7,059	-	-	86,532
Library books	48,398	1,383	-	(29)	-	-	(17,886)	-	31,866
Emergency equipment	14,138	2,005	-	(100)	-	-	(2,141)	(969)	12,933
	19,979,665	**3,051,409**	**122,298**	**(39,012)**	**-**	**(395,047)**	**(577,189)**	**(36,202)**	**22,105,922**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

GROUP	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	46,364	-	46,364	46,364	-	46,364
Leasehold property	19,918	(15,303)	4,615	16,870	(11,869)	5,001
Motor vehicles	1,606	(271)	1,335	522	(511)	11
Office equipment	147,724	(111,784)	35,940	127,789	(85,637)	42,152
Other property, plant and equipment	5,670	(3,140)	2,530	4,992	(2,414)	2,578
Soccer city	3,138	-	3,138	3,138	-	3,138
Total	**224,420**	**(130,498)**	**93,922**	**199,675**	**(100,431)**	**99,244**

CORE	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	46,364	-	46,364	46,364	-	46,364
Office equipment	139,345	(107,282)	32,063	118,536	(80,580)	37,956
Soccer city	3,138	-	3,138	3,138	-	3,138
Total	**188,847**	**(107,282)**	**81,565**	**168,038**	**(80,580)**	**87,458**

Methods and assumptions used in determining fair value

The Johannesburg Zoo recognises animals at R1, not at fair value. Market-determined prices or values are not available due to the lack of a market for the majority of the animals because they are not commodities, as well as restrictions on trade of exotic animals which preclude the determination of a fair value.

Alternative estimates of fair value for zoo animals will be influenced by the age, health, bloodline and other related issues which is arbitrary in nature. Alternative estimates of fair value are not considered to be reliable due to the number of variables involved and the arbitrary nature of the variables.

Therefore, on the basis that many species cannot be valued and that reliable values cannot be obtained for other species, it was considered that any assessment of value would be misleading to the user of the Annual Financial Statements.

The majority of the Zoo's animals are received as donations and transfers from other similar institutions for no consideration, or from procreation. These assets are recorded at a nominal amount, and therefore the zoo animals are not depreciated.

Quantities of animals		
Mammals	667	663
Aves	613	699
Reptilia	155	143
Amphibia	171	147
Insecta	5	12
Pisces	188	146
Arachnida	13	14
Crustacea	6	-
	1,818	**1,824**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

12. INTANGIBLE ASSETS

GROUP	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Additional capacity rights	157,776	(21,167)	136,609	119,521	(14,672)	104,849
Servitudes	1,701	-	1,701	901	-	901
Computer software, internally generated	10,316	(1,103)	9,213	8,618	(944)	7,674
Computer software	1,372,421	(667,861)	704,560	1,325,962	(424,872)	901,090
Total	**1,542,214**	**(690,131)**	**852,083**	**1,455,002**	**(440,488)**	**1,014,514**

CORE	2011			2010		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	1,091,510	(521,457)	570,053	1,071,294	(311,240)	760,054

Reconciliation of intangible assets - GROUP - 2011

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Additional capacity rights	104,849	38,255	-	-	(6,495)	-	136,609
Servitudes	901	800	-	-	-	-	1,701
Computer software, internally generated	7,674	1,699	-	-	(160)	-	9,213
Computer software	901,090	14,707	(25)	33,255	(244,461)	(6)	704,560
	1,014,514	**55,461**	**(25)**	**33,255**	**(251,116)**	**(6)**	**852,083**

Reconciliation of intangible assets - GROUP - 2010

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Additional capacity rights	108,974	-	-	-	(4,125)	-	104,849
Servitudes	901	-	-	-	-	-	901
Computer software, internally generated	5,641	2,318	-	-	(285)	-	7,674
Computer software	229,263	446,990	(89)	374,250	(149,324)	-	901,090
	344,779	**449,308**	**(89)**	**374,250**	**(153,734)**	**-**	**1,014,514**

Reconciliation of intangible assets - CJMM - 2011

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	760,054	6,426	-	13,791	(210,218)	-	570,053

Reconciliation of intangible assets - CJMM - 2010

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	54,186	427,969	-	395,084	(117,185)	-	760,054

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

13. INVESTMENTS IN MUNICIPAL ENTITIES

Gross investment	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
City of Johannesburg Property Company (Pty) Ltd	100 %	100 %	5,142	6,236
City Power Johannesburg (Pty) Ltd	100 %	100 %	112,466	112,466
Johannesburg City Parks	100 %	100 %	28,098	28,098
Johannesburg Development Agency (Pty) Ltd	100 %	100 %	6,623	6,623
Johannesburg Metropolitan Bus Services (Pty) Ltd	100 %	100 %	54,774	54,774
Johannesburg Roads Agency (Pty) Ltd	100 %	100 %	52,694	49,058
Johannesburg Social Housing Company (Pty) Ltd	100 %	100 %	-	-
Johannesburg Tourism Company	100 %	100 %	19,279	17,793
Johannesburg Water (Pty) Ltd	100 %	100 %	1	1
Metropolitan Trading Company (Pty) Ltd	100 %	100 %	97,972	97,972
Pikitup Johannesburg (Pty) Ltd	100 %	100 %	1	1
Roodepoort City Theatre	100 %	100 %	1,784	1,784
The Johannesburg Civic Theatre (Pty) Ltd	100 %	100 %	-	-
The Johannesburg Fresh Produce Market (Pty) Ltd	100 %	100 %	20,000	20,000
The Johannesburg Zoo	100 %	100 %	1,860	1,860
			400,694	**396,666**

Impairments	Carrying amount 2011	Carrying amount 2010
Johannesburg City Parks	(20,218)	(20,218)
Johannesburg Metropolitan Bus Services (Pty) Ltd	(13,726)	(13,726)
Johannesburg Tourism Company	(1,473)	(1,473)
Metropolitan Trading Company (Pty) Ltd	(95,134)	(95,134)
Roodepoort City Theatre	(500)	(500)
	(131,051)	**(131,051)**

Net investment	Carrying amount 2011	Carrying amount 2010
City of Johannesburg Property Company (Pty) Ltd	5,142	6,236
City Power Johannesburg (Pty) Ltd	112,466	112,466
Johannesburg City Parks	7,880	7,880
Johannesburg Development Agency (Pty) Ltd	6,623	6,623
Johannesburg Metropolitan Bus Services (Pty) Ltd	41,048	41,048
Johannesburg Roads Agency (Pty) Ltd	52,694	49,058
Johannesburg Social Housing Company (Pty) Ltd	-	-
Johannesburg Tourism Company	17,806	16,320
Johannesburg Water (Pty) Ltd	1	1
Metropolitan Trading Company (Pty) Ltd	2,838	2,838
Pikitup Johannesburg (Pty) Ltd	1	1
Roodepoort City Theatre	1,284	1,284
The Johannesburg Civic Theatre (Pty) Ltd	-	-
The Johannesburg Fresh Produce Market (Pty) Ltd	20,000	20,000
The Johannesburg Zoo	1,860	1,860
	269,643	**265,615**

CJMM has investments in the following Municipal Entities that are less than R1,000.

Johannesburg Social Housing Company (Pty) Ltd - R120.00
Johannesburg Civic Theatre (Pty) Ltd - R10.00

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

15. INVESTMENTS IN ASSOCIATES

Name of entity	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
Fried shelf 128 (Pty) Ltd	50.00 %	50.00 %	10,964	3,423
Greater Newtown Development Company (Pty) Ltd	23.00 %	23.00 %	-	-
Constitutional Hill Development Company (Pty) Ltd	13.00 %	13.00 %	-	-
			10,964	3,423

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

Movements in carrying value

Opening balance	3,423	2,378
Share of surplus/(deficit)	949	135
Share in revaluation reserve	6,592	910
	10,964	**3,423**

Fair value

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

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

Associates with different reporting dates

The financial year-end of Fried shelf 128 (Pty) Ltd is the last day of February. The year ends of the two entities are more than three months apart. The entity made adjustments to the accounts of the associate to bring the two year ends in line with each other.

The financial year end of Greater Newtown Development Company (Pty) Ltd and Constitutional Hill Development Company (Pty) Ltd is 31 March.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

16. DEFERRED TAX

Deferred tax asset / (liability)

Accelerated capital allowances for tax purposes	(92)	(8)	-	-
Liabilities for health care benefits accrued	1,415	1,466	-	-
Provisions	2,026	795	-	-
Tax losses available for set off against future taxable income	-	(3)	-	-
Recognised in equity	72	85	-	-
Fair value and amortised cost adjustments	(690,877)	(429,952)	-	-
Deferred income	8,961	-	-	-
Trade and other receivables	1,390	133	-	-
Leases	(73)	51	-	-
Property, Plant and Equipment & Intangibles	(2,938)	(1,735)	-	-
Trade and other payables	242	950	-	-
Temporary difference	(3,824)	(6,852)	-	-
Other	4,085	3,168	-	-
	(679,613)	**(431,902)**	**-**	**-**

Deferred tax asset / (liability)

At beginning of the year	(431,902)	(110,674)	-	-
Accelerated capital allowances	(231)	-	-	-
Provisions	(4,029)	(3,936)	-	-
Increase (decrease) in tax losses available for set off against future taxable income	598	-	-	-
Temporary difference on provisions	(387,292)	(53,618)	-	-
Revaluation reserve	-	2,347	-	-
Property, plant and equipment	3,885	5,648	-	-
Trade and other payables	489	965	-	-
Prepayments	349	1,744	-	-
Trade and other receivables	(2,316)	133	-	-
Liabilities for healthcare benefits	789	1,002	-	-
Originating temporary difference on tangible fixed assets	(8,193)	(12,134)	-	-
Movement in temporary timing differences	3,079	(4,967)	-	-
Temporary difference on retirement benefits	5,476	2,740	-	-
Income received in advance	6,684	(324)	-	-
Leases	(70)	(140)	-	-
Fair value and amortised cost adjustment	93	(60)	-	-
Tax losses	113,918	(183,280)	-	-
Other movements	19,060	(77,348)	-	-
	(679,613)	**(431,902)**	**-**	**-**

Deferred Tax Summary

Deferred tax assets	18,351	6,894	-	-
Deferred tax liability	(697,964)	(438,796)	-	-
	(679,613)	**(431,902)**	**-**	**-**

17. ASSETS CLASSIFIED AS HELD-FOR-SALE

Assets held-for-sale	3,679	-	-	-

Assets held-for-sale relates to disposal of busses. These disposals are expected to occur within the next 12 months and have therefore been classified as assets held-for-sale. The proceeds from disposals are expected to exceed the net carrying amount of the assets, and accordingly no impairment loss has been recognised on the classification of these assets held-for-sale.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

18. FINANCIAL ASSETS BY CATEGORY

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

GROUP - 2011

	Loans and receivables	Held to maturity	Total
Current Assets			
Other financial assets	-	157,944	157,944
Trade and other receivables	1,122,207	-	1,122,207
Consumer debtors	4,423,238	-	4,423,238
Call investment deposits	86,644	-	86,644
Bank balances and cash	603,463	-	603,463
Non-Current Assets			
Other financial assets	87,729	2,343,857	2,431,586
	6,323,281	**2,501,801**	**8,825,082**

GROUP - 2010

	Loans and receivables	Held to maturity	Total
Current Assets			
Other financial assets	-	37,058	37,058
Trade and other receivables	1,320,865	-	1,320,865
Consumer debtors	2,911,471	-	2,911,471
Call investment deposits	130,705	-	130,705
Bank balances and cash	175,127	-	175,127
Non-Current Assets			
Other financial assets	90,760	1,980,558	2,071,318
	4,628,928	**2,017,616**	**6,646,544**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

18. FINANCIAL ASSETS BY CATEGORY (continued)

CORE - 2011

	Loans and receivables	Held to maturity	Total
Current Assets			
Loans to Municipal Entities	832,770	-	832,770
Other financial assets	-	157,944	157,944
Trade and other receivables	2,292,084	-	2,292,084
Consumer debtors	477,686	-	477,686
Call investment deposits	82,292	-	82,292
Bank balances and cash	561,146	-	561,146
Non-Current Assets			
Loans to Municipal Entities	5,664,918	-	5,664,918
Other financial assets	87,729	2,343,857	2,431,586
	9,998,625	**2,501,801**	**12,500,426**

CORE - 2010

	Loans and receivables	Held to maturity	Total
Current Assets			
Loans to Municipal Entities	853,708	-	853,708
Other financial assets	-	37,058	37,058
Trade and other receivables	1,601,935	-	1,601,935
Consumer debtors	739,758	-	739,758
Call investment deposits	127,028	-	127,028
Bank balances and cash	149,593	-	149,593
Non-Current Assets			
Loans to Municipal Entities	5,182,594	-	5,182,594
Other financial assets	90,760	1,980,558	2,071,318
	8,745,376	**2,017,616**	**10,762,992**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

19. LOANS AND BORROWINGS

Non Current portion of loans and borrowings				
Structured loans	722,360	786,590	722,360	786,590
Development Bank South Africa	1,577,289	1,449,514	1,558,278	1,430,503
Local Registered Stock Loans	30,000	30,000	30,000	30,000
Municipal bonds	7,451,000	6,580,278	7,451,000	6,580,278
Jozi bonds	34,244	55,109	34,244	55,109
Other loans and borrowings	2,028,726	1,756,388	2,028,726	1,727,618
	11,843,619	**10,657,879**	**11,824,608**	**10,610,098**
Current portion of loans and borrowings				
Structured loans	64,191	48,726	64,191	48,726
Development Bank South Africa	127,355	136,315	126,812	135,772
Municipal bonds	-	20,722	-	20,722
Other loans and borrowings	174,763	223,255	145,993	143,373
	366,309	**429,018**	**336,996**	**348,593**
Non-current liabilities				
At amortised cost	11,843,619	10,657,879	11,824,608	10,610,098
Current liabilities				
At amortised cost	366,309	429,018	336,996	348,593
	12,209,928	**11,086,897**	**12,161,604**	**10,958,691**
Municipal Manager's estimate of fair value of the loans and borrowings				
Structured loans	790,808	946,592	790,808	946,592
Development Bank of Stock Loans	1,497,444	1,197,759	1,497,444	1,197,759
Local Registered Stock Loans	26,013	30,000	26,013	30,000
Municipal bonds	7,707,530	6,708,414	7,707,530	6,708,414
Jozi Bonds	34,813	55,530	34,813	55,530
Other financial liabilities	2,443,872	1,606,030	2,443,872	1,606,030
	12,500,480	**10,544,325**	**12,500,480**	**10,544,325**

The fair values of the loans and borrowings were determined as follows:

Listed bonds fair values were calculated using the prices as quoted on Bond Exchange South Africa (BESA) on 30 June 2011. Retail bonds fair values were calculated using prices quoted on the Johannesburg Stock Exchange (JSE) on 30 June 2011.

R2,502 million (2010 : R2,018 million) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. Refer to Note 5.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

20. FINANCE LEASE OBLIGATION

Minimum lease payments due				
- within one year	34,015	42,390	27,420	32,920
- in second to fifth year inclusive	42,031	47,472	36,478	40,462
- later than five years	478,154	483,023	478,154	483,023
	554,200	572,885	542,052	556,405
less: future finance charges	(459,618)	(468,912)	(457,782)	(465,064)
Present value of minimum lease payments	**94,582**	**103,973**	**84,270**	**91,341**
Non-current liabilities	69,124	73,686	64,388	67,434
Current liabilities	25,458	30,287	19,882	23,907
	94,582	**103,973**	**84,270**	**91,341**

Registers containing the information for the Group is available for inspection at the respective registered offices of the CJMM and ME's.

21. TRADE AND OTHER PAYABLES

Financial liabilities				
Accrued interest	192,519	131,703	171,961	121,812
Credit balances in consumer debtors	1,423,127	996,565	1,092,773	604,222
Engineering fees	223,205	209,650	71,928	59,318
Operating lease payables	16,102	10,405	1,722	1,247
Other creditors	797,755	704,118	477,012	400,151
Retentions	148,316	162,256	50,448	45,841
Trade payables	3,748,053	3,412,275	914,452	924,123
Related party creditor	-	-	3,387,922	3,024,003
	6,549,077	5,626,972	6,168,218	5,180,717
Other liabilities				
Accrued leave pay	357,447	331,211	230,081	215,795
Accrued bonus	194,038	180,306	80,009	68,027
Accrued staff 13th cheques	11,372	9,694	-	-
Payments received in advance	23,188	25,276	19,858	20,603
	586,045	546,487	329,948	304,425
	7,135,122	**6,173,459**	**6,498,166**	**5,485,142**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

22. OBLIGATIONS ARISING FROM CONDITIONAL GRANTS AND RECEIPTS

Obligations arising from conditional grants and receipts comprises of:

Provincial grants : Capital projects	120,915	63,333	115,314	55,795
Municipal infrastructure grant	19,614	28,632	19,614	28,632
Provincial grants : Operating projects	6,630	5,162	6,630	5,162
Social housing foundation	7,441	23,744	-	-
Gautrain grant	349	428	349	428
Confederation cup	-	84,496	-	84,496
2010 Public transport (SPTN)	334,100	314,254	334,100	314,254
Neighbourhood development partnership grant	3,136	5,408	3,136	5,408
Expanded Public Works Programme (EPWP)	21,063	55,394	21,063	55,394
Subtotal	**513,248**	**580,851**	**500,206**	**549,569**
Obligations arising from public contributions and donations	25,920	28,153	15,733	28,153
	539,168	**609,004**	**515,939**	**577,722**

The nature and extent of government grants recognised in the Annual Financial Statements and an indication of other forms of government assistance from which the group has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

23. PROVISIONS

Reconciliation of provisions - GROUP - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
International Parking Management	310,090	44,964	-	-	-	355,054
Escalation on contracts	2,441	1,161	(2,427)	-	-	1,175
Environmental rehabilitation: Closed landfill site	125,329	-	(2,451)	8,460	(40,412)	90,926
Environmental rehabilitation: Open landfill sites	236,970	3,289	(4,922)	15,995	(35,283)	216,049
Pension fund provision	13,570	975	-	-	-	14,545
	688,400	**50,389**	**(9,800)**	**24,455**	**(75,695)**	**677,749**

Reconciliation of provisions - GROUP - 2010

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
International Parking Management	-	310,090	-	-	-	310,090
Escalation on contracts	7,623	2,866	(8,048)	-	-	2,441
Environmental rehabilitation: Closed landfill site	130,666	-	(19,148)	13,811	-	125,329
Environmental rehabilitation: Open landfill sites	173,464	45,171	-	18,335	-	236,970
Pension fund provision	282,419	11,151	(280,000)	-	-	13,570
	594,172	**369,278**	**(307,196)**	**32,146**	**-**	**688,400**

Reconciliation of provisions - CORE - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
International Parking Management	310,090	44,964	-	-	-	355,054
Pension fund provision	13,570	975	-	-	-	14,545
	323,660	**45,939**	**-**	**-**	**-**	**369,599**

Reconciliation of provisions - CORE - 2010

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
International Parking Management	-	310,090	-	-	-	310,090
Pension fund provision	282,419	11,151	(280,000)	-	-	13,570
	282,419	**321,241**	**(280,000)**	**-**	**-**	**323,660**

Non-current liabilities	662,029	672,389	355,054	310,090
Current liabilities	15,720	16,011	14,545	13,570
	677,749	**688,400**	**369,599**	**323,660**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

23. PROVISIONS (continued)

International parking management

On 17 February 2011 the South Gauteng High Court dismissed the City's application for review of the Arbitrator's award on 28 August 2009 and the Arbitration Appeal Tribunal's decision dismissing the City's appeal against that award on 5 February 2010. The City provided for the full amount inclusive of interest amounting to R 73 million and estimated legal cost of R 20 million.

Pension fund provisions

The pension fund provision relates to the change from defined benefit plans to defined contribution plans of the pension funds. The provision is based on the actuarial valuations of the pension funds and agreement reached by management and the trustee's of the pension funds.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

24. EMPLOYEE BENEFIT OBLIGATIONS

24.1Post retirement liabilities

Post-Retirement Medical Aid Plan	(1,294,523)	(1,400,173)	(1,301,289)	(1,377,019)
Post-Retirement Housing Subsidy Plan	(4,767)	(4,990)	(3,245)	(3,574)
Retirement Gratuity Plan	(433,649)	(425,627)	(469,108)	(460,320)
	(1,732,939)	**(1,830,790)**	**(1,773,642)**	**(1,840,913)**

24.1.1 Post retirement medical aid plan

City of Johannesburg Metropolitan Municipality has obligations to subsidise medical aid contributions in respect of certain qualifying staff and pensioners and their surviving spouses. 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 Munimed 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 in respect of CJMM employees	1,294,523	1,400,173	1,185,546	1,267,406
In respect of notional accounts for employees of ME's	-	-	115,743	109,613
	1,294,523	**1,400,173**	**1,301,289**	**1,377,019**

Movements for the year

Opening balance	1,400,173	1,297,833	1,267,406	1,165,928
Benefits paid	(94,970)	(89,105)	(91,691)	(86,660)
Other	-	102	-	-
Net expense recognised in the statement of financial performance	(10,680)	191,343	9,831	188,138
	1,294,523	**1,400,173**	**1,185,546**	**1,267,406**

Net expense recognised in the statement of financial performance

Current service cost	3,664	5,276	2,209	2,685
Interest cost	126,465	109,026	114,574	97,938
Actuarial (gains) losses	(140,809)	77,041	(106,952)	87,515
	(10,680)	**191,343**	**9,831**	**188,138**

Notional loan account

Opening balance	-	-	109,613	105,184
interest received	-	-	6,130	6,926
Benefits payments	-	-	-	(2,497)
Balance at end of year	**-**	**-**	**115,743**	**109,613**

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	8.60 %	9.00 %	8.60 %	9.00 %
Expected rate of return on assets	8.60 %	9.00 %	8.60 %	9.00 %
Expected rate of return on reimbursement rights	7.10 %	7.40 %	7.10 %	7.40 %
Expected increase in salaries	7.10 %	7.40 %	7.10 %	7.40 %

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

24. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Other assumptions.

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

Sensitivity analysis

	Change in assumption		
	1%	0%	-1%
Liability	1,195,316	1,267,406	1,353,494
Percentage change	-5.70%	0%	6.80%
Service cost	1,948	2,209	2,527
Percentage change	-11.80%	0%	14.40%

Post-Retirement Mortality

	Liability	Percentage Change	Service Cost	Percentage Change
2 Years younger	1,311,887	3.50%	2,256	2.10%

24.1.2 Post retirement housing subsidy plan

The City of Johannesburg Metropolitan Municipality provides housing subsidies in respect of certain qualifying staff members. In the event that the housing loan that the subsidy related to is not fully repaid at retirement date, the subsidy will continue into the members' retirement. The subsidy amount is based on the subsidy 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	4,767	4,990	3,245	3,574

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

24. EMPLOYEE BENEFIT OBLIGATIONS (continued)

The fair value of plan assets includes:

Movements for the year

Opening balance	4,990	7,399	3,574	5,714
Benefits paid	(1,024)	(922)	(929)	(922)
Net expense recognised in the statement of financial performance	801	(1,487)	600	(1,218)
	4,767	**4,990**	**3,245**	**3,574**

Net expense recognised in the statement of financial performance

Current service cost	52	37	-	-
Interest cost	427	666	300	526
Actuarial (gains) losses	322	(2,190)	300	(1,744)
	801	**(1,487)**	**600**	**(1,218)**

Notional loan account

Opening balance	-	-	-	1,303
Benefits payments	-	-	-	(1,303)
Balance at end of year	**-**	**-**	**-**	**-**

Key assumptions used

Assumptions used on last valuation on 30 June 2011.

Discount rates used	8.60 %	9.00 %	8.60 %	9.00 %
Expected rate of return on assets	8.60 %	9.00 %	8.60 %	9.00 %

Sensitivity analysis

	Change in assumption		
	1%	**0%**	**-1%**
Liability	3,498	3,574	3,653
Percentage change	-2.10%	0%	2.20%

Post-Retirement Morality

	Liability	Percentage Change
2 Years younger	3,652	2.10%

24.1.3 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.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

24. EMPLOYEE BENEFIT OBLIGATIONS (continued)

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	433,649	425,627	170,931	163,576
In respect of notional accounts for employees of ME's	-	-	298,177	296,744
	433,649	**425,627**	**469,108**	**460,320**

Movements for the year

Opening balance	425,627	484,271	163,576	164,332
Benefits paid	(32,899)	(37,206)	(14,746)	(14,429)
Other	-	(33,125)	-	-
Net expense recognised in the statement of financial performance	40,921	11,687	22,101	13,673
	433,649	**425,627**	**170,931**	**163,576**

Net expense recognised in the statement of financial performance

Interest cost	37,402	40,679	13,740	13,803
Actuarial (gains) losses	3,519	(28,992)	8,361	(130)
	40,921	**11,687**	**22,101**	**13,673**

Notional loan account

Opening balance	-	-	296,744	294,517
Interest received	-	-	16,418	19,311
Benefits payments	-	-	(14,985)	(17,084)
Balance at end of year	**-**	**-**	**298,177**	**296,744**

Key assumptions used

Assumptions used on last valuation on 30 June 2011.

The principal actuarial assumptions used were as follows:

Discount rates used	8.60 %	9.00 %	8.60 %	9.00 %
Expected rate of return on assets	8.60 %	9.00 %	8.60 %	9.00 %
Expected increase in salaries	5.60 %	5.90 %	5.60 %	5.90 %

Sensitivity analysis

	Change in assumption		
	1%	**0%**	**-1%**
Liability	158,803	163,576	176,780
Percentage change	-5.00%	0%	5.70%

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

24. EMPLOYEE BENEFIT OBLIGATIONS (continued)

24.2 Defined contribution plan

Multi employer funds

CJMM and its ME's provide post-employment benefits to all their permanent employees through two defined contribution funds.

1) Joint Municipal Pension Fund

2) Municipal Employees Pension Fund

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

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

24. EMPLOYEE BENEFIT OBLIGATIONS (continued)

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

Joint Municipal Pension Fund			2,221	2,221
Municipal Employees Pension Fund			9,271	9,271
			11,492	**11,492**

25. DEFERRED INCOME

Bond tap				
Balance unspent at beginning of year	51,437	55,640	51,437	55,640
Conditions met - transferred to revenue	(4,169)	(4,203)	(4,169)	(4,203)
Conditions still to be met - transferred to liabilities	**47,268**	**51,437**	**47,268**	**51,437**

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.

Deferred income related to obligations arising from conditional grants and receipts				
Balance at beginning of year	1,769,046	2,538,169	1,769,046	2,538,169
Assets Under Construction	1,102,053	1,512,555	1,102,053	1,512,555
Conditions met - transferred to revenue	(1,042,615)	(2,281,678)	(1,042,615)	(2,281,678)
Conditions still to be met - transferred to liabilities	**1,828,484**	**1,769,046**	**1,828,484**	**1,769,046**

Deferred income related to obligations arising from conditional grants and receipts and will be recognised as revenue when the conditions attached to the conditional grants and receipts are substantially met. The deferred income does not relate to unspent conditional grants and receipts, but to expenditure already incurred on work in progress where conditions attached to the conditional grants and receipts have not been substantially met. Previously the deferred income was taken directly to the Capitalisation Reserve within the Accumulated Surplus. The income was released to Revenue when the conditions attached to the conditional grants and receipts were substantially met.

Passenger trips received in advance				
Balance unspent at beginning of year	534	590	-	-
Current year receipts	2,694	-	-	-
Conditions met - transferred to revenue	-	(56)	-	-
Conditions still to be met - transferred to liabilities	**3,228**	**534**	**-**	**-**

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.

Joshco Madulamoho Joint Venture (JM/JV) Grant				
Balance unspent at beginning of year	29,248	30,162	-	-
Conditions met - transferred to revenue	(914)	(914)	-	-
Conditions still to be met - transferred to liabilities	**28,334**	**29,248**	**-**	**-**

Grant received to finance the acquisition of the investment in the JM/JV joint venture is recognised over the period of JM/JV operating lease. The remaining lease period is (2010:33years and 2009:34 years). Conditions are met as the operating lease is utilised and balance remains in liabilities.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

25. DEFERRED INCOME (continued)

Commision received				
Balance unspent at beginning of year	61	-	-	-
Current year receipts	34,381	61	-	-
Conditions met - transferred to revenue	(2,439)	-	-	-
Conditions still to be met - transferred to liabilities	**32,003**	**61**	**-**	**-**

The above deferred income relate to commision received on the conclusion of the 5 year lease agreement relating to outdoor advertising and land sales transaction not yet finalised.

Total deferred income	**1,939,317**	**1,850,326**	**1,875,752**	**1,820,483**
Current liabilities	9,123	975	-	-
Non-current liabilities	1,930,194	1,849,351	1,875,752	1,820,483
	1,939,317	**1,850,326**	**1,875,752**	**1,820,483**

26. INTEREST RATE SWAP LIABILITY

During the financial year, 31 March 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:	30 March 2011
Nominal Amount:	R 1,000 (million)
Fixed Rate:	11.66%
Payable:	Semi- annual

Opening balance	-	-	-	-
Initial recognition of the swap fair value	43,098	-	43,098	-
Closing balance	**43,098**	**-**	**43,098**	**-**

27. CONSUMER DEPOSITS

Non Current portion of Consumer deposits				
Electricity and water deposits	396,847	409,115	209,899	220,894
Other deposits	4,112	3,617	4,112	3,617
	400,959	**412,732**	**214,011**	**224,511**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

28. FINANCIAL LIABILITIES BY CATEGORY

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

GROUP - 2011

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	366,309	366,309
Finance lease obligations	25,458	25,458
Trade and other payables	6,549,077	6,549,077
Bank overdraft	72	72
Non-Current Liabilities	-	-
Loans and borrowings	11,843,619	11,843,619
Finance lease obligations	69,124	69,124
Deferred income	1,930,194	1,930,194
Consumer deposits	400,959	400,959
	21,184,812	**21,184,812**

GROUP - 2010

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	429,018	429,018
Finance lease obligations	30,287	30,287
Trade and other payables	5,626,972	5,626,972
Bank overdraft	5,197	5,197
Non-Current Liabilities	-	-
Loans and borrowings	10,657,879	10,657,879
Finance lease obligations	73,686	73,686
Deferred income	1,849,351	1,849,351
Consumer deposits	412,732	412,732
	19,085,122	**19,085,122**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

28. FINANCIAL LIABILITIES BY CATEGORY (continued)

CORE - 2011

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	336,996	336,996
Finance lease obligations	19,882	19,882
Trade and other payables	6,168,218	6,168,218
Non-Current Liabilities		
Loans and borrowings	11,824,608	11,824,608
Finance lease obligations	64,388	64,388
Deferred income	1,875,752	1,875,752
Consumer deposits	214,011	214,011
	20,503,855	**20,503,855**

CORE - 2010

	Financial liabilities at amortised cost	Total
Current Liabilities		
Loans and borrowings	348,593	348,593
Finance lease obligations	23,907	23,907
Trade and other payables	5,180,717	5,180,717
Non-Current Liabilities		
Loans and borrowings	10,610,098	10,610,098
Finance lease obligations	67,434	67,434
Deferred income	1,820,483	1,820,483
Consumer deposits	224,511	224,511
	18,275,743	**18,275,743**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

29. PROPERTY RATES

Rates received

Residential	2,221,083	2,032,631	2,221,083	2,032,631
Commercial	2,637,083	1,983,038	2,637,083	1,983,038
State	34,428	34,402	34,428	34,402
	4,892,594	**4,050,071**	**4,892,594**	**4,050,071**

Valuations

Residential	667,792,193	663,114,139	667,792,193	663,114,139

30. SERVICE CHARGES

Other service charges	45,849	38,910	50,557	55,037
Refuse removal	817,582	746,113	665,857	601,668
Sale of electricity	9,679,135	7,129,689	-	-
Sale of water	2,655,060	2,821,737	-	-
Sewerage and sanitation charges	1,880,043	1,636,673	-	-
Surcharges : Electricity	95,510	80,207	95,510	80,207
Surcharges : Refuse	2,267	122	2,267	122
Surcharges : Water	40,866	24,234	40,866	24,234
	15,216,312	**12,477,685**	**855,057**	**761,268**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

31. GOVERNMENT GRANTS AND SUBSIDIES

Provincial grants : Capital projects	296,061	411,891	889	10,277
Municipal infrastructure grant	119,482	159,365	248,757	263,229
Financial management grant	1,000	750	1,000	750
Provincial grants : Operating projects	15,949	15,837	15,949	15,837
Ellis park upgrading : 2010	44,466	199,293	44,466	199,293
Provincial grant : Soccer city 2010	-	562,097	-	562,097
Gautrain grant	79	151	79	151
Confederation cup	86,524	33,631	86,524	33,631
2010 Public transport (SPTN)	1,189,135	1,620,635	1,189,135	1,620,635
Neighborhood development partnership grant	63,666	91,584	63,666	91,584
Expanded Public Works Programme (EPWP)	123,277	25,701	123,277	25,701
Ambulance subsidy	82,210	59,093	82,210	59,093
Equitable share and fuel levy	3,994,276	3,497,620	3,994,276	3,497,620
Provincial grants : Top structure of houses	53,056	157,663	53,056	157,663
Provincial health subsidies	84,030	76,967	84,030	76,967
Department of Communication Grant	-	40,000	-	40,000
	6,153,211	**6,952,278**	**5,987,314**	**6,654,528**

Provincial grants : Capital projects

Balance unspent at beginning of year	63,333	294,879	55,795	281,396
Current year receipts	685,421	552,270	392,183	156,601
Previous years AUC - Capitalised	658	5,953	658	5,953
Accruals reversed	(270)	337	(270)	337
Assets under construction	(3,858)	(21,778)	(3,858)	(21,778)
Transferred to debtors	(328,308)	(355,969)	(328,305)	(355,969)
Repaid to province	-	(468)	-	(468)
Conditions met - transferred to revenue	(296,061)	(411,891)	(889)	(10,277)
Conditions still to be met - transferred to liabilities	**120,915**	**63,333**	**115,314**	**55,795**

These grants are provided to finance Capital Projects in respect of Social Services and Housing.

Municipal infrastructure grant

Balance unspent at beginning of year	28,632	50,339	28,632	50,339
Current year receipts	427,175	441,392	556,450	545,256
Accruals reversed	109	13,483	109	13,483
Assets under construction	(341,035)	(297,907)	(341,035)	(297,907)
Previous years AUC - Capitalised	24,215	978	24,215	978
Transferred to debtors	-	(20,288)	-	(20,288)
Conditions met - transferred to revenue	(119,482)	(159,365)	(248,757)	(263,229)
Conditions still to be met - transferred to liabilities	**19,614**	**28,632**	**19,614**	**28,632**

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.

Financial management grant

Current year receipts	1,000	750	1,000	750
Conditions met - transferred to revenue	(1,000)	(750)	(1,000)	(750)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

31. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Provincial grants : Operating projects

Balance unspent at beginning of year	5,162	12,162	5,162	12,162
Current year receipts	17,417	8,837	17,417	8,837
Conditions met - transferred to revenue	(15,949)	(15,837)	(15,949)	(15,837)
Conditions still to be met - transferred to liabilities	**6,630**	**5,162**	**6,630**	**5,162**

These grants are provided to finance community projects.

Social housing foundation

Balance unspent at beginning of year	23,744	18,746	-	-
Current year receipts	605	16,530	-	-
Transferred to debtors	(16,908)	(11,532)	-	-
Conditions still to be met - transferred to liabilities	**7,441**	**23,744**	**-**	**-**

Ellis park upgrading : 2010

Balance unspent at beginning of year	-	8,969	-	8,969
Current year receipts	-	616	-	616
Previous years AUC - Capitalised	44,466	199,293	44,466	199,293
Assets under construction	-	(7,642)	-	(7,642)
Transferred : Other grants	-	(1,943)	-	(1,943)
Conditions met - transferred to revenue	(44,466)	(199,293)	(44,466)	(199,293)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

This grant is provided for the upgrade of Ellis Park.

Provincial grant : Soccer city 2010

Balance unspent at beginning of year	-	6,166	-	6,166
Current year receipts	-	78,514	-	78,514
Assets capitalised	-	477,417	-	477,417
Conditions met - transferred to revenue	-	(562,097)	-	(562,097)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

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

Gautrain grant

Balance unspent at beginning of year	428	579	428	579
Conditions met - transferred to revenue	(79)	(151)	(79)	(151)
Conditions still to be met - transferred to liabilities	**349**	**428**	**349**	**428**

The purpose of this grant is to provide capacity support for the Gautrain Rapid Rail Link.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

31. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Confederation cup

Balance unspent at beginning of year	84,496	13,546	84,496	13,546
Current year receipts	2,028	104,874	2,028	104,874
Transferred : Other grants	-	(293)	-	(293)
Conditions met - transferred to revenue	(86,524)	(33,631)	(86,524)	(33,631)
Conditions still to be met - transferred to liabilities	**-**	**84,496**	**-**	**84,496**

2010 Public transport (SPTN)

Balance unspent at beginning of year	314,254	438,937	314,254	438,937
Current year receipts	932,000	1,096,935	932,000	1,096,935
Previous years AUC - Capitalised	931,701	1,212,813	931,701	1,212,813
Assets under construction	(654,720)	(813,796)	(654,720)	(813,796)
Conditions met - transferred to revenue	(1,189,135)	(1,620,635)	(1,189,135)	(1,620,635)
Conditions still to be met - transferred to liabilities	**334,100**	**314,254**	**334,100**	**314,254**

This grant is provided to finance 2010 Public Transport System.

Neighborhood development partnership grant

Balance unspent at beginning of year	5,408	14,201	5,408	14,201
Current year receipts	99,958	64,836	99,958	64,836
Deferred income	(4,500)	-	(4,500)	-
Previous years AUC - Capitalised	42,233	44,296	42,233	44,296
Assets under construction	(76,297)	(26,341)	(76,297)	(26,341)
Conditions met - transferred to revenue	(63,666)	(91,584)	(63,666)	(91,584)
Conditions still to be met - transferred to liabilities	**3,136**	**5,408**	**3,136**	**5,408**

The purpose of this grant is to stimulate and accelerate private sector investment in poor and underserved neighborhoods.

Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	55,394	-	55,394	-
Current year receipts	110,590	84,095	110,590	84,095
Assets under construction	(21,644)	(3,000)	(21,644)	(3,000)
Conditions met - transferred to revenue	(123,277)	(25,701)	(123,277)	(25,701)
Conditions still to be met - transferred to liabilities	**21,063**	**55,394**	**21,063**	**55,394**

Ambulance subsidy

Current year receipts	82,210	59,093	82,210	59,093
Conditions met - transferred to revenue	(82,210)	(59,093)	(82,210)	(59,093)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

Equitable share and fuel levy

Current year receipts	3,994,276	3,497,620	3,994,276	3,497,620
Conditions met - transferred to revenue	(3,994,276)	(3,497,620)	(3,994,276)	(3,497,620)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

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

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

31. GOVERNMENT GRANTS AND SUBSIDIES (continued)

Provincial grants : Top structure of houses

Current year receipts	53,056	157,663	53,056	157,663
Conditions met - transferred to revenue	(53,056)	(157,663)	(53,056)	(157,663)
Conditions still to be met - transferred to liabilities	-	-	-	-

Provincial health subsidies

Current year receipts	84,030	76,967	84,030	76,967
Conditions met - transferred to revenue	(84,030)	(76,967)	(84,030)	(76,967)
Conditions still to be met - transferred to liabilities	-	-	-	-

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

Department of Communication Grant

Current year receipts	-	40,000	-	40,000
Conditions met - transferred to revenue	-	(40,000)	-	(40,000)
Conditions still to be met - transferred to liabilities	-	-	-	-

32. REVERSAL OF IMPAIRMENT

Other loans and borrowings	-	-	17,984	17,267

The reversal of impairment relates to repayments of loans impaired for PIKITUP. Refer to note 29 for detail on the loans.

33. OTHER REVENUE

Advertising	31,333	28,401	-	-
BRT revenue	44,535	30,692	44,535	25,419
Bus fares	75,045	89,600	-	-
Commissions received	214,710	195,035	-	-
Cut off fees	9,772	41,819	-	-
Demand site management levy	191,538	229,557	-	-
Developer funded asset income	79,688	73,525	-	-
Internal recoveries - MEs	-	-	319,859	169,941
Recovery of collection fees	166,066	-	166,066	-
Subsidies	28,490	19,962	28,490	19,962
Sundry revenue	581,676	735,737	223,800	221,579
	1,422,853	**1,444,328**	**782,750**	**436,901**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

34. EMPLOYEE RELATED COSTS

Employee related costs : Salaries and wages	4,514,924	4,198,955	2,602,811	2,342,509
Employee related costs : Pension contributions	501,192	453,398	312,584	264,747
Employee related costs : Gratuities	15,485	(18,061)	15,269	13,620
Employee related costs : Medical aid contributions	327,534	306,668	198,938	165,603
Actuarial (gains)/losses	(98,291)	85,651	(98,291)	85,641
Housing benefits and allowances	27,902	33,911	19,596	23,059
Overtime payments	380,770	317,891	174,355	146,158
Bonus	403,213	344,681	222,581	174,310
Travel, motor car, accommodation, subsistence and other allowances	314,166	290,674	229,591	203,733
Less: Employee costs included in other expenses	110,856	(87,866)	122,063	(67,086)
	6,497,751	**5,925,902**	**3,799,497**	**3,352,294**

Remuneration of the City Manager

Annual Remuneration	1,816	1,633	1,816	1,633
Car Allowance	125	125	125	125
Performance Bonuses	-	163	-	163
Contributions to UIF, Medical and Pension Funds	176	205	176	205
	2,117	**2,126**	**2,117**	**2,126**

Remuneration of the Executive Director : 2010

Annual Remuneration	1,455	1,333	1,455	1,333
Car Allowance	282	282	282	282
Performance Bonuses	-	136	-	136
Contributions to UIF, Medical and Pension Funds	25	22	25	22
	1,762	**1,773**	**1,762**	**1,773**

Remuneration of the Executive Director : Central Planning Unit

Annual Remuneration	1,008	906	1,008	906
Car Allowance	110	110	110	110
Performance Bonuses	-	96	-	96
Contributions to UIF, Medical and Pension Funds	139	143	139	143
	1,257	**1,255**	**1,257**	**1,255**

Remuneration of the Chief Information Officer

Annual Remuneration	1,607	837	1,607	837
Car Allowance	285	144	285	144
Performance Bonuses	-	95	-	95
Contributions to UIF, Medical and Pension Funds	318	160	318	160
Eminence Allowance	297	120	297	120
Acting Allowance	107	-	107	-
	2,614	**1,356**	**2,614**	**1,356**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

34. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Director : External Relations

Annual Remuneration	753	692	753	692
Car Allowance	47	47	47	47
Performance Bonuses	-	63	-	63
Contributions to UIF, Medical and Pension Funds	27	23	27	23
	827	**825**	**827**	**825**

Remuneration of the Executive Director : Comm, Marketing and Events

Annual Remuneration	1,423	1,313	1,423	1,313
Car Allowance	96	96	96	96
Performance Bonuses	-	117	-	117
Contributions to UIF, Medical and Pension Funds	1	1	1	1
	1,520	**1,527**	**1,520**	**1,527**

Position has been vacant from the 31 January 2011.

Remuneration of the Executive Head : Joburg Risk Audit Services

Annual Remuneration	1,191	403	1,191	403
Car Allowance	288	96	288	96
Contributions to UIF, Medical and Pension Funds	32	-	32	-
	1,511	**499**	**1,511**	**499**

Contract was terminated on the 31 December 2008. A new contract was entered into on 1 March 2010.

Remuneration of the Director : Legal and Compliance

Annual Remuneration	815	746	815	746
Car Allowance	82	82	82	82
Performance Bonuses	-	74	-	74
Contributions to UIF, Medical and Pension Funds	68	61	68	61
Eminence Allowance	176	176	176	176
	1,141	**1,139**	**1,141**	**1,139**

Remuneration of the Executive Director : Finance

Annual Remuneration	1,987	1,841	1,987	1,841
Car Allowance	72	72	72	72
Performance Bonuses	-	162	-	162
Contributions to UIF, Medical and Pension Funds	32	28	32	28
Eminence Allowance	2	-	2	-
	2,093	**2,103**	**2,093**	**2,103**

Remuneration of the Executive Director : Economic Development

Annual Remuneration	1,525	1,405	1,525	1,405
Car Allowance	132	132	132	132
Performance Bonuses	-	128	-	128
Contributions to UIF, Medical and Pension Funds	1	1	1	1
	1,658	**1,666**	**1,658**	**1,666**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

34. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Executive Director : Revenue and Customer Relations Management

Annual Remuneration	1,515	1,398	1,515	1,398
Car Allowance	101	101	101	101
Performance Bonuses	-	125	-	125
Contributions to UIF, Medical and Pension Funds	1	1	1	1
	1,617	**1,625**	**1,617**	**1,625**

Remuneration of the Executive Director : Community Development

Annual Remuneration	1,534	1,312	1,534	1,312
Car Allowance	86	86	86	86
Performance Bonuses	-	128	-	128
Contributions to UIF, Medical and Pension Funds	39	36	39	36
	1,659	**1,562**	**1,659**	**1,562**

Remuneration of the Executive Director : Development Planning and Urban Development

Annual Remuneration	916	689	916	689
Car Allowance	97	30	97	30
Performance Bonuses	-	120	-	120
Contributions to UIF, Medical and Pension Funds	39	1	39	1
Acting Allowance	141	-	141	-
	1,193	**840**	**1,193**	**840**

Position has been vacant since 1 January 2010.

Remuneration of the Executive Director : Environmental Management

Annual Remuneration	1,411	1,301	1,411	1,301
Car Allowance	108	108	108	108
Performance Bonuses	-	117	-	117
Contributions to UIF, Medical and Pension Funds	1	1	1	1
	1,520	**1,527**	**1,520**	**1,527**

Remuneration of the Executive Director : Infrastructure and Services

Annual Remuneration	1,430	445	1,430	445
Car Allowance	153	51	153	51
Contributions to UIF, Medical and Pension Funds	1	1	1	1
Eminence Allowance	-	10	-	10
	1,584	**507**	**1,584**	**507**

Remuneration of the Executive Director : Housing

Annual Remuneration	675	657	675	657
Car Allowance	128	55	128	55
Performance Bonuses	-	120	-	120
Contributions to UIF, Medical and Pension Funds	39	1	39	1
Acting Allowance	141	-	141	-
	983	**833**	**983**	**833**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

34. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Chief of Police

Annual Remuneration	1,016	936	1,016	936
Car Allowance	102	102	102	102
Performance Bonuses	-	98	-	98
Contributions to UIF, Medical and Pension Funds	153	141	153	141
Eminence Allowance	220	220	220	220
	1,491	**1,497**	**1,491**	**1,497**

Remuneration of the Executive Head : Emergency Management Services

Annual Remuneration	1,160	1,068	1,160	1,068
Car Allowance	109	109	109	109
Performance Bonuses	-	98	-	98
Contributions to UIF, Medical and Pension Funds	1	1	1	1
Eminence Allowance	220	220	220	220
	1,490	**1,496**	**1,490**	**1,496**

Remuneration of the Executive Director : Transportation

Annual Remuneration	1,418	1,311	1,418	1,311
Car Allowance	73	73	73	73
Performance Bonuses	-	55	-	55
Contributions to UIF, Medical and Pension Funds	214	306	214	306
	1,705	**1,745**	**1,705**	**1,745**

Remuneration of the Executive Director : Health

Annual Remuneration	1,466	1,352	1,466	1,352
Car Allowance	108	108	108	108
Performance Bonuses	-	122	-	122
Contributions to UIF, Medical and Pension Funds	1	1	1	1
	1,575	**1,583**	**1,575**	**1,583**

Remuneration of the Executive Director : Corporate Services

Annual Remuneration	1,393	1,282	1,393	1,282
Car Allowance	144	144	144	144
Performance Bonuses	-	122	-	122
Contributions to UIF, Medical and Pension Funds	39	36	39	36
	1,576	**1,584**	**1,576**	**1,584**

Remuneration of the Director : Office of the City Manager

Position has been vacant since 1 June 2009.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

34. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Manager Private Office of the Executive Mayor

Annual Remuneration	729	770	729	770
Car Allowance	-	69	-	69
Performance Bonuses	-	73	-	73
Contributions to UIF, Medical and Pension Funds	111	35	111	35
Eminence	167	91	167	91
	1,007	**1,038**	**1,007**	**1,038**

35. REMUNERATION OF COUNCILLORS

Executive Mayor	964	953	964	953
Mayoral Committee Members	7,955	7,764	7,955	7,764
Speaker	771	752	771	752
Councillors	63,374	57,910	63,374	57,910
Councillors' pension contribution	7,582	7,060	7,582	7,060
	80,646	**74,439**	**80,646**	**74,439**

Remuneration of the Executive Mayor - Parks Tau

Annual Remuneration	60	-	60	-
Car Allowance	11	-	11	-
Contributions to UIF, Medical and Pension Funds	10	-	10	-
Cell Allowance	3	-	3	-
	84	**-**	**84**	**-**

New appointment 1 June 2011.

Remuneration of the Executive Mayor - Amos Masondo

Annual Remuneration	685	645	685	645
Car Allowance	170	170	170	170
Contributions to UIF, Medical and Pension Funds	111	106	111	106
Cell Allowance	36	34	36	34
	1,002	**955**	**1,002**	**955**

Contract was terminated on the 31 May 2011.

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 is entitled to stay at the mayoral residence owned by Council at no cost.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards. The Speaker has one full-time bodyguard.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

36. DEPRECIATION AND AMORTISATION

Property, plant and equipment	1,188,354	1,028,142	725,506	577,189
Investment property	6,148	1,808	5,873	1,531
Intangible assets	251,116	153,734	210,218	117,185
	1,445,618	**1,183,684**	**941,597**	**695,905**

37. NET IMPAIRMENT LOSSES

Impairments				
Property, plant and equipment	42,783	37,120	41,872	36,202
Intangible assets	6	-	-	-
	42,789	**37,120**	**41,872**	**36,202**

38. ALLOWANCE FOR IMPAIRMENT OF CURRENT RECEIVABLES

Impairments	2,368	(6,815)	(612)	(23,077)
Allowance - Trade and other receivables	37,252	180,970	15,709	37,988
Allowance - Consumer debtors	2,868,248	2,730,392	1,200,831	1,018,258
Impairment loss - Trade and other receivables	(174,867)	(230,199)	1,619	(238,783)
Impairment loss - Consumer debtors	(2,470)	(377,190)	-	(116,639)
Reversal of allowance - Consumer debtors	(1,289)	(216,853)	-	(251,805)
	2,729,242	**2,080,305**	**1,217,547**	**425,942**

39. BULK PURCHASES

Electricity	6,024,919	4,508,805	-	-
Water	2,115,397	1,769,720	-	-
Sewer purification	22,105	31,569	-	-
	8,162,421	**6,310,094**	**-**	**-**

40. CONTRACTED SERVICES

Information Technology Services	320,546	243,069	320,457	242,959
Fleet Services	831,467	814,013	46,387	42,626
Operating Leases	245,202	207,850	214,971	184,800
Specialist Services	807,943	673,101	806,113	652,963
Other Contractors	568,954	585,955	18,398	11,703
	2,774,112	**2,523,988**	**1,406,326**	**1,135,051**

Refer to note 44 for future operating lease commitments

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

41. GRANTS AND SUBSIDIES PAID

Grants paid to ME's				
City of Johannesburg Property Company (Pty) Ltd	-	-	-	537
Johannesburg City Parks	-	-	469,596	425,047
Johannesburg Development Agency (Pty) Ltd	-	-	21,637	20,450
Johannesburg Metropolitan Bus Services (Pty) Ltd	-	-	291,841	284,497
Johannesburg Roads Agency (Pty) Ltd	-	-	439,693	405,230
Johannesburg Social Housing Company (Pty) Ltd	-	-	16,794	13,445
Johannesburg Tourism Company	-	-	31,616	26,605
Metropolitan Trading Company (Pty) Ltd	-	-	45,293	40,559
Pikitup Johannesburg (Pty) Ltd	-	-	925,110	846,519
Roodepoort City Theatre	-	-	9,375	8,363
The Johannesburg Civic Theatre (Pty) Ltd	-	-	25,000	17,464
The Johannesburg Zoo	-	-	40,370	36,779
	-	**-**	**2,316,325**	**2,125,495**
Other subsidies				
Grant paid : Sporting Organisations (Marks Park Sports Club)	1,112	1,051	1,112	1,051
Grant paid : Other	19,004	22,926	19,004	22,926
Grant paid : Housing top structures	91,677	157,643	91,677	157,643
	111,793	**181,620**	**111,793**	**181,620**
	111,793	**181,620**	**2,428,118**	**2,307,115**

Grants paid to MEs are utilised to fund capital and operational expenditure.

The grants paid are based on the approved operating and capital budgeted amounts as approved by Council.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

42. GENERAL EXPENSES

Advertising	32,821	46,876	10,458	11,707
Auditors remuneration	30,951	27,356	11,774	10,880
Bank charges	54,760	46,058	47,455	39,197
Billing and meter reading charges	52,833	43,164	-	-
Cleaning	21,549	27,815	-	-
Commission paid	23,028	37,673	-	-
Computer expenses	32,395	28,394	-	-
Conferences and seminars	20,262	16,265	11,891	7,948
Consulting and professional fees	67,254	101,680	61,489	84,426
Consumables	97,226	99,114	15,160	14,727
Debt collection	218,776	156,343	217,005	156,292
Free electricity	16,337	24,826	-	-
Hire	3,480	13,937	5,570	13,589
Horticulture	23,329	22,713	-	-
Insurance	189,011	195,969	154,324	179,851
Lease rentals on operating lease	159,427	151,509	154,167	147,971
ME - charges	-	-	278,774	246,050
Marketing	70,274	67,218	25,463	31,435
Motor vehicle expenses	85,602	89,703	-	-
Other expenses	433,360	385,352	234,761	227,774
Placement fees	1,792	3,042	-	-
Post retirement expenses	15,960	195,063	15,960	195,063
Printing and stationery	67,386	61,042	51,467	42,871
Productions	8,431	37,082	-	-
Road maintenance	168,540	209,875	-	-
Security (Guarding of municipal property)	318,410	264,680	172,895	148,801
Settlement of International Parking Management	-	216,810	-	216,810
Software expenses	33,525	15,087	19,910	6,524
Staff welfare	7,690	13,851	1,019	6,755
Subscriptions and membership fees	16,560	13,508	13,158	10,869
Telephone and fax	112,202	110,419	46,340	42,523
Training	40,628	30,281	27,485	16,349
Travel - local	15,001	11,886	-	-
Travel - overseas	14,087	11,198	9,256	7,970
Utilities	281,365	54,716	337,082	193,488
	2,734,252	**2,830,505**	**1,922,863**	**2,059,870**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

43. CASH GENERATED FROM OPERATIONS

Surplus	2,303,704	2,831,884	783,795	1,836,709
Adjustments for:				
Depreciation and amortisation	1,445,618	1,183,684	941,597	695,905
Loss on sale of assets and liabilities	(15,283)	(3,406)	(6,429)	(1,757)
Taxation paid	18,197	(78,951)	-	-
Interest earned - outstanding debtors	(193,081)	(185,810)	(77,206)	(94,116)
Impairment of me loans	-	-	(17,984)	(17,267)
Impairment deficit	42,789	33,295	41,872	36,202
Debt impairment	2,729,242	2,080,305	1,217,547	425,942
Movements in retirement benefit assets and liabilities	-	-	55,080	226,830
Movements in provisions	(851)	401,424	45,939	321,241
Leasehold property received	31,039	168,520	-	-
Borrowings	(101,492)	(121,163)	(25,820)	25,277
Deferred income	88,992	(775,179)	55,267	(773,325)
Equity share in associate	(949)	(135)	-	-
Investment movement	(568,585)	(313,250)	(568,585)	(313,250)
Inventories	(36,596)	(9,600)	(70,977)	(598)
Trade and other receivables	198,646	1,485,784	(685,559)	(104,326)
Consumer debtors	(4,073,522)	(2,547,793)	(903,863)	(720,814)
Trade and other payables	960,980	(1,448,806)	1,008,435	476,183
VAT	241,136	183,443	(66,420)	33,136
Obligations arising from conditional grants and receipts	(69,835)	(269,366)	(61,783)	(268,419)
	3,000,149	**2,614,880**	**1,664,906**	**1,783,553**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

44. COMMITMENTS

Commitments in respect of capital expenditure:

Authorised and not yet contracted for				
• Infrastucture	2,004,024	2,030,438	643,685	416,593
• Community	69,370	87,119	29,170	62,019
• Other	180,282	126,248	101,810	37,399
• Heritage	1,500	50,081	1,500	50,081
	2,255,176	**2,293,886**	**776,165**	**566,092**
Authorised and contracted for				
• Infrastructure	1,382,672	667,894	949,758	269,171
• Community	17,000	56,930	17,000	56,930
• Other	47,351	40,051	42,601	19,400
• Heritage	15,800	-	15,800	-
• Housing development fund	4,200	-	4,200	-
	1,467,023	**764,875**	**1,029,359**	**345,501**
	3,722,199	**3,058,761**	**1,805,524**	**911,593**
This expenditure will be financed from:				
External Loans	1,000,000	1,512,000	128,600	188,800
Capital Replacement Reserve	20,760	456,510	14,260	220,510
Government Grants	2,701,439	1,090,251	1,662,664	502,283
	3,722,199	**3,058,761**	**1,805,524**	**911,593**

Operating leases - as lessee (Fleet)

Minimum lease payments due				
- within one year	313,703	418,011	155,639	121,190
- in second to fifth year inclusive	30,155	28,529	-	-
	343,858	**446,540**	**155,639**	**121,190**

Operating leases – as lessee (Buildings)

Minimum lease payments due				
- within one year	449,945	446,510	62,246	47,878
- in second to fifth year inclusive	1,653,402	1,586,627	97,629	88,633
- later than five years	1,870,765	1,835,989	4,427	18,042
	3,974,112	**3,869,126**	**164,302**	**154,553**

Operating leases – as lessor (income)

Minimum lease payments due				
- within one year	5,268	6,496	-	-
- in second to fifth year inclusive	3,742	8,634	-	-
- later than five years	3,120	4,845	-	-
	12,130	**19,975**	**-**	**-**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

45. CONTINGENT LIABILITIES

GROUP

Johannesburg Roads Agency (Proprietary) Limited

These are legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims 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. Refer to cases below:

- Pipe Jack v JRA (Claim for unpaid invoice) - Amount involved R 213,067
- Hetta Eiendoms Bpk v JRA (Claim for specific performance / Alleged damage to property due to construction). Amount involved R492,473.77.
- Nortje v JRA (Labour court matter) - Amount involved R 400,000.
- Moshabane v JRA (Dispute on bill of costs) - Amount involved R148,984.50.
- Manong and Ass v JRA (Equality Court Matter) - Amount involved R 4,000,000.

The Johannesburg Fresh Produce Market (Proprietary) Limited

The entity is involved in six (6) litigation matters and disputes relating to the dismissal of former employees. Three (3) of the these cases have been lodged with the bargaining council, while three (3) cases have been lodged with the Labour court. Four of the cases have been brought forward from the prior year. The estimated exposure is unknown at this stage. The directors are of the opinion that the claims can be successfully defended by the company.

There are several potential claims and disputes against the entity, the outcome of which cannot at present be foreseen or reliably measured. The claims and disputes arise due to termination of contracts due to poor performance, possible non-compliance with procurement and SCM policies and possible fraud within the entity and relates to a number of suppliers or contractors.

There are also several uncertainties relating to the claims and disputes resulting from the litigation process which includes inter alia determination of possible value received and non-compliance with procurement and SCM policies.

Certain of the information usually required by GRAP 19 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the current litigation and disputes. The directors are of the opinion that the claims can be successfully defended by the company.

Metropolitan Bus Services (Pty) Ltd

A VAT calculation was performed during the year by KPMG and based on the documentation, arguments and calculations done, Metrobus may potentially have a VAT exposure of R264,261.27.

A labour dispute exists between Metrobus and an ex-employee. Should the dispute be settled in favour of the ex-employee, Metrobus could be held liable for claims up to R728,290. At this point the outcome of the dispute is still uncertain.

City Power (Pty) Ltd

The municipal entity has received audit findings from South African Revenue Services on it's income tax submissions for the years 2004 to 2007. South African Revenue Services is disputing the 100% bad debt deduction that the municipal entity has claimed as a deduction in it's income tax returns. The matter is ongoing and the quantum of the claim is still to be determined.

City Parks (Pty) Ltd

There is a possible claim against the company from a number of employees with regard to the payment of accumulated sick leave.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

45. CONTINGENT LIABILITIES (continued)

Johannesburg Development Agency (Pty) Ltd

In 2005, the JDA entered into a contract for the construction of Baragwanath Public Transport Facility, the supplier had FIGB provide a financial guarantee for the contract. On 13 February 2006, the JDA cancelled the contract because the supplier had defaulted. The JDA then turned to the FIGB demanding an amount of R1,400,000. The matter was taken to court and then judgement was granted in favour of the JDA. In August 2007, FIGB appealed and lost the appeal. The court issued a writ of execution for the judgement of debt but the Sheriff returned the writ with an explanation that she could not find any FIGB assets to meet the judgement. JDA has investigated the location of FIGB assets but was unsucessful and is now considering abandoning the matter. Therefore, the chances of recovering the R1,400,000 are non-existent at this stage. Legal confirmation has subsequently confirmed that the amount of this claim is R1,754,279 plus interest at a rate of 15.5% per annum from 9 March 2006 to date of payment plus costs. JDA is awaiting Board approval for abondoning the writ of execution.

The JDA has entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertrams 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.

The JDA was served with a summons from Leaf Security (Pty) Ltd for services rendered for the period of December 2010 to January 2011. The JDA had contracted Leaf Security for security services at a construction site in Bertrams. The JDA has subsequently filed an intention to defend the matter at the Magistrates Court.

On the 12 July 2011, the Johannesburg Development Agency (SOC) Ltd, received a summons from an applicant, Gillian Anne Frost, claiming compensation for bodily injuries she sustained at one of the JDA's development sites. In the case of an adverse finding against the JDA, the JDA will be liabile for an amount of R405,108. The JDA's insurance company will be filing an intention to defend the matter High Court on behalf of the JDA and the City of Johannesburg.

The JDA has initiatied arbitration proceedings with one of its contractors to determine whether a claim for extension of time rejected by the JDA is reasonable. In the event, that the finding is against the JDA, the JDA will have to pay the contractor an estimated amount of R1,5 million (including costs and disbursements).

Letters of demand and intention of certain parties to sue against the JDA have been received which include:

Total South Africa (Pty) Limited for loss of income as a result of JDA BRT construction works - R275,034.29.
Tembu Convienience Centre cc trading as convinience store and Engen Fuel Dealership for loss of income as a result of BRT construction works- R17 830 000.56
EasiHold (Pty) Ltd trading as Easipark for parking management services at 1 and 2 Central Place - R498,526.02

Johannesburg Social Housing Company (Pty) Ltd

Joshco is currently having a dispute with Vic Prop (Pty) Ltd relating to construction cost variations incurred on the Orlando Ekhaya hostel. The matter is currently under arbitration. Joshco is disputing variation costs of about R1.8million. The costs payable to the arbitrator are estimated to be R23 000 inclusive of vat.

During the financial year ended 30 June 2011, the City of Johannesburg commissioned Deloitte & Touché to conduct a VAT review on all Municipal owned entities. The review was conducted for the financial years ended 30 June 2007 through to the year ended 30 June 2011. The results of the review show that Joshco is in a VAT refundable position of R4,657,627.67, mainly as a result of VAT paid on operating subsidies. This amount has not been reflected in the financial statements as Joshco is currently engaging with SARS for approval. The amount receivable will only be accounted for once approval is obtained from SARS.

SARS rejected input VAT on the August 2009, October 2009 and December 2009 VAT returns on the basis of burden of proof, resulting in a potential VAT payable to SARS of R2,370,341.64. This means that Joshco has to submit proof in the form of VAT workings for the periods in question. This matter came to Joshco's attention while Deloitte & Touché was still conducting the VAT review. As a result Joshco will take up this matter concurrently with the results of the VAT review noted above. Should the VAT refundable of R4,657,627.67 be approved by SARS, then Joshco would not have any VAT obligations.

Pikitup (Pty) Ltd

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

45. CONTINGENT LIABILITIES (continued)

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

CORE

Uninsured claims & litigations

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. One of the plaintiffs proceeded against the City and a judgment was given which effectively dismissed most of the claim against the City except for the diminution of the value of the property which theoretically can still be claimed against the City, however this potential claim will now be reduced substantially (this claim was originally for R4,146,583.00 the majority of which was for loss of earnings). The approximate amount that the plaintiff could now claim would be in the order of approximately R500,000.00. This contingent liability can now be reduced by R3,000,000.00.

A Court action emanating from the alleged breach of contract of lease by the City for an amount of R15,000,000.00. This matter has been dormant for a number of years, the plaintiff shows no inclination to proceed.

A claim for damages was instituted by Engen Petroleum as a result of the construction of the Grayston fly-over for loss of income. The total claim is in excess 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. Thus the City is likely to be found liable and a settlement may be necessary. Matter has been set down for trial on the merits (which includes quantum of damages suffered) in December 2010, but was subsequently postponed. A new trial date is awaited.

Claim for damages for R10,000,000.00 in respect of relocation of homeless people. Home Talk Developments (Pty) Ltd sued the City allegedly because the City relocated homeless people onto the Defendant's property without his consent, making it impossible for him to develop the property. (Insurers said the claim is not covered). We are in the process of expropriating the property. We are awaiting confirmation of budget from the Housing department in order to proceed further with the expropriation application.

Claim relating to the City's alleged unlawful repudiation of contracts. Was dormant but has revived again, claim amounting to R7,000,000.00. The court granted application for leave to appeal decision in November 2010.

Claim for repayment of pre-2003 RSC Levies. Pleadings being exchanged R1,500,000.00. Amending papers. As well as requesting authority to approach the commissioner. We are awaiting further instructions in the matter as the matter is to be settled between the municipalities. Matter is dormant.

Claim for payment of 50% (approx. R2,000,000.00) of all amounts already paid to external service provider for upgrading of a hostel. The matter is dormant.

Claim for damages against the COJ amounting to R11 668 746.00. The claim is based on an alleged breach of contract in that the City has allegedly failed to use its "best endeavors" to have the property transferred to the plaintiff. The COJ and the plaintiff have various discussions and in principle decision to settle the matter has been reached and are now finalising the detail of the settlement.

Claim amounting to R909 120 for constructive dismissal emanating from sexual harassment. The matter is proceeding to trial, we are awaiting a trial date. We have served our discovery notices. The other side has requested the amendment of the particulars of claim.

Claim for R 50,000,000 for services rendered in terms of contract for the provision of red light violation prosecution services. The institution of arbitration proceedings by the plaintiff were suspended to enable the parties to consider a settlement. No settlement was reached and the matter is now proceeding to arbitration. We are awaiting an arbitration date. The Law Society has appointed an Arbitrator. The City has appointed its senior and junior counsel and is now awaiting the Statement of Claim from plaintiff in which its claim will be formulated.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

45. CONTINGENT LIABILITIES (continued)

Pension Fund Matters

Application not to withdraw from Pension Fund. Mediation may take place. The City withdrew from the Pension Fund. The City is waiting for the Fund to take the case further.

Claim for outstanding member and employer contributions ±R14,000,000.00. The City withdrew from the Pension Fund. The city asked for further particulars of the claim and took exception to the summons and particulars of the claim. The matter is dormant as the plaintiff has taken no further steps.

Claim for outstanding employer contributions relating to increased annual contributions to be paid to the fund by COJ ±R18,000,000.00. The City withdrew from the Pension Fund. The City asked for further particulars of the claim and took exception to the summons and particulars of the claim. The matter is dormant as the plaintiff has taken no further steps.

Claim for outstanding member and employer contributions to be paid in full by the COJ ±R1,000,000.00. The City withdrew from the Pension Fund. The city asked for further particulars of the claim and took exception to the summons and particulars of claim. The matter is dormant as the plaintiff has taken no further steps.

Claim for outstanding member and employer contributions to be paid in full by the COJ ±R2,900,000.00. The City withdrew from the Pension Fund. The City asked for further particulars of the claim and took exception to the summons and particulars of claim. The matter is dormant as the plaintiff has taken no further steps.

Insured claims

There are a number of possible public liability claims totaling + R3,900,000.00 which are ongoing and which are covered by Insurance.

Guardrisk Contingency Fund. Provision for this liability includes all known liabilities against CJMM and ME's, legally required provision for claims incurred but not yet reported as well as business required provision to support the operational support and operational activities.

Guarantees

On behalf of	Institution	Date provided	Expiry date	Amount
SAPOS (Pty) Ltd	FNB (99453)	20 Mar 1989	None	16
Grove W2 and W3 (Pty) Ltd	FNB (99454)	07 Jul 1994	None	61
Department of Transport	FNB (99455)	13 Nov 1995	None	159
ESKOM	FNB (99456)	Annually	Annually	47
IPG (Property Trading & Development (Pty) Ltd	FNB (129924)	27 Sep 2001	01 Feb 2016	406
SAPOS (Pty) Ltd	ABSA Bank Ltd	05 Oct 2005	None	1,000
SAPOS (Pty) Ltd	ABSA Bank Ltd	05 Oct 2005	None	30
SAPOS (Pty) Ltd	ABSA Bank Ltd	24 Nov 2005	None	100
SAPOS (Pty) Ltd	ABSA Bank Ltd	28 Nov 2005	None	200
Scania South Africa (Pty) Ltd	HSBC Ltd	12 Oct 2009	30 Sep 2010	330,000
Scania South Africa (Pty) Ltd	HSBC Ltd	30 Oct 2009	30 Sep 2010	88,206
Kelvin Power (Pty) Ltd	Nedbank Ltd	30 Jul 2010	31 Jul 2011	167,187
City Power (Pty) Ltd and SAPOS (Pty) Ltd	FNB (149316)	19 Jul 2001	None	15
JHB Water (Pty) Ltd and SAPOS (Pty) Ltd	FNB (144146)	08 Jun 2001	None	100
				587,527

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS

Statement of financial position

CJMM - Accumulated Surplus	184,285	-	184,285	-
CJMM - Investment properties	(1,531)	-	(1,531)	-
CJMM - Finance lease obligation	(3,348)	-	(3,348)	-
CJMM - Trade and other payables	(32,032)	1,455	(32,032)	1,455
CJMM - Investments in Municipal Entities	1	-	1	-
CJMM - Cash and cash equivalents	(670)	-	(670)	-
CJMM - Provision for bonuses	-	38,804	-	38,804
CJMM - Trade and other receivables	148,688	(69,346)	148,688	(69,346)
CJMM - Property, plant and equipment	(18,087)	(34,599)	(18,087)	(34,599)
CJMM - Loans to municipal entities	20	-	20	-
CJMM - Other financial assets	(4,179)	(2,228)	(4,179)	(2,228)
CJMM - VAT	(260,712)	(79,935)	(260,712)	(79,935)
CJMM - Obligations arising from conditional grants and receipts	(531)	-	(531)	-
CJMM - Deferred income	(38,357)	(42,170)	(38,357)	(42,170)
CJMM - JMPD Fraudulent activities	-	(45,796)	-	(45,796)
CJMM - JMPD Fraudulent activities provision	-	42,580	-	42,580
CJMM - Consumer debtors	29,108	(30,324)	29,108	(30,324)
CJMM - Rates adjustments	-	(21,705)	-	(21,705)
CITYPARKS - Trade and other payables	(1,017)	-	-	-
CIVICTHEATRE - Trade and other payables	1,086	2,172	-	-
JDA - Property, plant and equipment	86	86	-	-
JOSHCO - Accumulated surplus	-	745	-	-
JOSHCO - Property, plant and equipment	-	144,741	-	-
JOSHCO - Trade and other receivables	-	(11,732)	-	-
JOSHCO - Trade and other payables	-	414	-	-
JOSHCO - Tax	-	(116)	-	-
JOSHCO - Investment property	-	151,331	-	-
JOSHCO - Deferred income	-	(284,340)	-	-
JRA - Trade payables	(1,581)	(68)	-	-
JRA - Trade receivables	-	(58)	-	-
MTC - Trade receivables	-	(1,617)	-	-
PIKITUP - Property, plant and equipment	136	-	-	-
PIKITUP - Tax	(5,070)	(18,290)	-	-
PIKITUP - Trade and other receivables	(72)	-	-	-
PIKITUP - Trade and other payables	(1,493)	-	-	-
PIKITUP - Intangible assets	310	-	-	-
POWER - Post retirement liability	-	(29,336)	-	-
POWER - Trade receivables	201,918	(245,251)	-	-
POWER - Deferred tax	118,186	194,805	-	-
JPC - Deferred income	-	61	-	-
JPC - Trade and other payables	-	(178)	-	-
JPC - Trade and other receivables	-	300	-	-
JPC - Tax adjustments	-	(2,409)	-	-
JPC - VAT adjustments	-	709	-	-
ZOO - Trade and other payables	-	81	-	-
ZOO - Deferred liability	-	(237)	-	-
ZOO - Trade and other receivables	-	185	-	-
ZOO - Notional account	-	(199)	-	-
ZOO - Non exchange revenue	-	95	-	-
	315,144	**(341,370)**	**2,655**	**(243,264)**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS (continued)

Statement of financial performance				
CJMM - Grants paid	-	(1,386)	-	(1,386)
CJMM - Library books	-	(8,458)	-	(8,458)
CJMM - Sundry revenue	(78,485)	-	(78,485)	-
CJMM - JMPD Fraudulent activities	-	45,796	-	45,796
CJMM - Grants and subsidies paid	(119)	(93)	(119)	(93)
CJMM - Correction of debtors	-	42,451	-	42,451
CJMM - Employee costs	(13,294)	-	(13,294)	-
CJMM - Depreciation and impairment	8,150	39,219	8,150	39,219
CJMM - Allowance for impairment of current receivables	(19,599)	(42,580)	(19,599)	(42,580)
CJMM - Other	-	(4,563)	-	(4,563)
CJMM - Bonus provision	-	(38,804)	-	(38,804)
CJMM - Interest paid	(842)	44,215	(842)	44,215
CJMM - Traffic fines	-	(14,728)	-	(14,728)
CJMM - Property rates	48,653	59,366	48,653	59,366
CJMM - Interest earned	5,181	9,196	5,181	9,196
CJMM - Contracted services	13,607	61,979	13,607	61,979
CJMM - Services charges	25,703	(7,336)	25,703	(7,336)
CJMM - Repairs and maintenance	(8)	-	(8)	-
CJMM - General expenditure	8,398	-	8,398	-
CJMM - Surplus on sale/disposal of asset	-	37,285	-	37,285
CJMM - Correction of rates	-	21,705	-	21,705
CITYPARKS - Other expenses	1,017	-	-	-
CIVICTHEATRE - Other expenses	(1,086)	(2,172)	-	-
JDA - Depreciation	(86)	(86)	-	-
JOSHCO - Depreciation	-	4,590	-	-
JOSHCO - Deferred tax expense	-	163	-	-
JOSHCO - Other Expenses	-	(414)	-	-
JOSHCO - Tax expense	-	(792)	-	-
JOSHCO - Deferred income released	-	(4,590)	-	-
JRA - Revenue	-	69	-	-
JRA - Employee costs	137	58	-	-
JRA - Other expenses	1,444	-	-	-
MTC - Other income	-	1,617	-	-
PIKITUP - Revenue	72	-	-	-
PIKITUP - Amortisation	(105)	-	-	-
PIKITUP - Taxation	-	18,290	-	-
PIKITUP - Expenditure	1,052	-	-	-
PIKITUP - Taxation expense	5,170	-	-	-
POWER - Actuarial gains / losses	-	29,336	-	-
POWER - Income	(201,918)	245,251	-	-
POWER - Taxation	(118,186)	(194,805)	-	-
JPC - Other income	-	(61)	-	-
JPC - Other expenses	-	(531)	-	-
JPC - Deferred tax charge	-	2,409	-	-
JPC - Interest received	-	(300)	-	-
ZOO - Actuarial gains/losses	-	236	-	-
ZOO - Other Income	-	199	-	-
ZOO - Other Expenses	-	(361)	-	-
	(315,144)	**341,370**	**(2,655)**	**243,264**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS (continued)

The correction of the error(s) results in the restatement of comparative figures as follows - GROUP - 2011

Pikitup Johannesburg (Proprietary) Limited

Other expenditure from the use of consultants (R 1,052 million).

Amortisation of computer software R 0,105 million.

Taxation expenses as a result of penalties being levied by SARS (R 5,170 million).

Revenue not recognised in previous years (R0,072 million).

Johannesburg Development Agency

Depreciation adjustments not recognised in previous financial years R0,086 million.

Johannesburg City Parks (Proprietary) Limited

VAT not claimed on insurance (R 1,017 million).

City Power (Proprietary) Limited

Revenue:

Revenue for the 2010 and 2011 financial years have been restated to account for billing that took place in the current financial year as well as the tax effect thereof R 201,918 million.

Taxation:

Tax adjustments R 118,186 million.

Johannesburg Roads Agency (Pty) Ltd

Employee costs relate to the differences in the pension fund and SDL which relate to the 2009/2010 financial year (R 0,137 million).

Other expenses relate to the incorrect amount was accrued to the Vodacom account in the 2009/2010 financial year. The correction amounts to (R 1,443 million).

Johannesburg Theatre

Employee retention fund amounting to R1,086 million was not accrued for in the previous financial years.

The correction of the error(s) results in the restatement of comparative figures as follows - GROUP - 2010

The Johannesburg Zoo

Amount of (R 0,199 million relates to an actuarial gains for the last period (2008/2009). After a revised evaluation report by actuaries, an adjustment of (R 0,199 million) was made in the current period.

Accounts receivable consists of uncleared balances in general ledger, settlement by customers were credited to sales accounts.

Accounts payable consists of uncleared balances in general ledger, payament to suppliers were were debited to expense accounts.

A deferred liabilty raised in respect of assets found and capitalised is reversed since it does not meet the requirements in terms of GRAP23.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS (continued)

Johannesburg Social Housing Company (Proprietary) Limited

During the financial year ended 30 June 2010, there were significant changes made to some non - current assets and non - current liabilities. The changes were necessitated by the correction of a prior year error, where investment properties owned by the COJ were erroneously recorded into Joshco's books following a technical opinion from the Auditor General during the 2009 audit.

Johannesburg Roads Agency (Proprietary) Limited

Amounts have accumulated in the UIF control account, pension fund account and SDL account due to differences between the UIF calculated and submitted for payment for a particular period and subsequent changes made to the UIF calculation for that period. These differences in the UIF account originated in the 2007/2008 financial year (R 0,068 million).

Returned cheques relating to periods prior to the 2008/2009 financial year (R 0,058).

Pikitup Johannesburg (Proprietary) Limited

Retained earnings were incorrectly stated due to expenditure that was not accounted for and the reversal of revenue billed.

City of Joburg Property Company (Proprietary) Limited

Commission relating to land sales prior to the transfer of property taking place R 0,061 million.

Interest raised on the capital debtors outstanding R 0,300 million.

Deferred tax effect on the adjustment of prior period errors (R 2,409 million).

VAT adjustments (R 0,178 million).

Expenses incurred not previously recognised in prior years R0,709 million.

City Power (Proprietary) Limited

Revenue:

Revenue for the 2009 and 2010 financial years have been restated to account for billing that took place in the current financial year as well as the tax effect thereof (R 245,251 million).

Taxation:

Tax adjustments R 194,805 million.

Actuarial gains / losses:

The post retirement obligation has been restated to reflect the reduction in the actuarial valuation as well as the tax effect thereof (R 29,336 million).

Metrotrading Company (Proprietary) Limited

Straightlining of operating lease rentals was corrected for all applicable lease agreements (R1,617 million).

Johannesburg Development Agency

Depreciation adjustments not recognised in previous financial years R0,086 million.

Johannesburg Theatre

Employee retention fund amounting to R2,172 million was not accrued for in the previous financial years.

Notes to the Group Annual Financial Statements

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Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS (continued)

The correction of the error(s) results in the restatement of comparative figures as follows - CORE - 2011

Other revenue R 0,697 million
Repayment from staff debtors and sundry debtors.

Employee costs (R 13,294 million)
Adjustment of the Pension Fund to cater for prior year contributions.

Lease R 0,046 million
Payments, interest and depreciation.

Depreciation adjustment R6,246 million
Adjustment of depreciation on liabrary books

Other expenses (R 0,619 million)
VAT adjustments as per SARS.

Interest paid (R 0,939 million)
Adjustment of the Pension Fund to cater for prior year interest.

Property Rates R 48,653 million
Adjustment of property rates revenue relating to errors in previous financial years.

Interest earned R 2,463 million
Adjustment of the bond tap premium and discount account, as well as interest in respect of the Carnegie grant.

Kelvin interest R 2,719 million
Adjustment of interest charged.

Contracted services R 9,396 million
VAT incorrectly claimed on expenditure.

Service charges R 25,703 million
Adjustment of service charges revenue relating to errors in previous financial years.

Grants and subsidies paid (R 0,119 million)
VAT claimed on top structures.

General expenses R 0,277 million
VAT incorrectly claimed on operating expenses.

Contracted services R 4,728 million
VAT incorrectly claimed on expenditure.

General expenses R 8,639 million
VAT incorrectly claimed on operating expenses.

Depreciation adjustment R 1,531 million
Adjustment of depreciation on Investment Property.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS (continued)

The correction of the error(s) results in the restatement of comparative figures as follows - CORE - 2010

Kelvin Power R 37,000 million
Recognition of Income from the sale of Kelvin Power.

Fruitless and Wasteful Expenditure (R 0,121 million)
Bad Debt written off, regarded as Fruitless and Wasteful Expenditure at COJ Mayoral Committee (15 July 2010).

Adjustment of Debtors (R 0,544 million)
Interest charges previously cleared to debtors, now reversed.

MIG Funding (R 1,386 million)
Re-imbursement of MIG Funds to City Power.

Bad Debts R 0,049 million
Correction to the provision for Bad Debts.

Fleet Africa (R 1,441 million)
Adjustment of the Fleet Africa Debtor account.

VAT Adjustment (R 2,947 million)
Correction of Fleet Africa debtor

Fruitless and Wasteful Expenditure (R 0,103 million)
Fruitless and Wasteful Expenditure written off during the year.

Bonus provision (R 38,804 million)
Adjustment for Bonus provision.

Assets disposed of (R 0,074 million)
Adjustment of scrapped assets and depreciation.

Adjustment of Debtors (R 27,852 million)
Correction of fine income.

Capitalisation of Capex project (R 23,237 million)
Depreciation on assets capitalised.

Capitalisation of library books (R 7,763 million)
Depreciation, loss and cost adjustments.

JMPD Fraudulent Activities (R 45,796 million)
Recognition of the debtor as a result of cash shortages, as well as the provision of the debtor

Property Rates (R 59,366 million)
Adjustment of property rates revenue relating to errors in previous financial years.

Interest earned (R 2,228 million)
Adjustment of the bond tap premium and discount account.

Interest paid (R 42,170 million)
Adjustment of the bond tap premium and discount account.

Other expenses (R 28,671 million)
VAT adjustments as per SARS.

Kelvin interest (R 2,812 million)
Adjustment of interest charged

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

46. PRIOR PERIOD ERRORS (continued)

Contracted services (R 52,214 million)
VAT incorrectly claimed on expenditure.

Service charges R 7,336 million
Adjustment of service charges revenue relating to errors in previous financial years.

Grants and subsidies paid R 0,093 million
VAT claimed on top structures.

General expenses (R 0,918 million)
VAT incorrectly claimed on operating expenses.

Contracted services (R 9,765 million)
VAT incorrectly claimed on expenditure.

General expenses (R 27,649 million)
VAT incorrectly claimed on operating expenses.

47. RISK MANAGEMENT

Price risk

Overview

The CJMM has exposure to the following risks from its use of financial instruments:
- Liquidity risk
- Market risk.
- Credit/Counterparty risk

The CJMM's financial risk management objectives are as follows:
- To maintain sound liquidity levels such that optimal returns on surplus cash are realised and interest expenses are minimised.
- Ensuring that the CJMM's Credit Rating is maintained or improved by ensuring that financial risk ratios fall within required limits.
- To ensure sustainable financial viability of the Group by avoiding the occurrence of unnecessary/uncontrolled losses that could arise as a result of exposure in the financial markets. Adverse fluctuations if not properly controlled, could weaken the overall financial position of the Group.
- To protect the financial position of the Group.
- 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 serve to raise awareness, inform and guide the Group on its approved approach to risk management. The framework seeks to assist the Group in the effective identification, evaluation and control of risk that may impact upon the achievement of the corporate, mayoral and service delivery objectives and priorities that the Group has set itself to achieve.

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

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

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.

Price risk is the risk that the fair value of future cash-flows of financial instruments will fluctuate because of changes in market prices. Those changes are caused by factors specific to the individual financial instruments for its users, by factors affecting all similar financial instruments in the market. The municipal entity's financial instruments are affected by the wholesale price of electricity from Eskom and Kelvin. Kelvin's costs include coal, diesel and oil pass-through costs.

Distribution Losses

The electricity energy losses can be classified into technical and non-technical losses, during 2010/11 financial year The municipal entity's non-technical losses increased from 1.33% to 10.29%.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 municipal 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 anonymous "hot line" to report theft, vandalism and tampering
- Random and targeted audits are performed, followed by removal of illegal connections and normalisation supply

Liquidity and Concentration Risk

Liquidity Risk refers to the rdity risk is particisk that CJMM may not meet its periodic obligations with respect to its liabilities when they fall due. Management of liquiularly 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. Treasury's function is to ensure the City meets its liability obligations when they fall due.

For each financial year, Council approves a funding plan that minimises 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 and long term loans.

Short-term liquidity constraints are managed through two types of short-term funding methods: i) General Banking Facilities– the Absa Short term facility of R 380 million, Citi Bank Committed facility of R200 million 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 actual and projections.

Both Short and Long term borrowings are approved under CJMM's Domestic Medium Term Note (DMTN) programme.

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47. RISK MANAGEMENT (continued)

Liquidity risk is also linked to Concentration risk which could be defined as the probability of high liquidity risk arising from the inability to spread liability obligations such that most debts payable are concentrated around the same period, resulting in defaulting of payments. In line with International Financial Reporting Standards 7 (IFRS 7), the tables below show CJMM's contractual maturity analysis of its interest rate swap and non-derivative financial liabilities.

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 channelled 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.

Redemption analysis of SWAP

Loan name	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	Due in more than five years
Nedbank R1bn loan	30 Jun 11	(30,521,713)	(19,066,103)	(7,905,260)	(2,383,380)	135,533	7,021,663

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

Redemption of non derivative financial instruments

Loan name	Institution	Nominal	Issue date	Maturity date	Rate	Rate option
SCMB R200m	SCMB	200,000	19 Sep 03	30 Sep 18	BA Rate less 3.63%	Floating
DBSA 13541 - 1	DBSA	143,927	01 Oct 00	30 Sep 20	Jiber + 1.46%	Floating
DBSA 11073-1	DBSA	15,664	01 Apr 00	30 Sep 13	Jibar + 1.8%	Floating
DBSA11073-2	DBSA	46,563	01 Oct 00	30 Sep 13	6 months Jibar + 1.8%	Floating
DBSA 102761-1	DBSA	500,000	20 Aug 09	01 Jul 29	6 months Jibar + 2.85%	Floating
DBSA 103345-1	DBSA	600,000	17 Apr 09	30 Jun 29	6 months Jibar + 2.54%	Floating
NEDBANK R1b	NEDBANK	1,000,000	04 Mar 10	31 Mar 18	3 months Jibar + 2.8%	Floating
NEDBANK R315m	NEDBANK	315,000	21 Apr 10	21 Apr 15	3 months Jibar + 2.8%	Floating
CALYON	CALYON	362,800	05 Sep 06	02 Jul 18	3 Months Jibar less 0.35%	Floating
AFD R412m	AFD	412,000	11 May 11	15 May 26	6 Months Jibar + 0.7%	Fixed
DBSA-12033-1	DBSA	1,032	31 Dec 01	31 Dec 11	16.67%	Fixed
DBSA-12034-1	DBSA	554	31 Dec 01	31 Dec 11	16.67%	Fixed
DBSA-08056-1	DBSA	53,420	31 Mar 02	30 Sep 11	10.00%	Fixed
DBSA-12716-1	DBSA	299	31 Dec 01	31 Dec 12	16.55%	Fixed
DBSA-12717-1	DBSA	554	31 Dec 01	31 Dec 12	16.55%	Fixed
DBSA-12035-1	DBSA	170	31 Dec 01	31 Dec 11	15.26%	Fixed
DBSA-12036-1	DBSA	795	31 Dec 01	31 Dec 11	15.26%	Fixed
DBSA-12037-1	DBSA	1,795	31 Dec 01	31 Dec 12	15.26%	Fixed
DBSA-12038-1	DBSA	420	31 Dec 01	31 Dec 12	15.26%	Fixed
DBSA-12388-1	DBSA	2,136	31 Dec 01	31 Dec 12	15.26%	Fixed
DBSA-09005-1	DBSA	291,732	31 Mar 02	31 Mar 13	10.00%	Fixed
DBSA-08250-1	DBSA	7,570	31 Mar 02	31 Mar 14	10.00%	Fixed
DBSA-09637-1	DBSA	3,700	31 Mar 02	31 Mar 14	10.00%	Fixed
DBSA-11984 - 993	DBSA	77,831	31 Dec 01	30 Jun 14	13.22%	Fixed
DBSA-09337-1	DBSA	29,756	31 Mar 02	30 Sep 14	10.00%	Fixed
DBSA-09726-1	DBSA	2,872	31 Mar 02	30 Sep 14	12.00%	Fixed
DBSA-10295-1	DBSA	1,760	31 Dec 01	30 Jun 16	10.00%	Fixed
DBSA-11064-1	DBSA	2,309	31 Mar 02	31 Mar 20	16.50%	Fixed
DBSA-11064-2	DBSA	250,000	31 Mar 11	30 Jun 26	10.53%	Fixed
ABSA R54.7m	ABSA	54,700	27 Nov 96	30 Nov 11	16.22%	Fixed
ABSA R 150 M	ABSA	150,000	19 Dec 02	20 Dec 12	12.27%	Fixed
RMBR100	RMB	100,000	23 Dec 99	30 Nov 14	16.50%	Fixed
RMBR95	RMB	95,000	23 Dec 99	30 Nov 14	14.53%	Fixed
RMBR210	RMB	210,000	11 Dec 00	31 Dec 12	15.56%	Fixed
INVESTEC R100m	Investec	100,000	24 Dec 03	24 Dec 13	11.77%	Fixed
ABSA Springfield	ABSA	4,900	29 Aug 85	31 Jul 15	8.90%	Fixed
IBM/ IGF Milestone 1	IBM	71,054	01 Nov 09	01 Aug 14	11.14%	Fixed
Milestone 2	IBM	13,775	01 Dec 09	01 Sep 14	11.11%	Fixed
Milestone 3	IBM	18,042	01 Jan 10	01 Oct 14	10.95%	Fixed
Milestone 4	IBM	10,497	01 Feb 10	01 Nov 14	11.03%	Fixed
Milestone 5	IBM	8,601	01 Mar 10	01 Dec 14	10.78%	Fixed
Milestone 6	IBM	12,188	01 Apr 10	01 Jan 15	10.72%	Fixed
Milestone 7	IBM	14,413	01 May 10	01 Feb 15	10.37%	Fixed
Milestone 8	IBM	9,770	01 Jun 10	01 Mar 15	10.35%	Fixed
Milestone 9	IBM	13,655	30 Jun 10	01 Apr 15	10.26%	Fixed
Bonds						
COJ 02	BESA	1,000,000	31 Dec 04	30 Jun 16	11.90%	Fixed
COJ 03	BESA	700,000	26 Oct 05	26 Apr 13	9.70%	Fixed
COJ 04	BESA	1,733,000	05 Jun 06	05 Jun 23	9.00%	Fixed
COJ 05	BESA	2,268,000	05 Jun 08	05 Jun 23	12.21%	Fixed
COJ 06	BESA	900,000	09 Dec 08	05 Jun 18	10.82%	Fixed
COJ 07	BESA	850,000	23 Mar 11	23 Mar 21	10.78%	Fixed
Retail Bond Jozi03	BESA	127,300	21 Sep 07	21 Sep 12	3 months Jibar + 0.40%	Floating
		12,789,554				

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

Redemption of non derivative financial instruments (Continued)

Loan name	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
SCMB R200m	13,333	13,333	13,333	13,333	13,333	30,000
DBSA 13541 - 1	10,111	10,111	10,111	10,111	10,111	42,970
DBSA 11073-1	1,362	1,362	681	-	-	-
DBSA 11073-2	4,049	4,049	2,024	-	-	-
DBSA 102761-1	25,000	25,000	25,000	25,000	25,000	337,500
DBSA 103345-1	30,000	30,000	30,000	30,000	30,000	390,000
NEDBANK R1b	-	-	-	-	-	1,000,000
NEDBANK R315m	63,000	63,000	63,000	96,457	-	-
CALYON	36,280	36,280	36,280	36,280	36,280	72,560
AFD R412m	-	-	-	34,333	34,333	343,333
DBSA-12033-1	99	-	-	-	-	-
DBSA-12034-1	53	-	-	-	-	-
DBSA-08056-1	4,227	-	-	-	-	-
DBSA-12716-1	49	28	-	-	-	-
DBSA-12717-1	91	51	-	-	-	-
DBSA-12035-1	16	-	-	-	-	-
DBSA-12036-1	73	-	-	-	-	-
DBSA-12037-1	284	159	-	-	-	-
DBSA-12038-1	66	37	-	-	-	-
DBSA-12388-1	338	189	-	-	-	-
DBSA-09005-1	37,344	41,294	-	-	-	-
DBSA-08250-1	838	925	1,025	-	-	-
DBSA-09637-1	127	84	1,150	-	-	-
DBSA-11984 - 993	9,059	10,305	11,717	-	-	-
DBSA-09337-1	3,071	3,389	3,736	2,031	-	-
DBSA-09726-1	308	346	389	212	-	-
DBSA-10295-1	146	161	178	196	216	-
DBSA-11064-1	101	119	140	164	191	1,157
DBSA-11064-2	-	-	-	-	-	250,000
ABSA R54.7m	39,417	-	-	-	-	-
ABSA R 150 M	-	150,000	-	-	-	-
RMBR100	-	-	-	114,829	-	-
RMBR95	-	-	-	113,352	-	-
RMBR210	-	311,673	-	-	-	-
INVESTEC R100m	13,396	15,054	8,207	-	-	39
ABSA Springfield	130	130	130	130	130	-
IBM/ IGF Milestone 1	14,245	18,259	20,400	5,465	-	-
Milestone 2	2,828	3,497	3,906	1,046	-	-
Milestone 3	3,320	4,473	4,989	2,706	-	-
Milestone 4	1,929	2,602	2,905	1,576	-	-
Milestone 5	1,650	2,132	2,373	1,285	-	-
Milestone 6	2,191	2,821	3,272	2,693	-	-
Milestone 7	2,604	3,335	3,853	3,162	-	-
Milestone 8	1,837	2,318	2,612	2,013	-	-
Milestone 9	2,582	3,174	3,663	3,003	-	-
Bonds						
COJ 02	-	-	166,667	333,333	333,333	166,667
COJ 03	-	-	-	-	-	700,000
COJ 04	-	-	-	-	-	1,733,000
COJ 05	-	-	-	-	-	2,268,000
COJ 06	-	-	-	-	-	900,000
COJ 07	-	-	-	-	-	850,000
Retail Bond Jozi03	-	35,381	-	-	-	-

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

	325,554	**795,071**	**421,741**	**832,710**	**482,927**	**9,085,226**

Market risk

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. IFRS 7 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 two percent upward and one percent downward movement in interest rates Management generally expects interest rates to rise in the future.

Fair value interest rate sensitivity analysis on variable financial liabilities as at June 2011

Loan name	Institution	Nominal	Redemption	Issue date	Maturity date	Rate	Rate option
SCMB R200m	SCMB	200,000	3,333	19 Sep 03	30 Sep 18	BA Rate less 3.63%	Floating
Retail Bond Jozi03	BESA	127,300	127,300	21-Sep-07	21-Jun-12	3 months Jibar + 0.40%	Floating
DBSA 13541 -1	DBSA	159,241	2,528	01-Oct-00	30-Sep-20	3 months Jibar + 1.46%	Floating
DBSA 11073-1	DBSA	12,259	681	01-Apr-00	30-Sep-13	6 months Jibar + 1.8%	Floating
DBSA 11073-2	DBSA	36,440	2,024	01-Oct-00	30-Sep-13	6 months Jibar + 1.8%	Floating
DBSA 102761-1	DBSA	500,000	12,500	20-Aug-09	01-Jul-29	6 months Jibar + 2.85%	Floating
DBSA 103345-1	DBSA	600,000	15,000	17-Apr-09	30-Jun-29	6 months Jibar + 2.54%	Floating
NEDBANK R1b	NEDBANK	1,000,000	1,000,000	04-Mar-10	31-Mar-18	3 months Jibar + 2.8%	Floating
NEDBANK R315m	NEDBANK	315,000	31,500	21-Apr-10	21-Apr-15	3 months Jibar + 2.8%	Floating
CALYON	CALYON	362,800	9,070	05-Sep-06	02-Jul-18	3 months Jibar less 0.35%	Floating
AFD R412m	AFD	412,000	17,167	11-May-11	15-May-26	6 months Jibar + 0.7%	Floating
		3,725,040	**1,221,103**				

Loan name	Institution	Fair value sensitivity analysis to interest rate movement/shift						
		-1	**-0.5**	**0**	**0.5**	**1**	**1.5**	**2**
SCMB R200m	SCMB	70,771	70,432	70,104	69,786	69,478	69,179	68,889
Retail Bond Jozi03	BESA	34,250	39,710	34,813	34,375	34,423	34,473	34,595
DBSA 13541 -1	DBSA	97,669	98,187	98,707	95,713	98,013	100,279	99,100
DBSA 11073-1	DBSA	3,469	3,474	3,479	3,484	3,489	3,495	3,500
DBSA 11073-2	DBSA	10,311	10,326	10,341	10,357	10,372	10,388	10,404
DBSA 102761-1	DBSA	531,076	536,864	542,556	548,156	553,666	559,088	564,426
DBSA 103345-1	DBSA	608,453	615,152	621,743	628,227	634,609	640,891	647,077
NEDBANK R1b	NEDBANK	1,127,593	1,133,177	1,141,987	1,150,832	1,159,702	1,168,588	1,177,483
NEDBANK R315m	NEDBANK	265,722	265,996	266,286	266,590	266,908	267,239	267,583
CALYON	CALYON	249,339	250,350	251,373	252,409	253,454	254,508	255,570

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

2,998,653	**3,023,668**	**3,041,389**	**3,059,929**	**3,084,114**	**3,108,128**	**3,128,627**

The fair value sensitivity analysis of variable rate liabilities shows that a 2% increase in interest rates will increase the value of floating rate liabilities by R87,2m, and a 1% decrease will decrease the value of floating rate liabilities by R42,7m

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.

Cash flow interest rate sensitivity analysis on variable financial liabilities as at June 2011

Loan name	Institution	Nominal	Redemption	Issue date	Maturity date	Rate	Rate option
Retail Bond Jozi03	BESA	127,300	127,300	21-Sep-07	21-Sep-11	3 months Jibar + 0.40%	Floating
		-	-		21-Mar-12		
		-	-		21-Jun-12		
		-	-		21-Sep-12		
DBSA 13541 -1	DBSA	159,241	2,528	01-Oct-00	30-Sep-11	3 months Jibar + 1.46%	Floating
		-	-		21-Dec-11		
		-	-		31-Mar-00		
		-	-		21-Jun-12		
		-	-		21-Sep-12		
DBSA 11073-1	DBSA	12,259	681	01-Apr-00	30-Sep-11	6 months Jibar + 1.8%	Floating
		-	-		30-Mar-12		
		-	-		30-Sep-12		
DBSA 11073-2	DBSA	36,440	2,024	01-Oct-00	30-Sep-11	6 months Jibar + 1.8%	Floating
		-	-		30-Mar-12		
		-	-		30-Sep-12		
DBSA 102761-1	DBSA	500,000	12,500	20-Aug-09	31-Dec-11	6 months Jibar + 2.85%	Floating
		-	-		30-Jun-12		
		-	-		30-Dec-12		
DBSA 103345-1	DBSA	600,000	15,000	17-Apr-09	31-Dec-11	6 months Jibar + 2.54%	Floating
		-	-		30-Jun-12		
		-	-		30-Dec-12		
NEDBANK R1b	NEDBANK	1,000,000	1,000,000	04-Mar-10	30-Sep-11	3 months Jibar + 2.8%	Floating
		-	-		30-Dec-11		
		-	-		30-Mar-12		
		-	-		30-Jun-12		
		-	-		30-Sep-12		
NEDBANK R315m	NEDBANK	315,000	31,500	21-Apr-10	30-Sep-11	3 months Jibar + 2.8%	Floating
		-	-		30-Dec-11		
		-	-		30-Mar-12		
		-	-		30-Jun-12		
		-	-		30-Sep-12		
CALYON	CALYON	362,800	9,070	05-Sep-06	30-Sep-11	3 Months Jibar less 0.35%	Floating
		-	-		30-Dec-11		
		-	-		30-Mar-12		
		-	-		30-Jun-12		
		-	-		30-Sep-12		
SCMB R200m	SCMB	200,000	3,333	19-Sep-03	30-Sep-11	BA Rate less 3.63%	Floating
		-	-		30-Dec-11		
		-	-		30-Mar-12		
		-	-		30-Jun-12		
		-	-		30-Sep-12		
		3,313,040	**1,203,936**				

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

Cash flow interest rate sensitivity analysis on variable financial liabilities as at June 2011 (Continued)

Loan name	Institution	Interest rate movement/shift						
		-1	-0.5	0	0.5	1	1.5	2
Retail Bond Jozi03	BESA	1,746	1,890	2,035	2,180	2,324	2,469	2,614
		1,725	1,884	2,042	2,201	2,360	2,518	2,677
		1,571	1,730	1,888	2,047	2,206	2,364	2,523
		1,596	1,757	1,917	2,078	2,238	2,398	2,559
		1,596	1,757	1,917	2,078	2,238	2,398	2,559
DBSA 13541 -1	DBSA	3,950	4,068	4,186	4,068	4,304	4,540	4,540
		3,950	4,064	4,179	4,064	4,294	4,523	4,523
		3,948	4,058	4,169	4,058	4,279	4,499	4,499
		3,998	4,105	4,212	4,105	4,319	4,534	4,534
		4,038	4,143	4,249	4,143	4,354	4,564	4,564
DBSA 11073-1	DBSA	795	803	812	821	829	838	846
		773	779	786	793	800	807	814
		757	762	767	772	778	783	788
DBSA 11073-2	DBSA	2,363	2,388	2,414	2,439	2,464	2,490	2,515
		2,297	2,317	2,337	2,358	2,378	2,398	2,418
		2,250	2,266	2,281	2,296	2,311	2,326	2,342
DBSA 102761-1	DBSA	30,336	31,502	32,668	33,833	34,999	36,165	37,331
		30,653	31,775	32,897	34,018	35,140	36,262	37,384
		31,810	32,913	34,015	35,118	36,221	37,324	38,426
DBSA 103345-1	DBSA	33,898	35,141	36,378	37,609	38,834	40,053	41,266
		33,660	34,739	35,809	36,869	37,919	38,959	39,989
		33,911	34,856	35,788	36,707	37,614	38,508	39,391
NEDBANK R1b	NEDBANK	36,976	39,483	41,989	44,496	47,003	49,510	52,017
		38,402	40,909	43,416	45,923	48,430	50,937	53,443
		41,936	44,443	46,950	49,457	51,964	54,471	56,977
		44,379	46,873	49,366	51,859	54,352	56,845	59,338
		47,553	50,060	52,567	55,073	57,580	60,087	62,594
NEDBANK R315m	NEDBANK	4,684	5,002	5,320	5,637	5,955	6,272	6,590
		36,237	36,552	36,866	37,180	37,494	37,808	38,122
		4,277	4,552	4,827	5,102	5,376	5,651	5,926
		36,058	36,336	36,614	36,892	37,170	37,448	37,726
		4,061	4,299	4,538	4,776	5,014	5,252	5,490
CALYON	CALYON	12,440	12,760	13,080	13,400	13,720	14,041	14,361
		11,924	12,230	12,535	12,840	13,145	13,451	13,756
		11,539	11,833	12,127	12,421	12,715	13,009	13,303
		11,485	11,770	12,056	12,342	12,628	12,914	13,199
		12,019	12,294	12,568	12,842	13,117	13,391	13,665
SCMB R200m	SCMB	5,103	5,129	5,155	5,180	5,206	5,232	5,258
		4,957	4,982	5,007	5,032	5,057	5,082	5,107
		4,793	4,817	4,842	4,866	4,890	4,914	4,939
		4,647	4,670	4,694	4,717	4,741	4,764	4,788
		4,512	4,535	4,558	4,581	4,604	4,626	4,649
		609,603	**633,226**	**656,821**	**679,271**	**703,364**	**727,425**	**750,350**

Hedging Interest Rate Risk

In the 2009/10 financial statements, it was mentioned that Treasury will propose the use of Interest Rate Derivative Swaps to hedge this risk in the 2010/11 financial year. At the end of the third quarter of the 2010/11 financial year, Treasury entered into a 7 year fixed interest rate swap on the R1 billion floating rate Nedbank loan at a fixed rate of 11,66 NACS.

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47. RISK MANAGEMENT (continued)

The rationale behind this was based on inflation upside risk factors at the time the swap approval was obtained, bearing in mind that inflation had been on a declining trend from 2008 and had reached its lowest levels in three decades in 2010 and an upward trend would soon follow. The anticipated increase in inflation would increase the interest payments on the liability in question.

The inflation risk factors identified were:

- Larger funding shortfalls for Eskom and the projected increases in electricity cost for consumers
- Larger current account deficit
- Boom in Public Infrastructure Spending
- Above inflation wage negotiations

International accounting standards (IAS) 39 does not provide specific guidance on how hedge effectiveness tests for hedge qualification purposes should be performed. IAS 39.AG 105 specifies that a hedge is normally regarded as effective only if (a) at inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated, and (b) the actual results are within a range of 80-125 per cent. It further states that the expectation in (a) can be demonstrated in various ways.

Two methods that are often used to assess hedge effectiveness when the critical terms of the hedging derivative and the hedged item are not identical are:

1. the Dollar-Offset Method
2. the Variability-Reduction Method

The effectiveness of the hedge was measured (both the fair value and the cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument) by using the above mentioned two methods that CJMM has advocated in measuring the hedge effectiveness.

Assessment of the actual effectiveness as at 30 June 2011 as per the two methods:

1. Dollar-Offset Method- 96%
2. Variability-Reduction Method- 87%

Note that the assessment of the actual hedge effectiveness was within a range of 80-125 per cent and as a result the hedge relationship in the current financial period is assessed as being effective. This implies that CJMM can continue with hedge accounting in the future financial periods and thus the swap can be recognized in the cashflow reserve in equity via other comprehensive income.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. 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

Cash flow interest rate sensitivity analysis on the interest rate swap - SWAP on Nedbank R1bn

Settlement dates	Interest rate movement/shift -1	-0.5	0	0.5	1	1.5	2
30 Sep 11	(16,030)	(16,030)	(16,030)	(16,030)	(16,030)	(16,030)	(16,030)
30-Mar-12	(19,580)	(17,038)	(14,492)	(11,944)	(9,392)	(6,837)	(4,279)
30-Sep-12	(16,011)	(13,465)	(10,915)	(8,362)	(5,806)	(3,247)	(685)
30-Mar-13	(13,225)	(10,690)	(8,151)	(5,609)	(3,065)	(517)	2,034
30-Sep-13	(10,529)	(7,918)	(5,304)	(2,686)	(65)	2,559	5,186
30-Mar-14	(7,718)	(5,161)	(2,602)	(39)	2,528	5,097	7,669
30-Sep-14	(6,812)	(4,239)	(1,664)	915	3,496	6,081	8,669
30-Mar-15	(5,841)	(3,282)	(719)	1,846	4,414	6,986	9,560
30-Sep-15	(5,344)	(2,770)	(193)	2,388	4,971	7,558	10,148
30-Mar-16	(4,824)	(2,249)	328	2,909	5,494	8,081	10,672
30-Sep-16	(4,172)	(1,597)	982	3,564	6,149	8,737	11,328
30-Mar-17	(3,515)	(953)	1,612	4,180	6,751	9,325	11,903
30-Sep-17	(3,111)	(548)	2,017	4,586	7,158	9,732	12,310
30-Mar-18	(2,718)	(155)	2,411	4,980	7,552	10,127	12,706
	(119,430)	**(86,095)**	**(52,720)**	**(19,302)**	**14,155**	**47,652**	**81,191**

On the basis of the above assumptions, a 1% change in interest rates will result in a 127% change in the value of the swap. There is a positive relationship between the swap value and interest rates, thus if interest rates increase, the value of the swap will increase.

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.

Cash flow interest rate sensitivity analysis on the interest rate swap - SWAP on Nedbank R1bn

Settlement dates	Interest rate movement/shift -1	-0.5	0	0.5	1	1.5	2
30-Jun-11	(84,310)	(67,469)	(43,098)	(35,704)	(20,711)	(6,267)	7,654

The above fair values represent the all-inclusive price (price plus swap interest accrual).

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.

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.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

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 IFRS 7.27A, there are different levels of fair values based on the extent that quoted prices are used in the calculation of the fair value. The levels are defined as follows.

Level 1

The fair values are based on quoted market prices (unadjusted) in active markets for identical instruments. In terms of the CJMM's liabilities, all bonds fall in this category as they are actively traded on the JSE/BESA.

Fair values of all financial liabilities as at 30 June 2011

Loan name	Institution	Nominal	Issue date	Maturity date	Rate	Rate option	Fair value
COJ 02	BESA	1,000,000	31-Dec-04	15-Sep-16	11.90%	Fixed	1,059,629
COJ 03	BESA	700,000	26-Oct-05	26-Apr-13	9.70%	Fixed	709,539
COJ 04	BESA	1,733,000	05-Jun-06	05-Jun-18	9.00%	Fixed	1,621,940
COJ 05	BESA	2,268,000	05-Jun-08	05-Jun-23	12.21%	Fixed	2,491,924
COJ 06	BESA	900,000	09-Dec-08	05-Dec-15	10.82%	Fixed	951,096
COJ 07	BESA	850,000	23-Mar-11	23-Mar-21	10.78%	Fixed	873,403
		7,451,000					**7,707,531**

The Level 1 Fair Value for the CJMM's liabilities was R7,707 billion as at 30 June 2011.

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. All liabilities other than listed bonds (COJ02 to COJ07) fall into this category including the interest rate swap.

Fair value sensitivity analysis to interest rate movement/shift - SWAP on Nedbank R1bn

Settlement dates	Interest rate movement/shift						
	-1	-0.5	0	0.5	1	1.5	2
30-Jun-11	(84,310)	(67,469)	(43,098)	(35,704)	(20,711)	(6,267)	7,654

The Level 2 all-inclusive fair value of the swap stood at R51, 28 m as at the end of 30 June 2011.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

Fair values of all financial liabilities as at 30 June 2011

Loan name	Institution	Nominal	Issue date	Maturity date	Rate	Rate option	Fair value
SCMB R200m	SCMB	200,000	19-Sep-03	30-Sep-18	BA Rate less 3.63%	Floating	70,104
DBSA 13541 -1	DBSA	149,131	01-Oct-00	30-Sep-20	3 months Jibar + 1.46%	Floating	98,707
DBSA 11073-1	DBSA	2,724	01-Apr-00	30-Sep-13	6 months Jibar + 1.8%	Floating	3,479
DBSA 11073-2	DBSA	8,098	01-Oct-00	30-Sep-13	6 months Jibar + 1.8%	Floating	10,341
DBSA 102761-1	DBSA	275,000	20-Aug-09	01-Jul-29	6 months Jibar + 2.85%	Floating	542,556
DBSA 103345-1	DBSA	330,000	17-Apr-09	30-Jun-29	6 months Jibar + 2.54%	Floating	621,743
NEDBANK R1b	NEDBANK	1,000,000	04-Mar-10	31-Mar-18	3 months Jibar + 2.8%	Floating	1,141,987
NEDBANK R315m	NEDBANK	315,000	21-Apr-10	21-Apr-15	3 months Jibar + 2.8%	Floating	266,286
CALYON	CALYON	362,800	05-Sep-06	02-Jul-18	3 Months Jibar less 0.35%	Floating	251,373
AFD R412m	AFD	412,000	15-Nov-11	15-May-26	6 Months Jibar + 0.7%	Fixed	429,897
DBSA-12033-1	DBSA	1,032	31-Dec-01	31-Dec-11	16.67%	Fixed	104
DBSA-12034-1	DBSA	554	31-Dec-01	31-Dec-11	16.67%	Fixed	56
DBSA-08056-1	DBSA	53,420	31-Mar-02	30-Sep-11	10.00%	Fixed	4,363
DBSA-12716-1	DBSA	299	31-Dec-01	31-Dec-12	16.55%	Fixed	84
DBSA-12717-1	DBSA	554	31-Dec-01	31-Dec-12	16.55%	Fixed	156
DBSA-12035-1	DBSA	170	31-Dec-01	31-Dec-11	15.26%	Fixed	16
DBSA-12036-1	DBSA	795	31-Dec-01	31-Dec-11	15.26%	Fixed	76
DBSA-12037-1	DBSA	1,795	31-Dec-01	31-Dec-12	15.26%	Fixed	481
DBSA-12038-1	DBSDBSA	420	31-Dec-01	31-Dec-12	15.26%	Fixed	113
DBSA-12388-	DBSA	2,136	31-Dec-01	31-Dec-12	15.26%	Fixed	573
DBSA-09005-1	DBSA	291,732	31-Mar-02	31-Mar-13	10.00%	Fixed	83,270
DBSA-08250-1	DBSA	7,570	31-Mar-02	31-Mar-14	10.00%	Fixed	2,987
DBSA-09637-1	DBSA	3,700	31-Mar-02	31-Mar-14	10.00%	Fixed	1,228
DBSA-11984 - 993	DBSA	77,831	31-Dec-01	30-Jun-14	13.22%	Fixed	34,439
DBSA-09337-1	DBSA	29,756	31-Mar-02	30-Sep-14	10.00%	Fixed	13,166
DBSA-09726-1	DBSA	2,872	31-Mar-02	30-Sep-14	12.00%	Fixed	1,400
DBSA-10295-1	DBSA	1,760	31-Dec-01	30-Jun-16	10.00%	Fixed	960
DBSA-11064-1	DBSA	2,309	31-Mar-02	31-Mar-20	16.50%	Fixed	1,243
DBSA-11064-2	DBSA	250,000	31-Mar-11	30-Jun-26	10.53%	Fixed	75,904
ABSA R54.7m	ABSA	54,700	27-Nov-96	30-Nov-11	16.22%	Fixed	52,331
ABSA R 150 M	ABSA	150,000	19-Dec-02	20-Dec-12	12.27%	Fixed	162,047
RMBR100	RMB	100,000	23 Dec 99	30-Nov-14	16.50%	Fixed	161,292
RMBR95	RMB	95,000	23 Dec 99	30-Nov-14	14.53%	Fixed	153,236
RMBR210	RMB	210,000	11 Dec 00	31-Dec-12	15.56%	Fixed	353,846
INVESTEC R100m	Investec	100,000	24-Dec-03	24-Dec-13	11.77%	Fixed	39,196
ABSA Springfield	ABSA	4,900	29-Aug-85	31-Jul-15	8.90%	Fixed	652
IBM/ IGF Milestone 1	IBM	71,054	01-Nov-09	01-Aug-14	11.14%	Fixed	62,281
Milestone 2	IBM	13,775	01-Dec-09	01-Sep-14	11.11%	Fixed	11,762
Milestone 3	IBM	18,042	01-Jan-10	01-Oct-14	10.95%	Fixed	15,445
Milestone 4	IBM	10,497	01-Feb-10	01-Nov-14	11.03%	Fixed	9,676
Milestone 5	IBM	8,601	01-Mar-10	01-Dec-14	10.78%	Fixed	7,691
Milestone 6	IBM	12,188	01-Apr-10	01-Jan-15	10.72%	Fixed	11,735
Milestone 7	IBM	14,413	01-May-10	01-Feb-15	10.37%	Fixed	13,791
Milestone 8	IBM	9,770	01-Jun-10	01-Mar-15	10.35%	Fixed	6,993
Milestone 9	IBM	13,655	30-Jun-10	01-Apr-15	10.26%	Fixed	13,111
Loan Stock	Std Bank	30,000	31-Aug-02	31-Aug-13	14.70%	Fixed	26,013
Retail Bond Jozi03	Retail Bond	127,300	21-Sep-07	21-Sep-12	3 months Jibar + 0.40%	Floating	34,813
		4,827,353					**4,793,003**

The Level 2 Fair Value for the CJMM's liabilities was R4, 792 billion as at 30 June 2011.

The Level 2 Fair Value of CJMM's long term investments stood at R814 million as at 30 June 2011.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

Fair value of long term investments

Investment	Date	Fair Value
RMB Security Deposit	30 Jun 11	45,467,104
RMB Amo Deposit	30 Jun 11	94,963,621
RMB EMLC	30 Jun 11	90,215,440
RMB R248 SF	30 Jun 11	354,963,402
STD Midr	30 Jun 11	49,928,808
ABSA	30 Jun 11	149,184,283
SCMB LS	30 Jun 11	29,424,532
		814,147,190

Level 3

Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation inputs are not based on observable market data. The CJMM does not have any instruments falling under the level 3 category

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 type and institutions.

The credit limit exposure table below depicts all investments with various counterparties as at the 30 June 2011. Total investments were R 276 million. The table also shows the credit limit approved per counterparty. Treasury constantly monitors the percentage limit utilized and warning signal levels are set at an investment with any counterparty above the 90% limit utilization

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

47. RISK MANAGEMENT (continued)

Credit limit exposure report

Counter party	ST Ratings	Approved Limit	Call Deposits	Term Deposits	Total Exposure	Available For use	% Limit Utilisation
ABSA	F1+	650,000	198,078	-	198,078	451,922	30.47%
RMB	F1+	500,000	1,114	-	1,114	498,886	0.22%
INVESTEC	F1+	350,000	1,157	20,351	21,508	328,492	6.15%
NEDBANK	F1+	500,000	3,049	43,800	46,849	453,151	9.37%
STANDARD	F1+	500,000	1,152	-	1,152	498,848	0.23%
Total: Domestic banks		**2,500,000**	**204,550**	**64,151**	**268,701**	**2,231,299**	
CITIBANK	F1+	350,000	1,150	-	1,150	348,850	0.33%
DEUTSCHE BANK	F1+	350,000	1,000	-	1,000	349,000	0.29%
CALYON SA	F1+	350,000	1,131	-	1,131	348,869	0.32%
HSBC	F1+	350,000	-	-	-	350,000	0.00%
Total: International banks		**1,400,000**	**3,281**	**-**	**3,281**	**1,396,719**	
SARB		500,000	-	-	-	500,000	0.00%
LAND BANK	F1+	350,000	1,050	-	1,050	348,950	0.30%
TCTA	F1+	350,000	1,000	-	1,000	349,000	0.29%
Total: Public sector		**1,200,000**	**2,050**	**-**	**2,050**	**1,197,950**	
CADIZ	F2	50,000	-	-	-	50,000	0.00%
CORONATION	F2	50,000	-	-	-	50,000	0.00%
METROPOLITAN	F1	150,000	-	-	-	150,000	0.00%
PSG	F2	50,000	-	-	-	50,000	0.00%
SANLAM CAPITAL MARKETS	F1	150,000	-	-	-	150,000	0.00%
STANLIB	F1+	150,000	1,498	-	1,498	148,502	0.10%
Total: Asset management firms		**600,000**	**1,498**	**-**	**1,498**	**598,502**	
Grand total: Investments		**5,700,000**	**211,379**	**64,151**	**275,530**	**5,424,470**	

Credit quality of Investments

CJMM has been placing investments with those entities with a short-term credit rating of F1+. F1+ indicates the strongest credit quality of the obligator, meaning the risk of default is minimal. The credit qualities of CJMM's investments as at 30 June 2011 are shown in the tables below.

Fair value of long term investments

Investment	Date	Fair Value
RMB Security Deposit	30 Jun 11	45,467,104
RMB Amo Deposit	30 Jun 11	94,963,621
RMB EMLC	30 Jun 11	90,215,440
RMB R248 SF	30 Jun 11	354,963,402
STD Midr	30 Jun 11	49,928,808
ABSA	30 Jun 11	149,184,283
SCMB LS	30 Jun 11	29,424,532
		814,147,190

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

48. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure				
Opening balance	6,456	19,355	5,324	19,070
Fruitless and wasteful expenditure current year	1,884	1,184	208	-
Approved by Council or condoned	(209)	(2,001)	-	(1,665)
Fruitless and wasteful expenditure under investigation	1,298	(12,081)	183	(12,081)
Transfer to other debtors for verification	**9,429**	**6,457**	**5,715**	**5,324**

GROUP - 2011

1. Johannesburg Development Agency

During the 2010/2011 financial year a legitimate looking email was sent to the JDA purporting to be from an authenic supplier requesting changes to their existing bank details. It was later discovered after funds had been transferred that the email was fraudulent. Gobodo Forensic And Investigative Accounting (Pty) Ltd (GFIA) were appointed to investigate the fraudulent diversion of the supplier payment into the unauthorised bank account. The amount being investigated was R20,520. The GFIA concluded that as a result of the Supply Chain Co-ordinator's and IT Officer's negligence and some weaknesses in JDA's internal controls the entity suffered financial losses to the amount of R20,520. GFIA further concluded that there was no proof that the implicated employees benefitted financially from the fraud. They also recommended that disciplinary action be taken against the implicated individuals for negligence. GFIA's recommendation was upheld by management and disciplinary charges were labelled against the two individuals on the grounds of negligence in the discharge of their duties. Both employees were issued with written warning letters. The case has also been reported to the SAPS and it is with the commercial crimes unit.An email was sent to JDA purporting to be from the authentic supplier requesting changes to the existing banking details. It was later discovered after the funds were transferred that email was fraudulent.

Disciplinary steps/criminal proceedings : Employees who effected the change of banking details were issued with written warnings and the case has been reported to SAPS commercial crimes unit.

2. Johannesburg Fresh Produce Market

These costs relate to late payments for Telkom and Nashua mobile.

Disciplinary steps/criminal proceedings : No action taken but controls are in place to prevent re-occurance.

3. Johannesburg Roads Agency

Interest was charged on the late payment of Telkom, the Auditor General and PAYE to SARS. Interest was also charged on the differences between the PAYE recociliation and PAYE actually paid to SARS.

Disciplinary steps/criminal proceedings : None

4. Johannesburg Metropolitan Bus Services

Fines disputed by our drivers & roadworthy related penalties.

Fraud, claim has been submitted to recover loss.

Disciplinary steps/criminal proceedings : None

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

48. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

5. Metropolitan Trading Company

Lease payments made for Voice over internet protocol (VOIP) and WIFI installation. These systems were installed but there no computers at the respective markets to use these services.

Interest of R189,021 was paid on overdue accounts. 98% of this was interest paid on the overdrawn sweeping account. This account was overdrawn because MTC experienced cash flow problems because of its inabillity to collect inter company debtors. The process issues that caused these problems were resolved in the last quarter of the financial year.

Disciplinary steps/criminal proceedings : The matter is under investigation so that the appropriate steps can be taken.

6. Johannesburg City Power

Interest incurred on late payments.

Disciplinary steps/criminal proceedings : None

7. Johannesburg Tourism Company

PAYE interest paid to SARS for late submission and payment.

Disciplinary steps/criminal proceedings : None

GROUP - 2010

1. The Johannesburg Fresh Produce Market (Proprietary) Limited

Interest on late Telkom payments - R2,338.

Court judgement awarded to 3rd party - interest R68,489.

Court judgement awarded to employee case - interest R59,670.

Disciplinary steps/criminal proceedings : No action taken - employees responsible have left the company.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

48. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

2. City of Johannesburg Property Company (Proprietary) Limited

The penalties and interest reflected in the current financial year relates to the clean up process with regards to the late submission of prior years tax returns for the periods 2006/2007 and 2007/2008 as reported in the previous year's audit findings. The events leading to the fruitless and wasteful expenditure were investigated by management and found to be as a result of human error.

Disciplinary steps/criminal proceedings : This has been reported to the board. Corrective action has been taken to ensure that the matter does not recur.

3. Johannesburg Zoo

Interest paid on late payment of VAT and PAYE - R 125,805.

Disciplinary steps/criminal proceedings : None.

4. Johannesburg Metropolitan Bus Services (Proprietary) Limited

Various traffic fines was paid - R266,820.

Disciplinary steps/criminal proceedings : None taken as the cost was transferred to the drivers responsible.

SARS PAYE penalties and interest was paid - R1,053.

Disciplinary steps/criminal proceedings : Employee responsible no longer on our employment.

5. Metropolitan Trading Company (Proprietary) Limited

Interest paid on overdue accounts. This interest was mainly for City Power and Joburg Water accounts incurred as a result of late receipt of invoices. This was resolved in the last quarter of the financial year. Furthermore, the City experienced cash flow challenges which also led to creditors being paid late with the resultant interest charged.

Disciplinary steps/criminal proceedings : None.

6. Johannesburg City Parks

Interest on late payment of creditors - R 9,322.

Disciplinary steps/criminal proceedings : None.

7. Pikitup (Proprietary) Limited

SARS PAYE penalties and interest was paid - R 59,482.

Disciplinary steps/criminal proceedings : None.

8. Roodepoort City Theatre

SARS interest was payable on late payment of PAYE as a result of problems with the SARS efile website. Penalties were waivered by SARS, but the Entity remained liable for the interest.

Disciplinary steps/criminal proceedings : None.

9. Johannesburg Roads Agency

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

48. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

The account was paid late due to the invoice being received late from Telkom and thus paid late.Procedures have been put into place to receive the invoice electronically and to be paid on time.

Disciplinary steps/criminal proceedings : None.

CORE - 2011

1. Office of the Speaker

Non-attendance of Conferences, Seminars and Training sessions by staff after the relevant bookings and payments has been made - R10,000.00.

Disciplinary steps/criminal proceedings : None.

2. Development Planning and Urban Management

Consulting fees for the provision of training programmes to the Department R39,200.00.

Disciplinary steps/criminal proceedings : Report submitted to Mayoral Committee for condonement.

Repairs to Fleet Africa Vehicle R14,793.54.

Disciplinary steps/criminal proceedings : Report submitted to Mayoral Committee for condonement.

3. Economic Development, Office of the Executive Mayor, Finance, Revenue and Customer Relations, Housing, Development Planning and Urban Management, Emergency Management Services, JMPD

Interest charged on late payments - R327,288.03.

Disciplinary steps/criminal proceedings : Investigations have been made as to the cause of the problem and steps will be taken to prevent a recurrence in the future.

CORE - 2010

1. Office of the Executive Mayor

Non-attendance of Conferences, Seminars and Training sessions by staff after the relevant bookings and payments has been made - R36,129.15.

Disciplinary steps/criminal proceedings : The matter is still under investigation.

2. Environmental Management

Rental payment for six months before occupation R 1,404,936.00.
Disciplinary steps/criminal proceedings : Report submitted to Mayoral Committee for condonement.

Emergency Services, Housing, Development Planning, Corporate and Shared Services, Infrastructure, Transportation, JMPD, Community Development, Rates and Taxes, Office of the Executive Mayor, Office of the Speaker, Economic Development

Interest charged on late payments - 3,883,147.84.

Disciplinary steps/criminal proceedings : Investigations have been made as to the cause of the problem and steps will be taken to prevent a recurrence in the future.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

49. UNAUTHORISED EXPENDITURE

Reconciliation of irregular expenditure				
Opening balance	5,973	-	-	-
Unauthorised expenditure current year	49,238	156,859	48,498	-
Approved by Council or condoned	-	(150,886)	-	-
Transfer to receivables for recovery	(1,731)	-	-	-
	53,480	**5,973**	**48,498**	**-**

GROUP - 2011

1. Johannesburg Zoo

   Operating budget for the current year was exceeded R757 039 (1.23%). The overspending was mainly as a results of capitalisation of newly acquired leased assets.The operating budget for the current year was exceeded R4 390 862 (7,66%).

   Disciplinary steps/criminal proceedings : None

GROUP - 2010

1. Pikitup Johannesburg

   Relates to expenditure incurred in excess of budget allocation.

   Disciplinary steps/criminal proceedings : A report was tabled at the Mayoral committee and Council meeting.

2. Johannesburg Social Housing Company

   The company reported an operating deficit after tax of R1,699,112 for the year ended 30 June 2010. This was partly due to expenditure overspent on certain budget votes.

   Disciplinary steps/criminal proceedings : None

3. Johannesburg Zoo

   The operating budget for the current year was exceeded R1 730 565 (3%). The deficit was dealt with in accordance Section 101 of the MFMA.

   Disciplinary steps/criminal proceedings : None

CORE - 2011

1. Emergency Management Services

Payments made to Fleet Africa for the leasing of vehicles, in the absence of sufficient budget R60,000.00.

Disciplinary steps/criminal proceedings : The matter is still under investigation.

2. JMPD

Payments to Contractors for Guarding of Municipal Properties - R48,437,864.95.

Disciplinary steps/criminal proceedings : The matter is still under investigation.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure				
Opening balance	4,203	11,401	-	-
Irregular expenditure current year	431,636	1,836	339,732	-
Approved by Council or condoned	(38,183)	(9,034)	-	-
	397,656	**4,203**	**339,732**	**-**

GROUP - 2011

1. Johannesburg Fresh Produce Market

"Based on the current system in place, irregular expenditure to the value of R50,237,904 was identified in the current year. A large portion of these breaches related mainly to a number of legacy contracts and arrangements awarded in the prior years and a few in the current year that did not comply with the requirements of the SCM policy. Although no documented evidence could be provided by management that certain processes prescribed by SCM Regulation 38 were followed, no evidence to the contrary could be found. Based on this and to be prudent an amount of R6,063,944 was classified as irregular expenditure as opposed to non-compliance. The system of identifying irregular expenditure is in a constant state of improvement so that in future all irregular and wasteful and fruitless expenditure will be identified and reported on.In all these instances, services and goods were nevertheless delivered and no financial loss was suffered. The necessary and appropriate action will be taken."

Disciplinary steps/criminal proceedings : "Subsequent to the above, significant changes were made to the Supply Chain Department. Previous SCM individuals resigned or were suspended, the seniority of the Supply Chain Department head was increased and the position filled with a suitable person; a stronger supply chain structure has been approved and is being filled; a new supply chain policy has been approved and staff training is being conducted. The supply chain management process is being aligned to best practices to prevent the above issues. With the implementation of the new supply chain system, processes have been put in place to prevent re-occurrence of these instances."

2. **Johannesburg Development Agency (Proprietary) Limited**

Appointment of supplier without following SCM processes.
Contract not reveiwed after 3 years.
Contract extensions.

Disciplinary steps/criminal proceedings : None

3. Metrobus

Month-to-month extensions
Non-application of preference point system
Contract amount exceeded
Deviations - Consultants

4. Metrotrading Company

No bid documentation (Waste removal agreement entered into 2005)
Awards to employees in service of the state
No quotations attached
Non compliance with SCM policy

5. Pikitup

The irregular expenditure relates to an amount paid to Bytes communication systems. The tender expired in 2008 and has been running on month to month basis following the need to have an information communication technology (ICT) strategy formulated to deal with ICT solutions in Pikitup. following the conclusion of the ICT strategy, the process of concluding a tender and contract are underway.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

6. City Power Johannesburg

Awards to persons withint he employ of the state R5,779,000.
Procurement without competitive bids R1,724,000.
Payments to suppliers in contravention of SCM Regulation 13 R301,000.

7. Johannesburg Water

During an audit of the company's vendor database, the company's declarations of interests' forms which are required to be completed and submitted by prospective service providers, had a discrepancy in the wording when compared to the requirements of the MFMA Regulation 44 (b). Accordingly, this resulted in irregular expenditure of R168,043.80 being awards via the quotations process to persons of which one of the shareholders is in the service of the state. The MFMA regulation 44 (b) prohibits awards to non natural persons of which any director, manager, principal shareholder or stakeholder is a person in the service of the state. The MFMA regulation 13 (c) (i) however does not necessarily prohibit such persons to submit an offer provided they declare that they are in the service of the state or has been in the service for the previous twelve months. It is further noted that the service provider involved in this instance is not connected with or related to any one employed by the company.

GROUP - 2010

1. Johannesburg Zoo

Procurement without three quotations - R456,333.

Disciplinary steps/criminal proceedings : None.

2. Johannesburg Development Agency (Proprietary) Limited

The payment of R8,412,281 was made in breach of the Johannesburg Development Agency (Pty) Ltd's financial policies and procedures. The payments was an 'advanced payment' made in the 2007/2008 financial year for services that would only be undertaken and completed in the 2008/2009 financial year. The Johannesburg Development Agency (Pty) Ltd board undertook an investigation and found that there was no unlawful intent by the contractor and/or employees to defraud the company and all the monies could be properly accounted for as legitimate expenditure on the various Nasrec projects. To ensure that no recurrence of similar events happens, internal controls have been improved in relation to the payment of creditors.

The expenditure of R621,739 relates to expenditure which was in contravention of the Supply Chain Management Policy, Regulation 36(1).

Disciplinary steps/criminal proceedings : The Bid Adjudication Committee's request for approval of this ratification was not approved by the Accounting Officer.

CORE - 2011

1. Condonation/Ratification Extension for the utilization of a Service Provider due expired contract (992/06), Mponegele Consultancy, R300,240.00.
Reason
Contract 992/06: Temporary Staff Employment Agency expired on 4 December 2008. A new Tender A350 was advertised but however its validity expired in December 2009. Since the expiry of Contract 992/06 the Department has been utilizing this contract from September 2008 to June 2010 without any authority.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

2. Ratification Engagement of a service provider without following the necessary Supply Chain Management Policy and Procedures, Sepolane Trading CC, R14,975.74.
Reason
Procurement processes and procedures were followed through advertising on the City's notice board but the recommended service provider. failed to deliver the required services on time and the department was compelled to use the previous expired contract without obtaining authority.

3. Adjustment of the contract amount for the provision of professional project management services for the management of Contract No.178/08 renovations to existing hospital facilities and 177/08 renovations and alterations of Casa Mia building, Profica Project Management Services, Casa Mia R5,284,869.68 and BBV Phase 2 R4,647,934.64.
Reason
Adjustment of professional fees due to the increase in the scope of work. Work already commenced without the department obtaining the necessary authority. Therefore the department's action be ratified.

4. The EAC's approval for payment of Malani Padayachee & Associates (Pty) Ltd (MPA Consulting Engineers) for the work performed-advice on effects of diversion on City of Johannesburg due to Gauteng Freeway Improvement Scheme, MPA Consulting Engineers, R30,000.00.
Reason
Procurement process was followed in terms of soliciting of quotations from the panel of service providers, however the service provider was engaged without an official order/report being signed by the delegated authority due to time constraints.

5. Ratification, Engaging a Service Provider without following the necessary Supply Chain Management Policies and Procedures:-

a)	MC Masilo Peace Communications,	R80,000.00
b)	Nyasha Management Consultants,	R160,000.00
c)	Pinky and Beauty Catering Services,	R11,475.00
d)	Impumelelo's Kitchen,	R11,475.00
e)	Kwapeng Construction and Services,	R14,875.00
f)	JZK Business Enterprise ,	R11,475.00
g)	Mapeteke Catering,	R11,475.00
h)	Mapeteke Catering,	R12,750.00
i)	Thabo M Designs,	R12,825.00
j)	Dinkwe Caterers,	R15,535.00
k)	Tiphineni Catering,	R14,875.00
l)	Kwapeng Construction & Services,	R17,750.00
m)	Mahlubandile Catering & Events,	R12,750.00

Reason
Procurement processes and procedure were followed through advertising on the City's notice board but the department engaged the service provider before the report was signed by the relevant authority, Director SCMU.Security Services

6. Acquisition of service provider to clean two vacant properties of builders rubble and remove loose bricks on pavements along the street, Elite Cleaners, R275,000.00.
Reason
The cleaning of the (IBC) was satisfactorily undertaken until the major influx of media arrived and the service provider was unable to respond to the increased numbers in terms of cleaning the toilets properly. On 7 June 2010 the service provider was called in and verbally warned. On the 15 June 2010. The Executive Director: 2010 Office was again contacted by FIFA who complained that the state of the toilets was shocking, and then in consultation with legal department, the contract was terminated and Soccer City cleaning company (Elite) took over the cleaning without the department following normal procurement process.

7. Approval of the payment of the service provider for Membership Fee, Gartner, R549,045.00.
Reason
Request approval for the payment of the services already rendered.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

8. Condonation of deviation from Supply Chain Management Procedures: Approval for appointment of Bohlokoa Outdoor Advertising (Pty) Ltd for the provision of the storage for the minibus-taxis removed from the Phase 1A starter service routes, Bohlokoa Outdoor Advertising (Pty) Ltd, R563,684.40 and R47,652.00.
Reason
The previous service provider Tirhani advised the City that their lease of the said premises where the 167 taxis were stored was about to lapse. Tirhani indicated that they have another storage facility in Linbro Park. It, however, transpired that moving the vehicles from Devland to Linbro Park would be too expensive as some needed to be towed or transported due to insufficient fuel, flat tyres, faulty brakes and/or inoperative batteries.
To remove the vehicles to a different facility is a logistical nightmare, considering that, whilst in storage, their batteries and tyres go flat and therefore Bahlokoa Outdoor Advertising (Pty) Ltd was appointed without following SCM process to store the vehicles.Sporting attire for JMPD Sport Team, Ria's Embroidery, R39.

9. Rental payment for 2010 FWC Branding of the cooling towers at Soccer City Stadiums, Industrial Zone Limited, R296,400.00.
Reason
The LOC as the custodian of FIFA branding requested the City to install and replace on all identified precincts along principal public routes all torn and damaged flags. The LOC has thus supplied the City with about 150 FIFA branded flags that require to be re-installed on M1 highway by 09 July 2010, therefore it was urgent to install these flags on time for the closing ceremony match at Soccer City on the 11th July 2010 and therefore quotations could not be solicited in compliance to SCM procedures.

10. Football for hope festival 2010 in Alexandra, Street Football World, R215,217.75.
Reason
Due to the additional recreational facilities available for the participants, a decision was taken by the LOC and FIFA to move the team Village from River Park to Queens High School. As a result the City will not be contributing to the labour to manufacture the furniture but will be contributing towards the cost of the bedding while Streetfootballworld to procure the temporary bridge and bedding as they already have existing contracts with the relevant service providers.

11. Deviation Enterprise Resource Planning Post Implementation Support and End-user Training and training material review and updating, EOH Hetu and UCS, R64,796,000.00.
Reason
EOH Hetu and UCS have been providing resources for the function since the inception of the programme.
It was not feasible nor cost effective to go out on tender now or extend IBM statement of work in its current format due to the steep rates and high mark up they levy of the resources. Direct contracting with the companies will save the City in excess of 35% of resources costs as there will be no third party make up hence EOH Hethu and UCS have been contracted as they have the required skill and capacity to provide the required services.

12. Ratification of payment to a service provider, deviate to continue utilize a contract for a further six months and authorization of payments for the months April,May and June 2010, Mponegele Consultancy, R515,200.00 and R193,200.00.
Reason
The department filled the vacancy of learnership project manager through a City contract for placement of personnel with a service provider for a period of six (6) months. The contract was extended in March 2010 for three (3) months as the incumbent was able to provide course for the new employees and learneship candidates. On extending the service level agreement, Mpongele Consultancy, contract with the City had gone past its appointment period it is therefore urgent to extend the contract for a period of six (6) months while the process is put in place to have the position filled on a full time basis.

13. Request for extension of contract period for Rea Vaya Bus Rapid Transport System probity services by Grant Thornton, Grant Thornton, R149,402.50.
Reason
Extension of scope of work for probity advisory services for BRT.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

14. Extension of the appointment of a service provider for the facilitation of signing of bus operating contract for phase 1A of the Rea Vaya BRT, Stratalign/Tokiso, R2,621,767.00.
Reason
The contract of a service provider expired on the 30th June 2010 and it will not be possible to move forward and finalize the outstanding matters without the services of the service provider as they provide a critical role of being an independent chair and facilitator for negotiations therefore it is urgent to extend the contract of stratalign/Tokiso.

15. Approval for the appointment of a service provider for provision of the storage for the Minibus-Taxis removal from the Phase 1A starter service route, Bohlokoa Outdoor Advertising (Pty) Ltd, R515,565.00.
Reason
Due to urgency it is important to appoint a service provider for a period of three (3) months to assist in the provision of the storage for the minibus-taxi because the contract of the previous storage facility had expired.

16. Appointment of a service provider to provide specialist legal support Dorljota taxi association for the formation of the trust company for the Rea Vaya Project, Modise Mabule Inc (Attorneys Labour and Commercial Practitioners, R143,000.00.
Reason
DORLJTA felt that the model of forming (TOICS) will not be suitable for them and requested the City to assist them to form a trust company of lawyers to help them form a trust. The City is about to finalize negotiations with the taxi industry and the transportation department does not have enough time to go on a tender for the appointment of specialist lawyers to help DORLJOTA to form a trust. As a way forward, DORLJOTA approved Modise Mabute Inc to assist them with formation of the trust.

17. Appointment of a service provider to provide technical support to the taxi industry for the finalization of bus operating contracts for phase 1A of the Rea Vaya, Fot Consulting, R1,500,000.00.
Reason
Good progress at negotiations between the City and the Taxi Industry has been made, negotiations are about to be finalized. (TOICS) have been formed for all associations except for DORLJOTA Taxi Association. For the City to wrap up negotiations and handover the Bus Operating Company to the Taxi Industry, some of the task needs to be finalized. It is anticipated that it will take about three (3) months to finalize all outstanding issues pertaining to Rea Vaya contracts and taxi industry will still need technical support, hence it is necessary to extend the contract of the service provider for a three months (1 July 2010 to September 2010).

18. Report for the Park-and- Ride and Park-and-Walk facilities that were hired during the simulation on the 24 and 27 May 2010, Nasrec Park-and-Ride, Nasrec Park-and Walk, Shareworld Park-and-Walk, Rand Show Park-and-Walk and Constitutional Hill, R353,640.00.
Reason
It was impractical for the Department of Transportation to go out on a competitive bidding process as the facilities were identified in terms of their location and suitability to operate as Park and Ride and Park and Walk for the 2010 Fifa World cup.

19. Report for the Constitutional Hill Park-and-Ride facility that was hired during the 2010 FIFA World Cup, Constitutional Hill, R786,500.00.
Reason
Constitutional Hill was the only suitable venue in terms of location for the Rea Vaya bus route and therefore normal procurement processes could not be followed, the negotiations with Constitutional Hill were concluded a few weeks before the event of the 2010 Fifa World Cup.

20. Request for Approval to Deviate from Normal Supply Chain Management Procedures to Extend the Appointment of FOT Consulting to Provide Technical Support to the Taxi Industry During the Rea Vaya Transition Period, FOT, R1,150, 000.
Reason
On the 23rd August 2010 the City finalised Rea Vaya negotiations and signed the final agreement with the taxi industry paving the way for taxi operators to take over the Bus Operating Company from Clidet (Interim Bus Operating Company). This agreement was signed after complex negotiations with the taxi industry. As part of the Executive Mayor's undertaking, the City has been providing technical support to the taxi industry through FOT Consulting. The contract of FOT Consulting would have come to an end on the 30th of September 2010 hence the deviation to extend the contract to conclude these negotiations.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

21. Extension of Services of Eyethu/ITS JV by Virtue of Tender A379, Eyethu Events and ITS Engineers JV , R1,768,750.00.
Reason
On 16 April 2010 tender A379 was awarded to Eyethu Events and ITS Engineers JV. The contract had additional services such as pedestrian bridge over the dangerously busy road adjacent to the Soccer City. However it was at the last minute found that additional pedestrian fencing, security and crowd control officer were indeed required leading up to the Rea Vaya stations at Ellis Park Soccer City. There was no longer time left to put out a bid for the additional services or to explore the provision of analternativeservice provider to provide the services since all other arrangements were finalised with Eyethu Events and ITS Engineers JV during the last week before the Soccer World Cup opening match at Soccer City hence the request for a Ratification.

22. Extension of Contract number Trans 001/02/07 for a period of 15 months to offer specialised coaching services for the MMC: Transportation, MIS Vidal T/a Wellspring, R228,000.00.
Reason
MIS Vidal T/a Wellspring was appointed initially on 23 May 2007 under contract number Trans 001/02/07 to provide specialised coaching services to the MMC Transportation. Due to continuity the service provider contract is further extended to complete the whole programme.

23. Facilitation of Preparatory Talks (Talks about Talks) with Potential Operations for Phase 1B of Rea Vaya, to Agree on a Suitable Model to be used for Phase 1B Contracts, Stratalign/Tokiso, R416,000.00.
Reason
Transportation Department has completed negotiations with taxi operators for phase 1A of the Rea Vaya. All affected operators have formed taxi operating companies to take over Rea Vaya operations from Clidet. As part of the preparation of Phase 1B, several stakeholders were engaged to try to agree on the model to be used for Phase 1B of the Rea Vaya. From this discussions it became clear that different stakeholders have divergent views about the model and based on this all parties felt that there was a need for a facilitated process to try to agree on the model and most of the stakeholders felt that Tokiso should be appointed to facilitate this engagement. Tokiso is preferred because they already have experienced with Phase 1A negotiations and they have been successful in facilitating the signing of Phase 1A contract hence the request for a deviation.

24. Motivation to Purchase Equipment and Call Centre Furniture Installed at 28 Harrison by Sibize for Gauteng Shared Services Centre (GSSC), Sibize, R888,050.00.
Reason
The Executive Adjudication Committee at its meeting of 28 May 2010 approved the lease of 28 Harrison Street Building as it has been identified as a suitable site for the Unified Customer Contact Centre (UCCC). The identified building was once used as a Call Centre for GSSC and has all the required infrastructure, furniture that can be utilised by the City hence the request for deviation to procure this infrastructure from Sibize who were running the call centre on behalf of GSCC which contract has been terminated and they were vacating the building on 20 September 2010. Five other quotations were solicited from service providers on the City's contract, contract 103/08 for benchmarking purposes and all the service providers' pricing for the infrastructure and IT related equipment were exceptionally very high as apposed to the price offered by Sibize which was the lowest and included all the items required by the City.

25. Proposed Extension of the Contract for the Appointment of MTN Service Provider for Cellular Phone Provision, MTN, To be determined after a month, R8,000,000.00.
Reason
Contract A186 Provision for Cellular Phone Services was awarded to MTN with effect from 1 January 2007 ending 31 July 2010. The ratification and deviation for the extension of the MTN contract is due to the change over and porting of lines from MTN to Vodacom which would only occur once all the City's contractual obligations with MTN have been satisfactory resolved.

26. Procurement Processes and Proposed Extension of Lease and for Additional Parking Bays to Accommodate Various City Departments at the CJ Cronje Building, City property administration (PTY) LTD, R4,123,287.00 and R714,780.00.
Reason
The former Region 8 now Region F head office is located at the CJ Cronje building in Johannesburg. The original three year lease expires 30 November 2010 and the Region has requested to continue to occupy the premises for a further period of three years hence the deviation.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

27. Motivation for extra funds to pay Gondwana Environmental Services for the management of the City's Air Quality Monitoring stations and related data services, Gondwana, R140,725.40.
Reason
Contract A222 was awarded to Gondwana Environmental Solutions for an amount of R1,752,066 including VAT for a period of three years starting from April 2007 ending June 2010. However the department omitted to include in the contract services such as minor repairs and maintenance of faulty equipment including the meteorological sensors and analyzers, which were deemed to be consumables and were to be separately catered for by the City hence the request for ratification for the amount of R140,725.40 to pay the service provider for the related services rendered.

28. Ratification of the services rendered by the supplier and final payment for the sourcing strategy (new IT Contract), Gartner, R180,576.00.
Reason
The Executive Adjudication Committee on the 29 February 2007, approved the Master Consulting contract with Gartner Ireland Ltd for a period of 12 months ending 20 March 2009. On January 2009, the then CIO concluded a Sourcing Strategy for the City's new IT contract with Gartner Consulting Ltd totaling R528,000.00 exclusive of VAT. A total of R421,343.70 has to date been paid and the R180,576.00 is for the last deliveries. The service provider could not complete the required services as per the relevant sourcing strategy before the contract termination on 30 March 2009, hence the request for the ratification.

29. Extension of Temporary Appointment of Dimension Data SA as a Result of Unforseen Circumstances in the Bid Evaluation, Adjudication and Award Processes and a Requirement for Due Diligence and Transitioning in respect of New Proposal Number A387 – Outsourcing of ICT Services, Dimension Data SA, On the same rates as per contract A117, R159,908,103.04.
Reason
Contract A117 was awarded to Masana Technologies for a period of five years ending in 2010. Unfortunately Masana Technologies entered into a voluntary liquidation in 2009 and the City had no alternative but to urgently arrange for a take over the contract by Dimension Data and IBM for a period of 12 months ending September 2010. The contract for Dimension Data was further extended by the Executive Adjudication Committee1 October 2010 for a further period of two months until 30 November 2010 and thereafter continuing on a month to month basis with a 30 days notice period for termination until the finalisation of the appointment of service providers for the new contract number A387.

30. Appointment of a Service Provider for the 2011 and 2012 Joburg open including budget and expenditure, Trinergy, R1,000,000.00.
Reason
The City had a one year contract with Navitude (Pty) Ltd as subsidiary company of the SAIL Group now called Trinergy Group to manage the Joburg open 2011. With the City having rights to host the Joburg open up to 2015 it is important that there is an continuation on delivering the same standards if not better than previously demonstrated with the 2010 tournament. The main reason for not going out on a competitive bidding process is due to the fact that the scope is limited in golfing industry in relation to the management of major golfing tournaments. Trinergy has an extensive market track record of experience in managing international golfing tournaments across the country.

31. Extension of lease agreement to accommodate development planning and urban management quadrant offices, Murray an Roberts Properties Services (Pty) Ltd, R287,455.08.
Reason
On the 17 September 2007, the Executive Adjudication Committee approved the lease for Development Planning & Urban Management, for office space for 137 Sivewright Avenue, New Doornfontein, for a period of 3 years ending September 2010. When the Urban Management model was revised, it introduced the Quandrants 1 & 2 and this deviation for the extention of the initial lease is meant to accommodate the Quadrants as the Quadrants Multi-disciplinary Task Team (MDTT) already operates in this building.

32. Motivation for ED: ISD to Sign a New Two Year Lease Agreement with Broll from 01 October 2010 to September 2012, Broll, R545,313.84 per month excluding VAT.
Reason
A deviation was approved by the Executive Adjudication Committee at its meeting of 29 March 2007 for ISD to enter into a three year lease agreement with the owners of 125 Simmonds Street ending September 2010. ISD further request to occupy the building for a further period of 24 months hence the deviation.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

33. Continuation of a maintenance Contract for Digital High Speed Copiers, Pambili Document Solutions, R7,000,000.00 for a period of three years.
Reason
Extension of existing contract prior to the commencement of the new contract.

34. Winding down on the MTN Contract and porting to Vodacom Service Provider, MTN, R24,770,391.65 for the period 1 December 2010 to 31 March 2011.
Reason
An extension was required to enable the City to settle all issues including porting with the existing service provider and the suspension of lines would have had an adverse effect on service delivery. Porting is a process outside the control of the City, MTN or Vodacom and controlled by a third party (ICASA) This process could take longer than anticipated.

35. Ratification of the actions of officials from the Transportation department for appointing a service provider without following normal SCM procurement process, Ka Lethabo Trading and Logistic CC, R322,500.00.
Reason
The City had to prepare for the removal and transfer of the scrapped Minibus Taxis to the scrapping site within the first week of January. Due to the holiday season and the unavailability of many service providers, the short period of time within which the scrapping process was to be completed, the City had to make an urgent appointment of a vehicle towing service provider who was prepared to do the work within the 5 days period. The Department could not obtain prior approval to engage the service provider hence a request for condonation of their actions was submitted to the Accounting officer.

36. Ratification of the actions of officials from the Transportation department for appointing a service provider without following the normal SCM procurement process, Taxi Scrapping Administrator (Pty) Ltd, R494,959.00.
Reason
The taxis to be scrapped had been in storage for a period of over a year and needed to be towed to the Taxi scrapping Administrator site which would have cost over R4 Million. It was therefore decided to scrap the taxis closer to where they were stored in order to minimize the cost. The Taxi Scrapping Administrator (Pty) Ltd needed to be paid for the provision of offsite mobile machines, labour and equipments. The Department could therefore not obtain prior approval to engage the service provider hence the request for condonation.

37. Deviation from the normal SCM policy and procedure to appoint a service provider to provide specialist legal support to Victimized operators participating in the Rea Vaya phase 1A bus operating contract, Leonard Singer Attorneys, R1,800,000.00.
Reason
On 3 February 2011, the Mayoral committee approved a four-pillar strategy to be adopted by the City to assist taxi operators who have been victimized, and as a result are unable to operate their vehicles, because of their involvement in the phase 1A bus operating contract. The appointment of legal counsel on behalf of the victimized operators was included in this mayoral committee approval. The victimized operators wanted to nominate their own service provider, and this was considered desirable, since the City wanted to avoid any potential conflict of interest situation that could have arisen as a result of the appointment of legal counsel chosen by the City. The appointment of the service provider was urgent, because the City was paying compensation to victimized operators, and urgent legal steps needed to be taken to move towards the reinstatement of the victimized operators. The appointment was also considered appropriate as the service provider was one who had been nominated by various groups in the taxi industry, and was considered to be the sole provider of the services required to be rendered.

38. Deviation from normal procurement policy and procedures :Renewal of a maintenance Agreement for the Rea Vaya Station Doors, Dorman South Africa (PTY)Ltd, R618,165.00.
Reason
Dorman and Sandpalm were the original suppliers of the Rea Vaya station glass sliding and steel roller-shutter doors, who also guarantee the doors. As the functioning of the stations depends largely on the functioning of its doors, the doors have to function optimally at all times, which requires ongoing maintenance and repair. Pending the appointment of a contractor to take responsibility for the maintenance of all aspects of the stations, maintenance SLA's were in the interim concluded by the City with Dorman and Sandpalm directly, which contracts expired at the end of January 2011. Permission was sought from the EAC to extend the contracts with Dorman and Sandpalm until the end of May 2011, where after they would be taken over by the station maintenance contractor.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

39. Deviation from the normal SCM policy and procedures for the appointment of a service provider to implement a joint billing call centre solution, EOH, R13,145,245.00.
Reason
Billing "challenges" were experienced within R&CRM. EOH was at that stage involved with the Billing Systems; enhancements; configurations and billing developments to address system challenges post Phakama implementation. EOH therefore had the necessary system knowledge, business knowledge and all necessary background to assist the City with the Billing challenges.Furthermore In order to ensure to the continuity and completion of work in progress a deviation was requested to appoint EOH as the preferred business partner.

40. Ratification of the actions of officials from the office of the CIO for appointing a service provider without following the normal SCM policy and procedures :-

a)	Di Data-Completion of projects Jan to March 2011	-	R6,901,500.00
b)	Di Data-Telkom Jan to March 2011	-	R193,500.00
c)	Fastrack- SAP Business Consulting	-	R326,800.00
d)	Highveld PFS-SAP Business Consulting	-	R258,000.00
e)	Sysma-Software for MPD EMS	-	R172,000.00
f)	Micotel-SAP Tech Programme Manager	-	R251,280.00
g)	MtechSA-SLA for tevonis, COJ technical environment	-	R640,000.00
h)	Eben Jacobs-management for technical environment	-	R159,300.00
i)	Moiloa-PM bucket Consultant	-	R666,500.00
j)	Blue Biason Basis Support	-	R290,250.00
k)	Motheo Consultants-Pick it ip-Blue Pencil	-	R1,440,500.00

Reasons
Due to the fact that tender A392 was adjudicated during February 2011 when critical ICT services necessary for the operations had to continue within COJ and those services were not covered by tender A387 or A392. A further month (March 2011) was requested as implementation of A392 took longer than anticipated and these critical services were requested from the service providers indicated.

41. Extension of the existing lease agreements at 222 Smith Street :-

a)	Housing building	-	R3,749,009.00
b)	Parking	-	R300,960.00
c)	OCIO building	-	R2,078,676.00
d)	Parking	-	R184,680,00
e)	Additional parking at Parkode	-	R594,000.00

Reasons
1. The OCIO & Housing departments have established themselves at 222 Smit Street for efficient service delivery
2. The rental negotiated with the landlord was favorable and cheaper than the other rental space available for similar accommodation in Braamfontein.
3. 222 Smit street is next to the Park station and convenient for its staff etc.
4. Close proximity to Metro Building (about 200 metres) and operational efficiency
5. The cost and time for set-up of new accommodation for operational requirements would amount to additional expenses and costs.
Therefore it was impractical to go out on a competitive bidding process for any other building as this building meets all the requirements of the two departments.

42. Deviation report for the appointment of Hamilton Hydraulic Services for the repairs of specialized equipments, Hamilton Hydraulic Services, R505,467.12.
Reason
Quotations were solicited for strip and repair various specialized equipments used for rescue purposes and generating power from various service providers for EMS's The other service providers contacted had other engagements and therefore could not respond to the request for quotations, whereas Hamilton Hydraulic Services had ample space and storage to hold on to the equipment. The service provider also happens to be a sole provider for the equipment. It was thus impractical to go out on Tender.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

43. Ratification of the actions of JMPD Officials for failure to comply with the provisions of the SCMU in respect of the appointment of a service provider to finalize disciplinary matters, Mthobembeni and Associates, R371,125.00.
Reason
The service provider was appointed to prosecute JMPD Officers who obstructed the free way On 25 June 2008. The Service Provider has been used by the City in the past in similar cases and that prompted the Acting Chief of Police to appoint the service provider as he thought that they have a contract with the City. Hence the request for the ratification. The Deviation request relates to the extension of the mandate of the service provider to finalize those cases as it would be impractical to go out on tender to get a new service provider to finalize the cases.

44. Ratification of the actions of officials from the Health Department for appointing a service provider without following the normal SCM policy and procedures, Impilonhle Trading and Projects, R68,791.25.
Reason
Region B health Department requested various quotations from service providers on the City Database to provide quotes for protective clothing. Impilonhle Trading Projects was found to comply with all the specification as required and that their price was the most reasonable. The department however contravened Section 19.2.5 of the City's Supply Chain Management Policy (splitting of requirement with the sole intention of circumventing any of the procurement mechanism listed is not allowed in the SCM policy) in that they have requested 14 Quotations from the service provider totaling R68,791.26 as opposed to consolidating all these requirements and advertising them on the Notice Board as per the MFMA Regulations. The Region was of the impression that individual invoices from each clinic were less than R30,000 and therefore they can be dealt with in terms of soliciting quotations under R30,000.

45. Appointment of a service provider to construct the City Of Johannesburg Metro's Computable General Equilibrium (CGE) Model, University of Johannesburg, R1,100,000.00.
Reason
DED solicited quotations from three High Education Institutions namely, Wits University, University of Johannesburg and University of South Africa to construct the City's Metro Computable General Equilibruim(CGE) Model as the City has signed a MOU with these Institutions.

46. Ratification for payment of outstanding account for Arch Chemicals (Pty) Ltd, Arch Chemicals (Pty) Ltd, R631,200.00.
Reason
The service provider was appointed to maintain the chemical dosing system at all municipal swimming pools as they are the sole providers of the chemical dosing system. When the initial appointment was about to expire the department called for tenders to determine if there were new players in the industry. The same service provider was the only company that responded to the tender and the tender was only evaluated and approved four months after its expiry and there were invoices for the four months that need to be paid hence the request to ratify the actions of officials from Community Development were submitted.

47. Renewal of lease for Blackheath and Malvern Libraries without following the normal SMU policy and procedures ;-

a)	Momentum Property Investment (PTY) Ltd-Blackheath Library	-	R344,027.67
b)	Momentum Property Investment (PTY) Ltd-Blackheath Library	-	R162,021.12

Reason
The Libraries have been operational in these locations for more than 9 years and have established these premises as their base.It was therefore impractical to go out on a competitive bidding process due to the accessibility and location of these libraries since they have established themselves there for longer periods.

48. Ratification of the actions of officials from the Community Development department for appointing a service provider without following SCM policy and procedures :-

a)	Elite Cleaning Services	-	R396,104.90
b)	Malvern Plaza CC	-	R155,921.00
c)	Malvern Library	-	R100,595.56

Reason
The contract went beyond its legal deadline whilst the process of appointing a new contractor who is on the Panel of Contractors was in the process of being finalized.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

50. IRREGULAR EXPENDITURE (continued)

49. Deviation from the normal SCM policy and procedures in the appointment of a service provider in relation to the payment of the sponsorship, ATP & ITF, R6,000,000.00.
Reason
The Department attained approval from Mayoral Committee to purchase the rights to the tournament and the approval from the EAC to appoint the service provider but not the mechanism through which the payment is going to be made. Hence the deviation to request an approval to pay the amount through The Sponsorship Company.

51. IN-KIND DONATIONS AND ASSISTANCE

Community Development received the following:

- Donation received from D. Guthrie worth R14,776.00.
- Donation from Environmental Affairs RSA worth R2,500.00.
- Donation received from Maureen Isaacson worth R16,770.00.
- Donation received from Pepic & Krause worth R32,725.00
- GPLAS donation on the topic of diabetes, including books and DVD's worth R55,705.00.
- Johannesburg Friends of the Libraries, Section 21 Committee worth R1,009,220.00.
- Donations to the various libraries worth R1,855,165.00.
- Donation received from Deloitte and Touche worth R10,530.00.
- Donations received from Exclusive Books (various stores), worth R279,682.00.
- Donation received from Justine Ryan worth R60,750.00.
- Donation from Booktalk worth R40,170.00
- Donation received from Jacklin Enterprises worth R7,770.00.
- Donation received from LIASA worth R41,970.00.
- Donation received from National Library Services worth R180,931.00.
- Donation received from Mailboat worth R10,060.00.
- Office Equipment, Sewing Machines and sewing materials from De la Rue Company, worth R30,000.00.
- Blankets donated by Eskom Foundation, the Salvation Army, Immaculate Night Shelter and Zayne Angemia & Friends, totalling R200,300.00.
- Donation rceceived from the Al Imdaad Foundation worth R50,350.00.
- Food parcels and clothing donated by the Tzu Chi Foundation, worth R5,600.00.
- Cookies donated by Tsa Africa for a senior citizens event worth R2,000.00.
- Crockery donated by Hisense Electronics amounting to R8,100.00.
- Donation made by the Ivory Park Taxi Association for mortuary services and coffin storage, worth R4,700.00.
- Soup, bread, water bottles and transport donated by Shoprite Checkers worth R4,000.00.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

51. IN-KIND DONATIONS AND ASSISTANCE (continued)

- Food and accommodation for abused women, made by Panel Shelter worth R19,350.00.
- Donation made by Diepsloot Taxi Association for the transportation of Senior citizens to and from Ivory park, amounting to R30,000.00.
- Catering and entertainment made by the provincial SAPS worth R1,000.00.
- Donation of computers, new and second hand, made by various donors, amounting to R67,967.44.
- Workshop on integrated food and security programme, donated by the United Nation and Food Agricultural Organization, amounting to R321,450.00.
- Imizamo Communication Company, donation of canned samp for a Christmas party hamper, R700.00.
- Donation of various magazines, made by DISA, worth R2,000.00.
- Falcon Business School, donation of a television set for Mandela day, worth R1,500.00.
- Donation of matric dance dresses and suits amounting to R4,000.00.
- Donation of gift packs for seniors and women, made by DISA, worth R1,000.00.
- Vegetable seeds donated by Mega Mica, Agri Seeds and Third Thursday Women worth R6,100.00.
- Donation of signboards by Rotary amounting to R5,000.00.
- Deco paige donated by Mega Mica, worth R1,000.00.
- Food parcels donated by the Gift of Givers and Food Bank, amounting to R5,100.00.
- Clothes donated by various donors, amounting to R51,395.
- Bed linen donated by Don Suites Hotels, amounting to R30,000.00.
- Donation of three solar powered composting UD toilets by Compushare, amounting to R30,040.00.
- Tin foods donated by Zayne Angemia & Friends, worth R6,000.00.
- Gift packs donated by Jet Stores and Diskom, worth R29,500.00.
- Cash donations by Goldreef City Casino and Dr. A.D Makhubela, amounting to R2,700.00.

Office of the Executive Mayor Department received the following:

- Ad - hoc donations made by various donors, consisting of caps, t - shirts, bags, books and clocks, amounting to R9,005.00.
- Donation of a framed, autographed Bafana jersey, made by Z. Ngobese (Adidas PR Manager), worth R600.00.
- Donation of a bottle of Moet Champagne, made by Tsogo Sun Gaming, worth R100.00.
- Wine gift packs donated by various donors, amounting to R1,440.00.
- Golfing gear and sporting attire donated by various donors amounting to R13,899.00.
- Recognition trophy donated by Event Management, worth R5,890.00.
- Framed collage donated by Event Management to the value of R2,500.00.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

51. IN-KIND DONATIONS AND ASSISTANCE (continued)

- Donation by the MMC's, one 32 GB, I Pad, worth R6,000.00.
- Donation made by TSSMS, consisting of tickets to the Cape Town Jazz Festival, worth R3,000.00.
- Food and gift hampers donated by various donors, worth R2,500.00.
- Garden sets donated by Forest and Fisheries, amounting to R210.00.

Environmental Management received the following:

- C40 CITIES Conference held in Rotterdam worth R12,937.35.
- Climate Dialogue Conference attended by Executive Director, Flora Mokgohloa worth R9,580.63.

Health Department received the following:

- Gift vouchers donated by Pick and Pay, amounting to R1,200.00.
- Garden tools received during the year from Department of Agriculture and Motsepe Optometrists, worth R2,899.00.
- Donation by Biley Makda, consisting of fourteen wall clocks, worth R800.00.
- Donation of clothing by Overwear and Duches, worth R257.80.
- Donation of a microwave oven by Old Mutual, amounting to R500.00.
- Donation of Accu Check Glucose meters, made by Hemocure SA and Roche, worth R11,831.44.
- Medical Equipment received from Sun International Hotel, Wandi's and Roodepoort Rotary Club, worth R495,191.95.
- Cash donations amounting to R30,970.00, made by Kwena Marketing.
- Food parcels donated by Pick and Pay, worth R395.88.
- Donation made by Nestle i.r.o a motivational luncheon for professional clinicians, worth R7,000.00.

Emergency Management Services Department received the following:

- Donation made by Fire Raiders and the Christ Embassy for the hosting of a gala dinner, amounting to R15,000.00.
- Donation of shopping vouchers by M & M and the Glen Shopping Mall, to the value of R5,500.00.
- Travel by Arrangement, donation for a weekend for two to Cape Town, flights, accommodation and car rental, worth R10,000.00.
- Donation of an I Phone by Vodacom, amounting to R7,500.00.
- Donation made by British Petroleum towards the hiring of a stadium for the Cricket World Cup, worth R10,000.00.
- Donation of 2x6 berth dog trailers, made by Liberty Corporate, amounting to R32,838.22.
- Donation of lunch cooler bags made by Disaster Management and Fire Brigade Services, worth R10,000.00.
- Donation of pencil bags made by Disaster Management and Fire Brigade Services, worth R10,000.00.

Johannesburg Metropolitan Police Department received the following:

- 3 x HP 500B MP Desktop Computers from Traffic Management Technologies worth R15,000.00.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

51. IN-KIND DONATIONS AND ASSISTANCE (continued)

- 3 x LG Flatron Screens from Traffic Management Technologies worth R6,000.00.
- 3 x D Link Wireless Modems from Traffic Management Technologies worth R450.00.
- 12 x Dogs donated worth R6,000.00 (11 German shepards and 1 Golden retriever).

A register of all donations and assistance is available for inspection.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

52. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organised local government

Council subscriptions	9,500	9,100	9,500	9,100
Amount paid - current year	(9,500)	(9,100)	(9,500)	(9,100)
	-	-	-	-

Audit fees

Opening balance	2,922	4,459	775	648
Current year audit fee	32,011	27,543	12,720	10,887
Amount paid - current year	(26,265)	(24,306)	(10,206)	(10,760)
Amount paid - previous years	(3,852)	(4,774)	-	-
	4,816	**2,922**	**3,289**	**775**

PAYE and UIF

Opening balance	54,718	43,923	35,514	30,350
Current year payroll deductions	994,816	870,413	609,855	507,561
Amount paid - current year	(931,688)	(818,120)	(560,794)	(472,047)
Amount paid - previous years	(47,940)	(41,498)	(35,514)	(30,350)
	69,906	**54,718**	**49,061**	**35,514**

Pension and Medical Aid Deductions

Opening balance	72,661	67,632	67,373	59,772
Current year payroll deductions and council contributions	1,428,149	1,192,987	977,328	779,452
Amount paid - current year	(1,262,008)	(1,120,510)	(898,397)	(712,079)
Amount paid - previous years	(69,723)	(67,448)	(67,373)	(59,772)
	169,079	**72,661**	**78,931**	**67,373**

VAT

VAT receivable	143,525	79,498	140,337	73,914
VAT payable	710,833	406,362	-	-
	854,358	**485,860**	**140,337**	**73,914**

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

52. 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 2011. All amounts are disclosed in Rands and not rounded to the nearest thousand.

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cooper JL	1,300	6,937	8,237
Dyodo P	456	3,205	3,661
Gcabashe BTS	410	2,600	3,010
Gwebu JS	-	23,238	23,238
Kekana L	194	1,259	1,453
Landis R	2,176	13,275	15,451
Lemao SJ	1,839	5,403	7,242
Maimane MA	1,182	2,607	3,789
Maisha NP	1,310	1,116	2,426
Maluleka MF	2,218	4,626	6,844
Masemola MP	1,083	160	1,243
Matladi JM	-	125	125
Matlou MG	1,860	3,328	5,188
Mbatha IN	972	3	975
Mgcina SE	938	718	1,656
Mncwabe MH	6,555	256	6,811
Mnisi MS	1,051	9,911	10,962
Mokoko F	2,035	18,567	20,602
Motsumi LJ	148	894	1,042
Mthombeni SB	4,007	1,589	5,596
Netnow DM	5,221	301,863	307,084
Nhose JL	58	2,173	2,231
Nkhasi G	2,051	11,755	13,806
Ravid M	2,779	7,107	9,886
Sethole PE	1,341	11,799	13,140
Sikweqa Q	-	4	4
Stewart PLL	10,579	11,390	21,969
Tseleli ET	652	7,689	8,341
Tshabalala J	4,666	1,433	6,099
Twala YA	437	195	632
Valentine ML	92	155	247
Valentine ML	268	598	866
Van Der Merwe MT	-	3,802	3,802
Vondo FC	89	1,617	1,706
Weir PEH	2,173	53,745	55,918
	60,140	**515,142**	**575,282**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

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

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2010. All amounts are disclosed in Rands and are not rounded to the nearest thousand.

30 June 2010	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Bailey LR	1,053	2,094	3,147
Bovu BD	-	168	168
Dewes DS	5,074	902	5,976
Dhlomo AN	387	2,182	2,569
Dlamini TJ	7,563	33,594	41,157
Dlamini TJ	816	3,509	4,325
Khanyi CJ	750	760	1,510
Lichaba DL	1,371	5,669	7,040
Lutya RN	425	1,515	1,940
Mahlanga JP	1,209	4,813	6,022
Matladi JM	-	125	125
Middlemas-White	101	440	541
Mkhize DS	1,316	1,218	2,534
Mokoena A	-	1,253	1,253
Monareng OE	-	576	576
Mthalane P	45	70	115
Phakathi TZ	1,908	1,470	3,378
Putsoa A	1,429	7,485	8,914
Radebe C	1,179	8,095	9,274
Ramakhula MS	-	206	206
Sabbagh ST	5,467	19,760	25,227
Sabbagh ST	7,490	61	7,551
Seboyane MA	823	84	907
Seefort CM	6,366	5,493	11,859
Van Der Merwe	-	3,802	3,802
	44,772	**105,344**	**150,116**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

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

During the 2011 year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2011	Highest outstanding amount > than 90 days	Total (Rands)	Comments
Bailey LR	1,830	2,951	Salary deduction
Bailey LR	1,566	2,732	Salary deduction
Bittkau R	5,792	15,685	Arrears 90+days
Bovu BD	168	168	Arrears 90+days
Cooper JL	6,937	8,237	Arrears 90+days
Dewes DS	28,931	36,651	Salary deduction
Dewes DS	34,572	43,774	Salary deduction
Dewes DS	5,717	7,361	Arrears 90+days
Dewes DS	84	1,231	Arrears 90+days
Dewes DS	18,512	26,186	Arrears 90+days
Dewes DS	5,619	9,676	Salary deduction
Dhlomo AN	2,459	2,623	Query on account
Dlamini TJ	54,181	62,618	Query on account
Dlamini TJ	4,399	5,598	Salary deduction
Dyodo P	3,205	3,661	Arrears 90+days
Gcabashe BTS	2,600	3,010	Arrears 90+days
Gwebu JS	23,238	23,238	Arrears 90+days
Kekana L	1,259	1,453	Arrears 90+days
Khanyi CJ	1,528	2,708	Salary deduction
Landis R	13,275	15,451	Arrears 90+days
Lemao SJ	5,403	7,242	Arrears 90+days
Lichaba DL	7,627	9,195	Salary deduction
Louw MA	262	1,827	Arrears 90+days
Lutya RN	2,085	2,506	Salary deduction
Machaba TEL	687	1,313	Query on account
Mahlangu JP	5,745	6,398	Salary deduction
Maimane MA	2,607	3,789	Arrears 90+days
Maisha NP	1,116	2,426	Arrears 90+days
Maluleke MF	4,626	6,844	Arrears 90+days
Masemola MP	160	1,243	Arrears 90+days
Matladi JM	125	125	Arrears 90+days
Matlou MG	3,328	5,189	Arrears 90+days
Mbasela JV	1,104	6,587	Arrears 90+days
Mbatha IN	23	503	Arrears 90+days
Mgcina SE	718	1,655	Arrears 90+days
Middlemas-White	541	569	Arrears 90+days
Mkhize DS	3,703	4,849	Salary deduction
Mncwabe MH	256	6,811	Arrears 90+days
Mnisi MS	9,911	10,961	Arrears 90+days
Moepi NR	25	150	Arrears 90+days
Mohlala NP	9,276	35,085	Arrears 90+days
Mokoena A	1,253	1,253	Arrears 90+days
Mokoko F	18,567	20,602	Arrears 90+days
Monareng OE	576	576	Arrears 90+days
Motsumi LJ	894	1,042	Arrears 90+days
Msiza SB	377	6,871	Arrears 90+days
Mthalane P	90	154	Arrears 90+days
Mthombeni SB	1,589	5,596	Arrears 90+days
Mtshali EV	191	633	Arrears 90+days
Netnow DM	301,863	307,084	Arrears 90+days
Nhose JL	2,173	2,231	Arrears 90+days
Nkhasi G	11,755	13,805	Arrears 90+days

Notes to the Group Annual Financial Statements

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Figures in Rand thousand	2011	2010	2011	2010

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

Nyambe AT	1	54	Arrears 90+days	
Phakathi TZ	5,051	9,722	Query on account	
Putsoa A	9,460	11,560	Salary deduction	
Radebe C	9,639	10,711	Salary deduction	
Ramakhula MS	206	206	Arrears 90+days	
Ravid M	7,107	9,886	Arrears 90+days	
Sabbagh ST	21,686	30,395	Query on account	
Sabbagh ST	34,426	40,606	Query on account	
Seboyane MA	1,026	1,664	Arrears 90+days	
Seefort CM	10,274	17,690	Arrears 90+days	
Sethole PE	11,799	13,139	Arrears 90+days	
Sikweqa Q	4	4	Arrears 90+days	
Stewart PLL	11,390	21,968	Arrears 90+days	
Tseleli ET	7,689	8,341	Arrears 90+days	
Tshabalala J	1,433	6,099	Arrears 90+days	
Twala YA	195	632	Arrears 90+days	
Valentine ML	598	866	Arrears 90+days	
Valentine ML	155	247	Arrears 90+days	
Van Der Merwe MT	3,802	3,802	Arrears 90+days	
Vondo FC	1,617	1,706	Arrears 90+days	
Weir PEH	53,745	55,918	Arrears 90+days	
	805,831	**995,342**		**-**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

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

During the 2010 year the following Councillors had arrear accounts outstanding for more than 90 days.

30 June 2010	Highest outstanding amount > 90 days	Total (Rands)	Comment
Bailey LR	2,094	3,147	Arrears 90+days
Bapela CB	6,442	8,080	Arrears 90+days
Bovu BD	168	168	Arrears 90+days
Clarke SNM	4	4,637	Arrears 90+days
Deppe AJ	213	832	Arrears 90+days
Deppe AJ	331	1,436	Arrears 90+days
Dewes DS	902	5,976	Arrears 90+days
Dhlomo AN	2,182	2,569	Arrears 90+days
Dlamini TJ	3,509	4,325	Arrears 90+days
Dlamini TJ	33,594	41,156	Arrears 90+days
Griffin S	2,078	3,026	Arrears 90+days
Grobbelaar C	621	5,309	Arrears 90+days
Khanyi CJ	1,126	1,576	Arrears 90+days
Lichaba DL	5,669	7,041	Arrears 90+days
Louw MA	254	1,015	Arrears 90+days
Lutya RN	1,515	1,940	Arrears 90+days
Madungandaba BE	12,097	13,050	Arrears 90+days
Mahlanga JP	4,813	6,022	Arrears 90+days
Makhubo MM	52	136	Arrears 90+days
Matladi JM	125	125	Arrears 90+days
Mfikoe MAM	147	371	Arrears 90+days
Middlemas-White DJ	440	541	Arrears 90+days
Middlemas-White DJ	23	388	Arrears 90+days
Mkhize DS	17,971	18,922	Arrears 90+days
Moepi NR	57	73	Arrears 90+days
Mohlala NP	2,445	13,212	Arrears 90+days
Mokoena A	1,253	1,253	Arrears 90+days
Monareng OE	576	576	Arrears 90+days
Moosa FH	-	1,528	Arrears 90+days
Msiza SB	52	4,282	Arrears 90+days
Mthalane P	94	110	Arrears 90+days
Mthombeni SB	3,075	3,317	Arrears 90+days
Mtshali EV	355	614	Arrears 90+days
Phakathi TZ	3,842	5,082	Arrears 90+days
Pretorius L	161	733	Arrears 90+days
Putsoa A	7,485	8,914	Arrears 90+days
Radebe C	8,095	9,274	Arrears 90+days
Ramadikela G	2,666	3,653	Arrears 90+days
Ramakhula MS	651	688	Arrears 90+days
Ravid M	-	2,011	Arrears 90+days
Sabbagh ST	19,760	25,228	Arrears 90+days
Sabbagh ST	2,691	9,093	Arrears 90+days
Sabbagh ST	530	7,851	Arrears 90+days
Seboyane MA	84	906	Arrears 90+days
Seefort CM	5,493	11,859	Arrears 90+days
Sithole B	1	3,946	Arrears 90+days
Van Der Merwe MT	3,802	3,802	Arrears 90+days
Volker VT	62,071	66,561	Arrears 90+days
Zondi BD	1,890	8,276	Arrears 90+days
Zulu S	538	984	Arrears 90+days
	224,037	**325,614**	-

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

1. Appointment of a service provider to implement the HARAMBE: Africa Celebrate Event, Mntungwa Communication Solutions, R175,000.00.
   Reason
   The Company is a Sole Provider for the HARAMBE Africa Event.

2. Ratification of actions of Transportation Rea Vaya in relation to additional unauthorised expenditure by advertising vacant positions, Vogue HR Services, R9,218.12.
   Reason
   Procurement process was followed for soliciting quotation for under R30,000.00 however the department overspent by R9,218.12 without obtaining authority to do so.

3. Procurement of Marques for Soccer City and remote search parks to be used for the supply of food and refreshments to the City's volunteer and officials during the 2010 FIFA World Cup S.A, Bellaskie Food and Enterprise and 3 Events and Exhibitions, R125,519.10.
   Reason
   The department requested three (3) quotations as per the Supply Chain Management Policies and Procedures of the City for the supply of the marquees but after they were erected, the City realized that additional Marquees were required for remote search Parks from 3M x 3M to a 6M x 6M. This was due to the increase in numbers of both COJ Metro Police and Environmental Health staff at both these remote search Parks.

4. Lease of the Platberg High Site, Jasco t/a WEBB Industries, R177,694.44 Annual rental for (3) three years
   Reason
   The service provider is a sole supplier of the Platberg high site.

5. Approval of the payment of the service provider for Membership Fee, Gartner, R549,045.00.
   Reason
   Request approval for the payment of the services already rendered.

6. Appointment of a service provider for customized business writing skills and business presentation skills training courses, Corporate Development Consultancy Company, R44,688.00.
   Reason
   The Department requested the service provider on the 10 March 2009 for the preparation of a customized business writing skills and business presentation skills training course, without following the necessary Supply Chain Management processes.

7. Rental payment for 2010 FWC Branding of the cooling towers at Soccer City Stadiums, Industrial Zone Limited, R296,400.00.
   Reason
   The LOC as the custodian of FIFA branding requested the City to install and replace on all identified precincts along principal public routes all torn and damaged flags. The LOC has thus supplied the City with about 150 FIFA branded flags that require to be re-installed on M1 highway by 09 July 2010, therefore it was urgent to install these flags on time for the closing ceremony match at Soccer City on the 11th July 2010 and therefore quotations could not be solicited in compliance to SCM procedures.

8. Additional unauthorized expenditure by advertising vacant positions, Vogue HR Services, R39,218.20.
   Reason
   The department did adhere to SCM processes and procedures through advertising and obtaining three (3) quotations however the department requested approval for a special circular advertising externally to spend thirty thousand (R30,000.00) but due to urgency ended up spending additional cost without the permission(R39,218.20)

9. Extension for the utilization of SAP HCM tools and licenses, EPI USE Africa (Pty) Ltd, R102,883.66.
   Reason
   EPI USE South Africa was contracted through Masana to purchase the various licenses and tools for the SAP HCM application tool, to ensure that audit queries, reports and services for information management and payroll function are minimised. The contract expired and the department continued utilising the services of the service provider for these services without obtaining the necessary authority.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

10. Clarification of the EAC resolution in the appointment of 10 additional foot inspectors from the beginning of May 2010, Reakgona Foot Inspectorate (Pty) Ltd, R144,675.00 Monthly fee for a period of six months.
Reason
When the starter service was expanded on the 15th March 2010 by the additional complementary and feeder router, the existing inspectorate was unable to cope with an increased passenger numbers. It was therefore urgent for the department to appoint additional 10 inspectors from Reakgona and further extend Reakgona's contract with the City, which was due to expire on 31 May 2010 for a period of six (6) months with an option to renew for the further three (3) months pending implementation of the AFC system to deal with additional passengers.

11. Extension of the Appointment of SAHA International (SA)(Pty) Ltd to Provide Technical Support for the AFC System of the Rea Vaya, SAHA International (SA)(Pty) Ltd (SAHA), R4,441,008 .00.
Reason
JRA appointed SAHA in 2008 as AFC Consultant to the Rea Vaya project. At the beginning of January 2010 JRA ceded this contract with SAHA to the City, with the expiry date being August 2010. SAHA is the main contributor to the development of the bid specification of the AFC system. The request for the deviation to extend the appointment of SAHA to provide professional overview services for system management and integrated ticketing for intelligent transport system projects, including technical support and consulting services is based on the premises that they are a sole supplier for the services.

12. Failure to Comply with the Provisions of Supply Chain Management Policy and Approval of Payment of the Service Provider: Cleaning of Karzene Taxi Holding Facility, Kya Guards CC, R68,947.20.
Reason
Service providers were appointed under contract: 072/07 Panel of Service Providers for Special Operations Clean up campaigns and clean up for hot spot areas located within the City of Johannesburg in a City environs. The invoice were rejected by the Finance department as the rates reflected in the invoice were not as per the contract approved by the City. (Contract 072/07). The invoice reflected the labour rate of R11-00 per hour whilst the contract approved an hourly rate of R9-38 per hour hence the request for ratification to approve the rates as they were not approved in the contract awarded.

13. Expenditure Incurred by Temporary Resources Appointed in Rea Vaya Unit, Lusiba Staffing, R96,000.00 for the Ratification and R143,640 for the Deviation until January 2011.
Reason
Transportation Department appointed Lusiba Staffing (through a deviation to the Executive Adjudication Committee) to provide a temporary resource in the position of Revenue Manager for a period of three months ending June 2010. Due to the pressure of the financial year end and to ensure that all revenue is collected and accounted for in the books of Rea Vaya the extension of the temporary staff was over looked which resulted in the incumbent rendering services without the necessary authority and contract, hence the ratification and the request for a deviation to secure the same resource until January 2011.

14. Extension of the Scope of Work for Contract for the Provision of Technical and Operational Services Associated with the Macro Surveillance Closed Circuit Television System of the City of Johannesburg, Omega Risk Solution, Monthly fee of R1,045,857.38 and R100,000.00 maintenance fee.
Reason
Contract for the building, operating and transferring of a Macro Surveillance closed circuit television system within the City of Johannesburg was awarded in 2007 to Omega Risk Solution. The lease agreement is signed with Omega Risk Solution to make provision for the service provider to enter into a lease agreement with the landlord of Penmore Towers (CCTV Control Centre) which agreement expired on 30 September 2010 the same date as the expiry of the contract between City of Johannesburg and Omega Risk Solution. Failure to renew the contract with Omega the City would have no option but take a risk of removing the equipment from Penmore Towers building and conclude a separate contract with a new landlord, hence the request for the extension of the contract and the Penmore Towers for a further period of 12 months ending 30 September 2011.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

15. Extension of Contract 987/05 for Provision, Operational Support and Maintenance of a Turnkey Digital Red Light and Speed Law Enforcement System, TMT Services Supplies (PTY) LTD, Syntell (PTY) LTD and Moving Violation Systems, R35 Plus Vat and R47 Plus Vat.
Reason
Contract 987/05 for the Provision, Operational Support and Maintenance of a Turnkey Digital Red Light and Speed Law Enforcement System was awarded in 2005 for a period of three years to three service providers. After the expiry of the three year period the contract was extended to a further period of one year (till 31 October 2010). During this period, legislation was promulgated and JMPD became an ARTO pilot site however in January 2010 it became evident that the implementation of the ARTO legislation will create more challenges hence the request for deviation to extend the existing contract for a further period of six months ending 30 April 2011 while JMPD and RTMC are locked in negotiations regarding the intricacies in implementing of AARTO.

16. Extension of the Scope of work for Contract Number 091/07 Collection, Processing, Archiving, Storage, Transportation and Microfilming of Documentation - JMPD, Micro Focus (Pty) Ltd, R4.4 million.
Reason
Contract 091/07 for collection, processing, archiving, storage, transportation and microfilming of documentation expires 30 November 2010. Currently the JMPD licensing department at Loveday Street has been closed and relocated to JMPD head quarters to Martindale. The request for extension of the current contract for a period of 6 months ending 30 May 2011 is due to the movement of all microfilming hardware and stored images to the JMPD head quarters in Martindale.

17. Utilising a Service Provider in an Exceptional Case where it was Impractical to follow Official Procurement Processes, SABC, R599,987.70.
Reason
The SABC is the sole provider of the radio stations Ukhozi Radio and Lesedi Radio which were utilised by Joburg Connect as a media drive to advertise the call centre. The ratification is requested as Joburg Connect did not follow procedure in a form of a deviation to request the accounting officer to approve the appointment of SABC to provide the services as provided for in term of Regulation 36 1(a) of the MFMA Regulation.

18. Appointment of a service provider for the 2010/2011 financial year for the intranet solution, LexisNexis, R551,516,59.
Reason
The service provider is a sole supplier of the intranet for the index Information System.

19. Request to rescind the previous EAC decision for lease of the Platberg High Site from a Service Provider and to include and annual escalation, Jasco t/a Webb, R177,694.44.
Reason
On the 23 July 2010 the EAC approved the lease of the Platberg High site for a period of three (3)years however the service provider omitted to include a provision for annual escalation therefore request authorization for the inclusion of an annual escalation equal to CPI index for the period of the lease.

20. Appointment of a service provider to host the Mayoral charity golf day on the 20th August 2010, Houghton Golf Club, R140,825.50 and Pro Shop, R10,423.78.
Reason
When a brief on the services required was given to a supplier who had responded to the call for quotations , it had excluded the sourcing of prices. It is on this basis that the Pro Shop was engaged directly for sourcing prices for the Mayoral charity golf day.

21. Request for Extension of the Quality Verification and Control System (QVCS) Contract for Provision of an Automated Action Driven Balanced Sorecard (ADBS) Performance Management Monitoring Tool for the 2010/2011 Financial Year, QVCS, R324,136.20.
Reason
The service provider is a sole supplier of the information technology platform for the City of Johannesburg Performance Management Automated Monitoring System. The deviation is therefore requested to enable the City to migrate to SAP.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

22. Proposed lease of municipal animal pounds to S.P.C.A within various areas in the City of Johannesburg and ratification to use SPCA service without a contract, SPCA, R1,151,780.25.
Reason
The SPCA is the only society registered in terms of legislation to enforce the Animal Protection Act. The initial contract between the City and SPCA was approved by the Executive Adjudication Committee on 27 July 2010 for a period of 3 years. The initial contract has expired hence the deviation for a new contract for a period of 3 years, as SPCA is the sole provider.

23. Deviation from the normal SCM policy and procedure to appoint a service provider to provide Mediation Services to resolved outstanding Phase A1 Negotiations disputes between taxi operators and COJ, Tokiso Dispute Settlement, R199,780.00.
Reason
The Appointment of the mediators was urgent, as the victimized operators were suffering economic loss, and the City was paying compensation to some of them for this loss of income. Indefinite payment of the compensation was unsustainable, and the mediation process had to be convened as a matter of urgency. The appointment of the mediators had to be done by way of deviation because the parties had agreed that the mediator would have to be agreed by all the parties after an intensive interviewing process. This meant that open tender was not possible. However, the parties were given an opportunity to shortlist from a list of over 10 proposed mediators and interviewed four. Of the four interviewed, two were selected.

24. Ratification of the actions of officials from the Transportation department in relation to the unauthorized expenditure incurred with regards the annual increase IRO Temporary depot rental, PUTCO, R153,000.00.
Reason
During August 2009, the EAC authorised the conclusion of a lease with Putco Properties (Pty) Ltd in respect of its Nancefield bus depot in Soweto for two years from 1 September 2009 to 31 August 2011. When the ED: Transportation on 28 August 2009 concluded this lease with Putco, Putco insisted that rental escalation of 9% (nine percent) compounded per year be included in the agreement. As the City was under pressure to commence the Rea Vaya Starter Service on 31 August 2010 the City had to procure timely the use of the depot for the purposes thereof and the lease agreement was finalised accordingly and without the EAC having approved the inclusion of the aforesaid escalation clause.

25. Failure to comply with the provisions of Supply chain Management Policy and Procedures and approval of payment of the services provider: Africa Management Communications CC, Africa Management Communications CC, R58,071.60.
Reason
A new employee was tasked to organize the training for the sub –Directorate. An acceptance form was received from a service provider which was presented to the Director. The new employee believed it was an approval as she thought the procedure she was following was correct and was in line with the Municipal Entity where she comes from. This unfortunately resulted in the service provider being engaged without the necessary approval.

26. Deviation from the normal procurement process: Extension of Contract: Valuation Appeals, George Nel Valuations Services, R100,000 for a period of two years.
Reason
George Nel Evaluation Services was initially appointed in 2009 from a panel of valuers appointed by the Johannesburg Property Company. The services of George Nel were extended in order for him to represent the City as an Expert at the evaluation Appeals Board. It was therefore impractical for the City to go out on Tender and acquire the services of another valuator to give expect advice on the valuation done by George Nel Valuators.

27. Deviation from normal SCM policy and procedures to appoint a sole supplier of pictometry digital aerial imagery, AOC Geomatics, R2,500,000.00.
Reason
Sole Supplier of pictometry digital aerial imagery.

28. Lease of ICT high site at Carlton Centre from a sole supplier, Multisource Telcoms (Pty) Ltd, R381,466.80 for a period of two years.
Reason
The Service Provider is a Sole supplier.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

29. Ratification of the actions of JMPD Officials for failure to comply with the provisions of the SCMU in respect of the appointment of a service provider to finalize disciplinary matters, Mthobembeni and Associates, R628,875.00.
Reason
The service provider was appointed to prosecute JMPD Officers who obstructed the free way On 25 June 2008. The Service Provider has been used by the City in the past in similar cases and that prompted the Acting Chief of Police to appoint the service provider as he thought that they have a contract with the City. Hence the request for the ratification. The Deviation request relates to the extension of the mandate of the service provider to finalize those cases as it would be impractical to go out on tender to get a new service provider to finalize the cases.

30. Deviation from the normal SCM policy and procedure to appoint a sole provider for the solar bees for Bruma Lake, SAME Water, R1,700,000.00.
Reason
The Service Provider is a Sole Supplier of a unique product.

31. Appointment of a service provider to manage Wembly Shelter to accommodate minor children, Twilight Children, R934,344.00 for a period of two years.
Reason
Sole provider of the equipment.

32. Deviation from the normal SCM policy and procedures with regard to overseas trips during the year, R468,555.43
Reason
The Service Provider is a Sole Supplier of the service.

33. Extension of Contract: A114 Fleet Contract, Fleet Africa, R17,500,000.00.
Reason
The obligation to comply with strict legislative requirements i.e. MFMA (sec120), MSA (sec77& 78) & the Municipal PPP regulation caused intermissions to the procurement process for tender A400, to the extent that Corporate and Shared Serves and the Fleet Project Steering considered options and recommend the extension of contract A114. The fleet contract also provided that where the City deem it necessary it could activate the provision of clause 4 of this agreement to afford itself the prospect to do a proper handover and smooth implementation with any new service provider(s).

JOHANNESBURG THEATRE

34. Extension of Pantomime Sets Agreement with Qdos Entertainment (Pantomimes) Limited - R989,000.00 (Qdos is the only company worldwide that has stock of first class pantomime sets and costume large enough to accommodate a secure hire to Joburg Theatre each Year).

35. Pastel Evolution consulting by Mazia ERP Systems - R12,654.00 (original installation was done by Mazia ERP and it was ecomonical to use them instead of appointing a new service provider.

36. Appointment of Mr Harold van Buuren as an Ambassador for Joburg Theatre with the production BURN THE FLOOR R30,000.00 (Special work of art; specification would be difficult to compile).

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

37.
1. Camquip (Lee Filters) - R8,682.24
2. CQS Technology (Caseware Licence) - R31,018.26
3. Divhadzo Signs (Banners) - R6,250.00
4. DWR Distribution (Stage Equipment) - R9,376.50
5. Electronic (Stage Equipment) - R79,480.03
6. Hugh A Wylie (Bullseye follow sport lights) - R3,150.00
7. Macon Systems (Stage) - R71,373.12
8. Nick Vermulen Engineering (Stage) - R19,243.20
9. Pastel Evolution HR & Payroll - R3,232.19
10. Schindler (Lifts) - R284,270.52
11. Sennheiser Electronic (Microphones) - R13,391.12
12. Showads (Negotiate the best possible discounts for the live entertainment industry in newspapers) - R1,914936.04
13. Sound Stylist (Drum Kit - Yahama) R27,086.40
14. Continental Outdoor (Billboard Advertising) - R2,134,188.00
15. BDEye Designs (Billboard advertising) - R205,881.00
16. Prosound (Pty) Ltd (Repairs to Unique Haze Machines originally purchased from Prosound) - R3,504.36
17. Desklink Media (CLASSICFEEL Magazine Full page advert (The Sopranos)) - R13,680.00
18. Tsumele Publishing (CITY LIFE Magazine Full page advert (Simply The Best)
19. SABC (Agreement between SABC and Joburg Theatre: Dance of Desire) - R114,000.00

were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented, approved by the CEO and reported to the board of directors for noting.

JOHANNESBURG DEVELOPMENT AGENCY

38. At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved a deviation from normal procurement process for the appointment of the University of Witswatersrand Department of History as the historian for the continuation and finalisation of the Vilakazi Street Precinct Oral History Project, R150,000.

39. At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved the deviation from the normal procurement processes to appoint TriStar POD as a sole service provider to supply and install a screen structure at the OR Tambo Airport for advertising space, R171,000.

40. At the recommendation of the Bid Adjudication, the Accounting Officer approved the deviation from normal procurement process for the appointment of Arcus Gibb for the implementation of the pedestrian bridge project in accordance with the Kliptown Project, R185,000.

41. At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved the deviation from the normal procurement processes to shorten the tender advertising period from fourteen calendar days to seven calendar days, inviting contractors to tender for the reinstatement and repairs of sidewalks in the Inner City Area.

42. At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved the deviation from the normal procurement processes to approach service providers from the JDA database to submit proposals without advertising on the website for seven days for the design, layout and print of exhibition material, event management services as well as to supply branding material for the Halala Joburg Awards.

JOHANNESBURG ROADS AGENCY

43. Emergency work in William Nicole drive, R175,275.00
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

44. Repair of burst water pipe in Strijdom Park depot, R5,700.00
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

45. Engaged service provider to repair parts of storage medium of server, R8,814.75
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

46. Repair of Asphalt paver, R73,945,00
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

JOHANNESBURG FRESH PRODUCE MARKET

47. There were 25 deviations (R7,687,084) for emergencies, sole suppliers and when it was impractical to follow the supply chain process.
Installation of standby generator, R58,430.00
Additional work to generator 2, R276,440.00
Hand held devices, R140,009.00
Strategy session facilitation, R78,000.00
Focus planning group, R126,000.00
Compilation of AFS, R96,950.00
Oracle software licensing and support, R588,763.00
Promotion, trade fairs and exhibitions, R74,390.00
Main building repairs, R29,730.00
Ablution block repairs, R95,940.00
Specialised assitance for the annual report 2010, new IDP and AG issues, R2,275,087.00
Repairs at Hall 1, R29,440.00
Cabling network repairs, R50,716.00
Repair mascot costumes, R8,270.00
Install a NEC/NER switch, R278,260
Removal of fallen tree, R35,500.00
Repairs to damaged cable to main building, 159,600.00
Electrical repairs, R117,273.00
Recruitment advisor, R13,895.00
UPS room repairs, R93,819.00
Geotechnical Survey, R42,320.00
Repair roof leaks, R128,000.00
Buyers Cards, R37,350.00
Job profile for executive position, R4,552.00
Servicing of air conditioners in IT, R35,850.00

JOHANNESBURG SOCIAL HOUSING COMPANY

48. Vulcan Catering Equipment, R2,232.00

49. JNPR Media, R100,425.45

50. Eveready Plumbing, R120,550.00

51. Charter Financial Services, R16,701.00

52. Red Ants, R71,820.00

53. Qhawe Consultant, R58,074.07

54. Lincoln Plumbing, R33,630.00

55. Absolute Power Africa, R2,553.66

METROTRADING COMPANY

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

56. 3D Automation Solutions CC, R71,000.00 per month for IT services.

57. Madirammogo Business Enterprise CC R142,718.00 per month for providing security and cleaning services at Fleet Africa.

58. Hartung Associates, R28,000.00 once off for reviewing organisational structure.

JOHANNESBURG CITY PARKS

59. Order No. PO022076. Johannesburg City Parks received a sponsorship with respect to an upgrade to a park in the Diepsloot community. The sponsor appointed the service provider to execute work to the value of R 307 011.60 (VAT exclusive) . Johannesburg City Parks was required to pay the service provider from the proceeds of the sponsorship monies received.

60. Order No. PO 021562. A tender had been awarded to a service provider for the construction of roads at Diepsloot cemetery. During the implementation phase of this development, there was a requirement to extend the development by building a parking area and extending certain roads in an amount of R 954,684.30 (VAT exclusive). As the nature of work for the additional requirement was in line with the initial tender, the bid adjudication committee awarded the extension to the same service provider who was on site at the time.

JOHANNESBURG ZOO

61. Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 16.2.(1)-(5) as stated above. The reasons for these deviations were documented and reported to the Chief Executive Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

CITY POWER JOHANNESBURG

62. Siswe Auto Paints (Pty) Ltd was appointed for painting services values at R80,971.00.

63. Betha Neland Consulting cc was appointed as a consultant. The expenditure incurred amounts to R33,435.00

64. Services in excess of R200,000.00 were procured without a competitive bidding process, deviation in terms of Supply Chain Management regulations 19(a). Alectrix (Pty) Ltd provided service to the company amounting to R374,393.00

65. Deloitte Consulting (Pty) Ltd was appointed to provide taxation consultation services valued at R270,173.00.

66. Legal services was acquired from Mokhatla Attorneys amounting to R53,365.00

67. Wolters Kluwer Tax & Accounting provided consultation services amounting to R50,577.00

68. Vuka Lova Arts and Cultural was apointed for services amounting to R118,421.00.

69. Analytix Academy was appointed to provided services amounting to R31,920.00.

JOHANNESBURG PROPERTY COMPANY

70. The security and cleaning services were procured during the financial year under review and the process followed in procuring those goods and services deviated from the provisions of Municipal Supply Chain Management Regulations. The reasons for these deviations were documented and reported to the board who considered them and subsequently noted the deviation from the normal supply chain management regulations.

ROODEPOORT CITY THEATRE

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

53. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

71. Engagement of service provider to publicise the theatre, Buz Publicity, R257,500.00
Reason
Buz Publicity was the lowest of the three quotations received for the provision of the service. The service provider was duly appointed on a short term contract (4 months) on the basis of the price and service offering (Contract value: R114,000.00). It was management's intention to procure the service through an open tender process at the end of the short term contract. Changes in operational requirements and delays experienced during the tender process resulted in the extension of the contract.

72. Engagement of service provider for internal audit services, Gobodo Incorporated, R246,596.00
Reason
Gobodo was appointed in the 2007/08 financial year for the provision of internal audit services. The initial contract value of R110,600.00 was below the threshold for the issuing of a tender. The engagement is on an annual basis and at the discretion of the Audit Committee - taking into account service offering, compatibility, continuity and alignment (as stipulated in the Supply Chain Management Policy). Due to fraudulent activities that were discovered in prior years and instability at the senior management level, the Audit Committee extended the scope of internal audit in order to address the additional risks arising out of the weakness in the control environment. The increased scope had the unintended effect of increasing the audit fee beyond to R200,000.00 level, a level required for tendering.

73. Engagement of service provider to organise the Opera Gala, Johannesburg Music Initiative, R238,830.00
Reason
Sole supplier based on the nature of service

74. Engagement of service provider to procure artist and produce Peter and the Wolf show, Tswane Dance Theatre, R280,500.00
Reason
Sole supplier based on the nature of service

75. Placement of an advertisement in the Sunday Times newspaper using a single quotation, Sunday Times, R20,205.00
Reason
Sole supplier based on the nature of service

76. Acquisition of set designs for The Crucibles production using a single quotation, Kosie Smit, R75,000.00
Reason
Sole supplier based on the nature of service

77. Engagement of service provider for Early Childhood Development training, Dr. Zenda Nel, R26,000.00
Reason
Sole supplier based on the nature of service

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 Annual Financial Statements.

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

54. HEDGING ACTIVITIES

During the financial year, 31 March 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:	30 March 2011
Nominal Amount:	R 1,000 (million)
Fixed Rate:	11.66%
Payable:	Semi- annual

The swap was designated as a cash flow hedge in accordance with IAS 39.88 and the actual hedge relationship was measured as 100% effective as it was between the effective range of 80%- 125% and thus the full portion of the loss on the hedging iinstrument will be recognized in the cash flow reserve in equity through the other comprehensive income in the statement of financial performance.

The hedge effectiveness was assessed using the following two methods:
- Dollar- Offset Method: 96%
- Variability Reduction Method 87%

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Financial Performance and the effective portion recognized in the Cash flow hedge reserve in the Statement of Changes in Net Assets.

The swap value represents the clean fair value (All-incusive price less any swap interest accrual outstanding).

Swap interest expense of R 8 190 000 was recognized in the statement of financial performance during the financial period.

SWAP market-to-market as at 30 June 2011

Effective (loss) / gain	(43,098)	-	(43,098)	-

55. CASH MANAGEMENT

During the 2011 financial year the City of Johannesburg had cash losses due to fraudulent activities amounting to R 6,165 million (2010 : R 14,977 million). The losses incurred involve both internal fraud by staff members and bankings made which were never credited to our bank account. Management is in the process of prosecuting personnel implicated in fraudulent activities and/or in dereliction of duty. The process of recovering losses incurred through fraudulent activities by staff will follow the outcome of the disciplinary process now underway. The process of recovering deposits not credited (long-outstanding deposited) had been commenced. The gross losses for the year amounted to:

Total gross losses	83,320	70,345
Recoveries	(16,382)	(9,572)
	66,938	**60,773**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

GROUP - 2011

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance								
Property rates	4,870,501	4,874,458		4,874,458	4,892,594	(18,136)	100 %	100 %
Service charges	14,788,803	14,633,953		14,633,953	15,216,312	(582,359)	104 %	103 %
Rental of facilities and equipment	373,074	268,318		268,318	145,502	122,816	54 %	39 %
Interest earned	210,768	210,914		210,914	502,018	(291,104)	238 %	238 %
Fines, licenses and permits	342,358	342,358		342,358	316,466	25,892	92 %	92 %
Income from agency services	408,081	515,123		515,123	168,166	346,957	33 %	41 %
Governement grants and subsidies - Operational	4,320,761	4,667,980	52,089	4,720,069	4,698,792	21,277	100 %	109 %
Other revenue	957,528	880,299	448	880,747	1,422,853	(542,106)	162 %	149 %
Profit/(Loss) on disposal of property,plant and equipment	36,775	36,550	49	36,599	(15,283)	51,882	(42)%	(42)%
Total revenue (excluding capital transfers and contributions)	**26,308,649**	**26,429,953**	**52,586**	**26,482,539**	**27,347,420**	**(864,881)**	**103 %**	**104 %**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Employee costs	(6,389,740)	(6,458,420)	(16,040)	(6,474,460)	(6,497,751)	23,291	100 %	102 %
Remuneration of councillors	(83,953)	(83,953)	-	(83,953)	(80,646)	(3,307)	96 %	96 %
Debt impairment	(1,229,606)	(1,629,122)	(100)	(1,629,222)	(2,729,242)	1,100,020	168 %	222 %
Depreciation and asset impairment	(1,459,682)	(1,428,427)	(75)	(1,428,502)	(1,488,407)	59,905	104 %	102 %
Repairs and maintenance	(543,226)	(543,226)	28,215	(515,011)	(497,227)	(17,784)	97 %	92 %
Finance charges	(1,430,707)	(1,458,647)	(369)	(1,459,016)	(1,522,641)	63,625	104 %	106 %
Bulk purchases	(8,535,038)	(8,585,038)	-	(8,585,038)	(8,162,421)	(422,617)	95 %	96 %
Contracted services	(2,440,560)	(2,511,531)	(79,373)	(2,590,904)	(2,774,112)	183,208	107 %	114 %
Transfers and grants	(123,953)	(136,597)	(2,655)	(139,252)	(111,793)	(27,459)	80 %	90 %
Other expenditure	(2,928,158)	(3,121,707)	15,740	(3,105,967)	(2,734,252)	(371,715)	88 %	93 %
Total expenditure	**(25,164,623)**	**(25,956,668)**	**(54,657)**	**(26,011,325)**	**(26,598,492)**	**587,167**	**102 %**	**106 %**
Surplus/(Deficit)	**1,144,026**	**473,285**		**471,214**	**748,928**	**(277,714)**	**159 %**	**65 %**
Transfers recognised - capital	815,186	1,588,248	(16,257)	1,571,991	1,454,419	117,572	93 %	178 %
Contributions recognised - capital and contributed assets	-	388,065		388,065	99,468	288,597	26 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**1,959,212**	**2,449,598**		**2,431,270**	**2,302,815**	**128,455**	**95 %**	**118 %**
Share of surplus (deficit) of associate	-	-		-	889	(889)	DIV/0 %	DIV/0 %
Taxation	(130,394)	(59,698)		(59,698)	(271,025)	211,327	454 %	208 %
Surplus/(Deficit) for the year	**1,828,818**	**2,389,900**		**2,371,572**	**2,032,679**	**338,893**	**86 %**	**111 %**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources								
Sources of capital funds								
Transfers recognised - capital	883,686	1,578,800	(16,257)	1,562,543	1,454,419	108,124	93 %	165 %
Public contributions and donations	206,565	274,428		274,428	99,468	174,960	36 %	48 %
Borrowing	1,512,000	1,512,001		1,512,001	2,078,664	(566,663)	137 %	137 %
Internally generated funds	456,510	462,740	1,306	464,046	205,406	258,640	44 %	45 %
Total sources of capital funds	**3,058,761**	**3,827,969**	**(14,951)**	**3,813,018**	**3,837,957**	**(24,939)**	**101 %**	**125 %**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

CORE - 2011

	Original budget	Adjusted budget (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance								
Property rates	4,870,501	4,874,458		4,874,458	4,892,594	(18,136)	100 %	100 %
Service charges	737,155	817,847		817,847	855,057	(37,210)	105 %	116 %
Rental of facilities and equipment	259,304	158,782		158,782	52,107	106,675	33 %	20 %
Interest earned	923,933	935,347		935,347	1,052,211	(116,864)	112 %	114 %
Fines, licenses and permits	342,358	342,358		342,358	316,466	25,892	92 %	92 %
Income from agency services	171,215	190,000		190,000	168,166	21,834	89 %	98 %
Governement grants and subsidies - Operational	4,320,761	4,667,980	52,089	4,720,069	4,698,792	21,277	100 %	109 %
Other revenue	471,338	818,480	447	818,927	782,750	36,177	96 %	166 %
Profit/(Loss) on disposal of property,plant and equipment	37,000	37,000		37,000	(6,429)	43,429	(17)%	(17)%
Total revenue (excluding capital transfers and contributions)	**12,133,565**	**12,842,252**	**52,536**	**12,894,788**	**12,811,714**	**83,074**	**99 %**	**106 %**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Adjusted budget (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Employee costs	(3,637,779)	(3,734,907)	12,644	(3,722,263)	(3,799,497)	77,234	102 %	104 %
Remuneration of councillors	(83,953)	(83,953)	-	(83,953)	(80,646)	(3,307)	96 %	96 %
Debt impairment	(465,085)	(545,647)		(545,647)	(1,217,547)	671,900	223 %	262 %
Depreciation and asset impairment	(911,734)	(883,435)		(883,435)	(965,485)	82,050	109 %	106 %
Repairs and maintenance	(124,677)	(130,483)	(184)	(130,667)	(114,607)	(16,060)	88 %	92 %
Finance charges	(1,398,727)	(1,426,764)	(119)	(1,426,883)	(1,480,772)	53,889	104 %	106 %
Contracted services	(1,160,424)	(1,298,789)	(80,950)	(1,379,739)	(1,406,326)	26,587	102 %	121 %
Transfers and grants	(2,420,657)	(2,453,301)	(2,655)	(2,455,956)	(2,428,118)	(27,838)	99 %	100 %
Other expenses	(2,065,169)	(2,275,481)	20,008	(2,255,473)	(1,922,863)	(332,610)	85 %	93 %
Total expenditure	**(12,268,205)**	**(12,832,760)**	**(51,256)**	**(12,884,016)**	**(13,415,861)**	**531,845**	**104 %**	**109 %**
Surplus/(Deficit)	**(134,640)**	**9,492**		**10,772**	**(604,147)**	**614,919**	**(5,608)%**	**449 %**
Transfers recognised - capital	815,186	1,491,248	(16,257)	1,474,991	1,288,522	186,469	87 %	158 %
Contributions recognised - capital and contributed assets	-	-		-	99,420	(99,420)	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**680,546**	**1,500,740**		**1,485,763**	**783,795**	**701,968**	**53 %**	**115 %**
Surplus/(Deficit) for the year	**680,546**	**1,500,740**		**1,485,763**	**783,795**	**701,968**	**53 %**	**115 %**

Notes to the Group Annual Financial Statements

Figures in Rand thousand

56. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Adjusted budget (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources								
Sources of capital funds								
Transfers recognised - capital	579,057	1,248,756	(16,757)	1,231,999	1,288,522	(56,523)	105 %	223 %
Public contributions and donations	28,500	31,863		31,863	99,420	(67,557)	312 %	349 %
Borrowing	473,900	473,901		473,901	457,565	16,336	97 %	97 %
Internally generated funds	220,510	217,014	1,306	218,320	205,406	12,914	94 %	93 %
Total sources of capital funds	**1,301,967**	**1,971,534**	**(15,451)**	**1,956,083**	**2,050,913**	**(94,830)**	**105 %**	**158 %**

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

57. RELATED PARTIES

Relationships	
Other members of the group	City Housing Company (Pty) Ltd City of Joburg Property Company (SOC) Ltd Johannesburg Social Housing Company SOC Ltd City Power Johannesburg SOC Ltd Joburg City Parks NPC Johannesburg Development Agency (SOC) Ltd Johannesburg Metropolitan Bus Services SOC Ltd Johannesburg Roads Agency SOC Ltd Johannesburg Tourism Company NPC Johannesburg Water SOC Ltd The Metropolitan Trading Company SOC Ltd Pikitup Johannesburg SOC Ltd Roodepoort City Theatre-Trading as Joburg Promusica Joburg Theatre SOC Ltd The Johannesburg Fresh Produce Market SOC Ltd The Johannesburg Zoo NPC
Joint ventures	Refer to note 14 Joshco JV
Associates	Refer to note 15 Fried shelf 128 (Pty) Ltd Greater Newtown Development Company (Pty) Ltd Constitutional Hill Development Company (Pty) Ltd
Members of key management	CJMM - Refer to note 34
Municipal Entities	Directors remuneration-Annexure H

Related party balances

Amounts included in Loans, Trade and other receivables regarding related parties		
City Housing Company (Pty) Ltd	-	2,039
City Power Johannesburg SOC Ltd	4,483,654	3,673,600
City of Joburg Property Company (SOC) Ltd	12,440	42,359
Joburg City Parks NPC	34,081	30,862
Joburg Theatre SOC Ltd	563	10
Johannesburg Development Agency (SOC) Ltd	2	8
Johannesburg Metropolitan Bus Services SOC Ltd	108,601	137,952
Johannesburg Roads Agency SOC Ltd	135,864	65,852
Johannesburg Social Housing Company SOC Ltd	51,353	25,844
Johannesburg Tourism Company NPC	20,461	5,657
Johannesburg Water SOC Ltd	3,081,331	2,480,326
Kelvin Power (Pty) Ltd	76,717	109,748
Pikitup Johannesburg SOC Ltd	217,988	236,016
Roodepoort City Theatre-Trading as Joburg Promusica	1,829	1,785
The Johannesburg Fresh Produce Market SOC Ltd	211,729	212,615
The Johannesburg Zoo NPC	6,184	2,007
The Metropolitan Trading Company SOC Ltd	104,671	102,499
	8,547,468	**7,129,179**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

57. RELATED PARTIES (continued)

Amounts included in Loans, Trade and other payables regarding related parties

City Power Johannesburg SOC Ltd			2,313,566	1,648,362
Joburg City Parks NPC			319,963	264,806
Joburg Theatre SOC Ltd			260	127
Johannesburg Development Agency (SOC) Ltd			368,955	425,878
Johannesburg Metropolitan Bus Services SOC Ltd			17,808	23,938
Johannesburg Roads Agency SOC Ltd			211,929	108,319
Johannesburg Social Housing Company SOC Ltd			55,217	62,551
Johannesburg Tourism Company NPC			11,218	8,023
Johannesburg Water SOC Ltd			307,835	407,369
Kelvin Power (Pty) Ltd			206,573	77,990
Pikitup Johannesburg SOC Ltd			177,709	-
Roodepoort City Theatre-Trading as Joburg Promusica			749	24
The Johannesburg Fresh Produce Market SOC Ltd			54,824	30,290
The Johannesburg Zoo NPC			17,233	10,781
The Metropolitan Trading Company SOC Ltd			43,253	11,158
			4,107,092	**3,079,616**

Related party transactions

Revenue from related parties

City Power Johannesburg SOC Ltd			515,540	424,781
City of Joburg Property Company (SOC) Ltd			4,969	693
Joburg City Parks NPC			5,028	5,961
Joburg Theatre SOC Ltd			-	3
Johannesburg Development Agency (SOC) Ltd			1,083	2,946
Johannesburg Metropolitan Bus Services SOC Ltd			16,901	6,129
Johannesburg Roads Agency SOC Ltd			20,885	5,236
Johannesburg Social Housing Company SOC Ltd			1,846	-
Johannesburg Tourism Company NPC			275	107
Johannesburg Water SOC Ltd			213,360	261,109
Pikitup Johannesburg SOC Ltd			14,325	29,931
Roodepoort City Theatre-Trading as Joburg Promusica			-	47
The Johannesburg Fresh Produce Market SOC Ltd			1,973	30,232
The Johannesburg Zoo NPC			406	226
The Metropolitan Trading Company SOC Ltd			1,110	64
			797,701	**767,465**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

57. RELATED PARTIES (continued)

Subsidies paid to MOEs				
City of Joburg Property Company (SOC) Ltd			-	537
Joburg City Parks NPC			469,596	425,047
Joburg Theatre SOC Ltd			25,000	17,464
Johannesburg Development Agency (SOC) Ltd			21,637	20,450
Johannesburg Metropolitan Bus Services SOC Ltd			291,841	284,497
Johannesburg Roads Agency SOC Ltd			439,693	405,230
Johannesburg Social Housing Company SOC Ltd			17,173	13,445
Johannesburg Tourism Company NPC			31,616	26,605
Pikitup Johannesburg SOC Ltd			925,110	846,519
Roodepoort City Theatre-Trading as Joburg Promusica			9,375	8,363
The Johannesburg Zoo NPC			40,370	36,779
The Metropolitan Trading Company SOC Ltd			45,293	40,559
			2,316,704	**2,125,495**
Capital Expenditure				
City Power Johannesburg SOC Ltd			52,934	37,213
Johannesburg Water SOC Ltd			129,110	144,140
Pikitup Johannesburg SOC Ltd			25,743	19,177
			207,787	**200,530**
Operating Expenditure				
City Power Johannesburg SOC Ltd			147,060	58,016
City of Joburg Property Company (SOC) Ltd			3,000	266
Joburg City Parks NPC			39,515	31,589
Joburg Theatre SOC Ltd			-	2,835
Johannesburg Development Agency (SOC) Ltd			744	1,575
Johannesburg Metropolitan Bus Services SOC Ltd			708	1,616
Johannesburg Roads Agency SOC Ltd			2,802	2,700
Johannesburg Social Housing Company SOC Ltd			11,278	5,336
Johannesburg Tourism Company NPC			56	7,235
Johannesburg Water SOC Ltd			333,426	34,083
Pikitup Johannesburg SOC Ltd			78,564	13,770
Roodepoort City Theatre-Trading as Joburg Promusica			38	877
The Johannesburg Fresh Produce Market SOC Ltd			23,054	1,949
The Johannesburg Zoo NPC			548	535
The Metropolitan Trading Company SOC Ltd			510	2,747
			641,303	**165,129**

Notes to the Group Annual Financial Statements

	GROUP		CORE	
Figures in Rand thousand	2011	2010	2011	2010

58. CHANGE IN ESTIMATE

Property, plant and equipment

In terms of GRAP 17, the depreciation method applied to assets shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern.

This resulted in a reduction of useful life of property, plant and equipment and an increase in the accumulated depreciation in the current financial year. The useful life adjustment amounted to R14,3 million and depreciation also decreased by R55,6 million. The average remaining useful life of property, plant and equipment increased by 3 months from 36 months to 39 months.

Intangible assets

In terms of GRAP 102, the amortisation period and the amortisation method for intangible assets with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method shall be changed to reflect the changed pattern.

This resulted in an extension of useful life of intangible assets and a reduction in the accumulated amortisation in the current financial year. The net impact amounted to a R9,2 million reduction in amortisation. The average remaining useful life of intangible assets increased by 2 months from 11 months to 13 months.

APPENDIX A
EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Loan number	Redeemable	Balance at 30/06/10 R '000	Received during the period R '000	Redeemed R '000	Balance at 30/06/11 R '000
LONG-TERM LOANS						
Loan stock @ 14.70%	121	31-Aug-13	30,000	-	-	30,000
Total loan stock			**30,000**	**-**	**-**	**30,000**
STRUCTURED LOANS						
ABSA 12.27%	ABSA R150m	20-Dec-12	150,000		-	150,000
RMB 14.53%	RMB R95m	30-Nov-14	116,242	-	-1,412	114,829
RMB 15.56%	RMB R210m	31-Dec-12	327,058	-	-15,385	311,673
RMB 16.50%	RMB R100m	30-Nov-14	113,323	29	-	113,352
SCMB 12.16%	SCMB R200m	30-Sep-18	110,000		-13,303	96,697
Ekurhuleni 16.21%	Ekurhuleni	30-Jun-11	18,694		-18,694	-
Total structured loans			**835,316**	**29**	**-48,794**	**786,551**
TOTAL CARRIED FORWARD			**865,316**	**29**	**-48,794**	**816,551**

APPENDIX A
EXTERNAL LOANS AS AT 30 JUNE 2011 *continued*

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/10 R '000	Received during the period R '000	Redeemed R '000	Balance at 30/06/11 R '000
TOTAL BROUGHT FORWARD			**865,316**	**29**	**-48,794**	**816,551**
						-
DEVELOPMENT BANK OF SOUTH AFRICA						
DBSA @ 13.22%	11984 - 11993	30-Jun-14	39,064	-	-7,984	31,080
DBSA @ 10.43%	102761	01-Jul-29	487,500	-	-25,000	462,500
DBSA @ 10.00%	8056/103	30-Sep-11	12,042	-	-7,831	4,211
DBSA @ 10.00%	8250/102	31-Mar-14	3,546	-	-761	2,785
DBSA @ 10.00%	9005/103	31-Mar-13	112,508	-	-33,921	78,587
DBSA @ 10.00%	9337/101	30-Sep-14	15,009	-	-2,790	12,219
DBSA @ 10.00%	9637/102	31-Mar-14	1,733	-	-372	1,361
DBSA @ 10.00%	10295	30-Jun-16	1,030	-	-133	897
DBSA @ 9.39%	13541/1	30-Sep-20	103,633	-	-10,110	93,523
DBSA @ 16.55%	12716	31-Dec-12	118	-	-41	77
DBSA @ 16.55%	12717	31-Dec-12	220	-	-78	142
DBSA @ 16.15%	12032	31-Dec-10	64	-	-64	-
DBSA @ 16.67%	12033	31-Dec-11	276	-	-177	99
DBSA @ 16.67%	12034	31-Dec-11	148	-	-95	53
DBSA @ 15.26%	12035	31-Dec-11	44	-	-28	16
DBSA @ 15.26%	12036	31-Dec-11	204	-	-131	73
DBSA @ 15.26%	12037	31-Dec-12	689	-	-246	443
DBSA @ 15.26%	12038	31-Dec-12	161	-	-57	104
DBSA @ 15.26%	12388	31-Dec-12	819	-	-292	527
DBSA @ 15.74%	12208	31-Dec-09	-	-	-	-
DBSA @ 12.00%	9726/104	30-Sep-14	1,958	-	-87	1,871
DBSA @ 16.50%	11064/102	31-Mar-20	1,529	-	-275	1,254
DBSA @ 10.63%	11073/101	30-Sep-13	4,767	-	-1,362	3,405
DBSA @ 10.63%	11073/2	30-Sep-13	14,171	-	-4,049	10,122
DBSA @ 11.37%	103345/1	30-Jun-29	570,000	-	-30,000	540,000
DBSA @ 6.75%	103345/2	30-Jun-29	195,041	-	-5,300	189,741
DBSA @10.95	103968/1	30-Jun-26	-	250,000	-	250,000
DBSA @ 8.5%	103963/1 (JSC)	30-Jun-29	7,822	-	-	7,822
DBSA @ 8.5%	103963/2 (JSC)	30-Jun-29	11,732	-	-	11,732
Total Development Bank of South Africa			**1,585,829**	**250,000**	**-131,185**	**1,704,644**
BONDS						
Bond @ 10.78%	COJ07	23-Mar-21	-	850,000		850,000
Bond @ 11.90%	COJ02	30-Jun-16	1,000,000	-		1,000,000
Bond @ 9.70%	COJ03	26-Apr-13	700,000	-	-	700,000
Bond @ 12.105%	COJ05	05-Jun-23	2,268,000	-	-	2,268,000
Bond @ 12.105%	COJ06	05-Jun-23	900,000	-	-	900,000
Bond @ 9.0%	COJ04	05-Jun-18	1,733,000	-	-	1,733,000
			6,601,000	**850,000**	**-**	**7,451,000**
Jozi Bond @ 12.58%	JOZI 02	21-Jun-10	20,722		-20,722	-
Jozi Bond @ 12,78%	JOZI 03	21-Jun-12	34,387		-143	34,244
			55,109	**-**	**-20,865**	**34,244**
Total bonds			***6,656,109***	***850,000***	***-20,865***	***7,485,244***
OTHER LOANS						
Investec 11.77%	Investec R100m	24-Dec-13	48,582		-11,948	36,634
ABSA 8.90%	ABSA Springfield	29-Aug-15	780		-130	650
ABSA 16.22%	ABSA Midrand	30-Nov-11	50,481		-11,064	39,417
Nedbank R1 billion	Nedbank R1 billion	31-Mar-18	1,000,000	-	-	1,000,000
Nedbank R315 million	Nedbank R315 million	21-Apr-15	315,000	-	-29,543	285,457
Calyon French Loan @9.379%	Calyon	02-Jul-18	290,240		-36,280	253,960
AFD	AFD	15-May-26	-	412,000	-	412,000
IGF Loan 1 @ 11.14%	IGF001	01-Sep-14	67,594	-	-	57,933
IGF Loan 2 @ 11.11%	IGF002	01-Oct-14	13,107	-	-1,875	11,232
IGF Loan 3 @ 10.95%	IGF003	01-Nov-14	17,769	-	-2,281	15,488
IGF Loan 4 @ 11.03%	IGF004	01-Dec-14	10,058	-	-1,045	9,013
IGF Loan 5 @ 10.78%	IGF005	01-Jan-15	8,247	-	-869	7,378
IGF Loan 6 @ 10.72%	IGF006	01-Feb-15	11,777	-	-801	10,976
IGF Loan 7 @ 10.37%	IGF007	01-Mar-15	13,931	-	-977	12,954
IGF Loan 8 @ 10.35%	IGF008	01-Mar-15	9,770	-	-990	8,780
IGF Loan 9 @ 10.26%	IGF009	31-Aug-13	13,654	-	-807	12,847
INCA @ 14.59%	JMBS-00-0001	31-Dec-11	108,652	-	-89,543	19,109
			1,979,642	**412,000**	**-188,153**	**2,203,489**
TOTAL EXTERNAL LOANS			**11,086,897**	**1,512,029**	**-388,997**	**12,209,928**

Appendix B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost							Accumulated Depreciation						
	Opening Balance	Additions	Unbundling of Land	Held for sale	Disposals	Transfers	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment deficit	Closing Balance	Carrying Value
	R000	R000	R000		R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
Land and Buildings														
Land	6,095,454	94,374	55,747		(16,322)	7,053	6,236,306	(47,075)	-	-	-	-	(47,075)	6,189,231
Buildings	9,820,974	33,726	-		(6,615)	132,251	9,980,336	(1,921,065)	1,025	533	(219,557)	(16,863)	(2,155,927)	7,824,409
	15,916,428	**128,100**	**55,747**	**-**	**(22,937)**	**139,304**	**16,216,642**	**(1,968,140)**	**1,025**	**533**	**(219,557)**	**(16,863)**	**(2,203,002)**	**14,013,640**
Infrastructure														
Roads, pavements, bridges & storm water	4,657,702	63,326	-		(67)	1,242,174	5,963,135	(1,058,758)	67	(240)	(308,031)	(1,068)	(1,368,030)	4,595,105
Water nerwork	2,249,932	78,899	-		-	192,976	2,521,807	(218,121)	-	(16)	(52,233)	-	(270,370)	2,251,437
Gas	5,313	-	-		-	-	5,313	(3,844)	-	-	(104)	-	(3,948)	1,365
Electricity mains	245,745	7,274	-		-	14,698	267,717	(27,520)	-	-	(13,285)	(221)	(41,026)	226,691
Sewerage purification & reticulation	1,632,785	58,310	-		(1,565)	21,332	1,710,862	(203,321)	762	344	(31,239)	(115)	(233,569)	1,477,293
	8,791,477	**207,809**	**-**	**-**	**(1,632)**	**1,471,180**	**10,468,834**	**(1,511,564)**	**829**	**88**	**(404,892)**	**(1,404)**	**(1,916,943)**	**8,551,891**
Community assets														
Parks, gardens, sport fields & recreation	473,100	12,297	-		-	-	485,397	(119,521)	-	-	(19,975)	(266)	(139,762)	345,635
Other	148,775	1,213	-		(164)	(10,399)	139,425	(95,946)	106	2,632	(16,189)	(161)	(109,558)	29,867
	621,875	**13,510**	**-**	**-**	**(164)**	**(10,399)**	**624,822**	**(215,467)**	**106**	**2,632**	**(36,164)**	**(427)**	**(249,320)**	**375,502**
Heritage assets														
Historic buildings	94,767	-	-		-	3,252	98,019	(8,724)	-	-	-	-	(8,724)	89,295
Artwork	14,722	-	-		(3)	-	14,719	(12,640)	3	-	-	-	(12,637)	2,082
	109,489	**-**	**-**	**-**	**(3)**	**3,252**	**112,738**	**(21,364)**	**3**	**-**	**-**	**-**	**(21,361)**	**91,377**
Specialised vehicles														
Buses	498,509	10,347	-	(3,679)	(1,308)	(5,882)	497,987	(310,516)	-	5,882	(40,287)	-	(344,921)	153,066
	498,509	**10,347**	**-**	**(3,679)**	**(1,308)**	**(5,882)**	**497,987**	**(310,516)**	**-**	**5,882**	**(40,287)**	**-**	**(344,921)**	**153,066**
Other assets														
Other motor vehicles	15,306	482	-		(1,201)	114	14,701	(7,405)	805	(116)	(964)	(63)	(7,742)	6,958
Furniture and fittings	489,937	11,871	-		(1,904)	32,949	532,854	(264,913)	1,366	(3,504)	(47,670)	(16,647)	(331,368)	201,486
Bins & containers	211,690	7,585	-		(113)	23	219,185	(165,502)	87	(8)	(16,481)	(361)	(182,265)	36,920
Emergency equipment	25,069	1,212	-		(55)	166	26,392	(12,136)	22	28	(2,053)	(2,106)	(16,245)	10,147
Other plant & equipment	7,325,390	914,661	-		(16,292)	477,196	8,700,955	(1,119,017)	7,496	15,597	(275,233)	(1,024)	(1,372,181)	7,328,774
Computer Equipment	390,923	29,895	-		(13,323)	6,322	413,816	(229,138)	12,494	229	(54,029)	(464)	(270,908)	142,908
Other office equipment	417,327	39,816	-		(7,097)	25,674	475,719	(242,800)	5,458	5,529	(67,421)	(3,424)	(302,658)	173,061
Other land and buildings	8,231	3,057	-		-	56	11,344	(2,437)	-	(56)	(1,060)	-	(3,553)	7,790
Landfill sites	232,568	24,348	-		(23,664)	-	233,252	(93,466)	-	-	(9,791)	-	(103,257)	129,995
Work in progress	4,878,183	2,358,147	-		-	(2,317,497)	4,918,833	-	-	-	-	-	-	4,918,833
Library Books	287,843	31,299	-		-	1,383	320,525	(255,977)	-	(1,383)	(11,421)	-	(268,781)	51,744
Other	16,546	356	-		(155)	5,542	22,289	(10,512)	145	(5,539)	(1,332)	-	(17,238)	5,051
	14,299,013	**3,422,729**	**-**	**-**	**(63,805)**	**(1,768,073)**	**15,889,865**	**(2,403,303)**	**27,873**	**10,777**	**(487,454)**	**(24,090)**	**(2,876,197)**	**13,013,668**
Total Property, Plant and Equipment	**40,236,791**	**3,782,495**	**55,747**	**(3,679)**	**(89,848)**	**(170,618)**	**43,810,888**	**(6,430,354)**	**29,836**	**19,912**	**(1,188,354)**	**(42,784)**	**(7,611,744)**	**36,199,143**
Total Intangible Assets	**1,455,005**	**55,461**	**-**	**-**	**(57,806)**	**89,556**	**1,542,215**	**(440,490)**	**57,782**	**(56,301)**	**(251,116)**	**(8)**	**(690,133)**	**852,083**
Total Investment Properties	**1,175,266**	**-**	**-**		**(249)**	**117,451**	**1,292,468**	**(80,249)**	**-**	**-**	**(6,149)**	**-**	**(86,398)**	**1,206,069**
Total	**42,867,061**	**3,837,956**	**55,747**	**(3,679)**	**(147,904)**	**36,389**	**46,645,570**	**(6,951,093)**	**87,617**	**(36,389)**	**(1,445,619)**	**(42,792)**	**(8,388,275)**	**38,257,295**

Appendix C
SEGMENTAL ANALYSIS PROPERTY PLANT AND EQUIPMENT

	Cost							Accumulated Depreciation						
	Opening Balance	Additions	Founds	Held for sale	Disposals	Transfers	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment deficit	Closing Balance	Carrying Value
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY														
Economic Development and Tourism	36,812	49,306	-		(51)	-	86,067	(4,733)	42	-	(2,005)	(107)	(6,803)	79,264
Environment	16,292	5,874	-		(34)	50,214	72,346	(6,121)	23	(1,809)	(2,557)	(118)	(10,582)	61,764
Infrastructure and Services	8,341	370	-		-	-	8,711	(6,367)	-	-	(629)	(72)	(7,068)	1,643
Transportation	3,134,630	794,399	-		(22)	3	3,929,010	(45,832)	15	159	(119,632)	(252)	(165,542)	3,763,468
Community Development	2,019,191	164,716	-		(352)	1,387	2,184,942	(754,861)	248	(2,103)	(71,440)	(6,273)	(834,429)	1,350,513
Health	164,926	19,933	-		(155)	(2)	184,702	(82,938)	113	3	(10,873)	(1,706)	(95,401)	89,301
Office of the Mayor	4,680,216	15,762	-		(142)	(50,229)	4,645,607	(269,892)	79	89,574	(202,847)	(2,683)	(385,769)	4,259,838
Office of the Speaker	31,305	2,224	-	-	(1)	-	33,528	(15,945)	1	-	(5,155)	(925)	(22,024)	11,504
Finance	72,141	2,754	-		(766)	1	74,130	(53,834)	581	-	(7,103)	(398)	(60,754)	13,376
Revenue and Customer Relations	1,024,828	4,847	-		(1,221)	-	1,028,454	(253,840)	1,005	(87,191)	(140,118)	(3,793)	(483,937)	544,517
Corporate and Shared Services	192,075	2,974	-		(208)	3	194,844	(123,762)	176	(2)	(11,816)	(2,119)	(137,523)	57,321
Housing	2,169,808	239,505	-		(17)	-	2,409,296	(704,861)	13	-	(54,652)	(971)	(760,471)	1,648,825
Development Planning and Urban Management	186,001	272,933	-		(326)	(56,926)	401,682	(59,121)	199	15,575	(25,515)	(1,834)	(70,696)	330,986
Emergency Management Services	146,028	11,707	-		(175)	9	157,569	(84,956)	115	(17)	(7,068)	(2,474)	(94,400)	63,169
Johannesburg Metro Police Department	185,113	25,514	-		(1,007)	-	209,620	(138,213)	853	-	(9,498)	(8,238)	(155,096)	54,524
Portfolio account	14,000,852	438,095	55,747		(16,570)	56,926	14,535,050	(1,549,364)	-	(15,575)	(270,689)	(9,909)	(1,845,537)	12,689,513
	28,068,559	**2,050,913**	**55,747**	**-**	**(21,047)**	**1,386**	**30,155,558**	**(4,154,640)**	**3,463**	**(1,386)**	**(941,597)**	**(41,872)**	**(5,136,032)**	**25,019,526**
MUNICIPAL OWNED ENTITIES														
City Housing Company (Pty) Ltd	10,395	-		-	-	-	10,395	(232)	-	-	-	-	(232)	10,163
City of Joburg Property Company (SOC) Ltd	19,030	1,750		-	(38)	(969)	19,774	(4,038)	(264)	969	(1,075)	(713)	(5,121)	14,653
City Power Johannesburg SOC Ltd	6,855,881	1,021,929		-	(7,743)	(2,448)	7,867,619	(860,833)	-	2,448	(206,765)	-	(1,065,150)	6,802,469
Joburg City Parks NPC	82,415	10,331		-	(2,030)	(1)	90,715	(34,866)	1,594	1	(11,066)	-	(44,336)	46,379
Joburg Theatre SOC Ltd	13,191	217		-	-	5,747	19,155	(9,264)	-	(5,747)	(1,072)	-	(16,083)	3,072
Johannesburg Development Agency (SOC) Ltd	10,464	452		-	(15)	(60)	10,840	(3,602)	15	60	(1,165)	-	(4,692)	6,148
Johannesburg Metropolitan Bus Services SOC Ltd	579,951	12,913		(3,679)	(1,308)	(4,571)	583,306	(347,897)	-	4,571	(46,503)	-	(389,829)	193,477
Johannesburg Roads Agency SOC Ltd	168,703	2,789		-	(1,879)	-	169,613	(62,822)	1,814	-	(12,496)	-	(73,504)	96,109
Johannesburg Social Housing Company SOC Ltd	7,232	705		-	(20)	(248)	7,669	(3,553)	-	248	(947)	-	(4,252)	3,417
Johannesburg Tourism Company NPC	10,942	1,497		-	(26)	(3,650)	8,763	(7,676)	-	3,650	(1,056)	-	(5,082)	3,681
Johannesburg Water SOC Ltd	5,876,768	672,806		-	(85,108)	41,445	6,505,910	(949,187)	77,316	(41,445)	(161,196)	-	(1,074,512)	5,431,398
Pikitup Johannesburg SOC Ltd	684,862	40,333		-	(23,664)	-	701,531	(371,430)	-	-	(44,148)	-	(415,578)	285,953
Roodepoort City Theatre	3,782	59		-	-	(53)	3,788	(1,691)	-	53	(353)	(63)	(2,054)	1,734
The Johannesburg Fresh Produce Market SOC Ltd	337,752	18,116		-	(2,676)	(347)	352,845	(57,742)	1,953	347	(12,719)	(143)	(68,304)	284,541
The Johannesburg Zoo NPC	11,951	2,523		-	(2,349)	(12)	12,113	(5,401)	1,726	12	(2,079)	-	(5,742)	6,371
The Metropolitan Trading Company SOC Ltd	125,183	623		-	-	170	125,976	(76,220)	-	(170)	(1,382)	-	(77,772)	48,203
	14,798,501	**1,787,043**	**-**	**(3,679)**	**(126,857)**	**35,003**	**16,490,012**	**(2,796,453)**	**84,154**	**(35,003)**	**(504,022)**	**(920)**	**(3,252,243)**	**13,237,769**
Total	**42,867,060**	**3,837,956**	**55,747**	**(3,679)**	**(147,904)**	**36,389**	**46,645,570**	**(6,951,093)**	**87,617**	**(36,389)**	**(1,445,619)**	**(42,792)**	**(8,388,275)**	**38,257,295**

Appendix D
SEGMENTAL STATEMENT OF FINANCIAL POSITION AND PERFORMANCE

	Consolidated figures	The City of Johannesburg Metropolitan Municipality	City Housing Company (Pty) Ltd	Joburg Theatre SOC Ltd	Johannesburg Development Agency (SOC) Ltd	The Johannesburg Fresh Produce Market SOC Ltd	Johannesburg Social Housing Company SOC Ltd	Johannesburg Roads Agency SOC Ltd	Johannesburg Metropolitan Bus Services SOC Ltd	The Metropolitan Trading Company SOC Ltd	Joburg City Parks NPC	Pikitup Johannesburg SOC Ltd	City Power Johannesburg SOC Ltd	City of Joburg Property Company (SOC) Ltd	Roodepoort City Theatre Trading as Joburg Promusica	Johannesburg Tourism Company NPC	Johannesburg Water SOC Ltd	The Johannesburg Zoo NPC
Loans to Municipal Entities	825,933	832,770	-	-	-	-	-790	-	-	-	-	-	-	-	-	-	-6,046	-
Loans to shareholders	1,189,949	-	-	-	45,979	26,845	-5,748	-132,173	-49,504	-	207,724	-64,785	1,403,492	-4,951	-	-	-241,473	4,542
Other financial assets	157,944	157,944	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	214,454	100,251	-	133	-	-	226	17,896	18,674	-	2,929	2,233	29,455	-	21	-	41,969	667
Trade and other receivables	3,761,581	2,291,877	11,238	314	268,554	25,027	64,532	404,474	17,717	75,167	93,138	29,869	394,040	71,756	1,077	1,901	8,997	1,902
VAT receivable	-568,516	140,337	-	-	-10,733	-9	-82	-	-72	1,075	657	-	-699,541	-	132	-426	-	148
Consumer debtors	4,423,238	477,686	-	-	-	-	-	-	-	-	-	25,352	2,541,662	-	-	-	1,378,538	-
Current tax receivable	-9,136	-	-	-	-	-9,136	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	690,629	643,438	489	7,259	1,196	13,222	7,891	10	7,302	16	54	11	20	2	1,009	8,736	25	-50
Current Assets	10,686,077	4,644,303	11,726	7,706	304,996	55,948	66,029	290,208	-5,882	76,258	304,501	-7,319	3,669,128	66,808	2,239	10,210	1,182,010	7,209
Property, plant and equipment	36,230,419	23,290,205	13,921	3,062	5,952	281,487	3,109	90,518	213,451	1,790	41,614	262,499	6,613,944	2,192	1,725	2,640	5,396,340	5,966
Investment property	1,206,070	1,159,273	-	-	-	560	-	-	-	46,237	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	852,083	570,053	-	9	194	2,493	307	5,590	7,537	176	4,764	23,456	188,524	12,460	10	1,042	35,065	403
Investments in Municipal Entities	269,644	269,644	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in joint ventures	31,423	-	-	-	-	-	31,423	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	10,964	-	-	-	-	-	-	-	-	-	-	10,964	-	-	-	-	-	-
Loans to Municipal Entities	5,664,918	5,664,918	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans to shareholders	-5,424,616	-	-5,050	-	-	-162,924	-	-	30,879	-	66,832	-25,773	-2,794,953	-	-	-	-2,545,582	11,954
Other financial assets	2,431,586	2,431,586	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-679,615	-	-	-1,046	-3,103	3,476	4,085	-	-	-	-	-	-691,029	8,003	-	-	-	-
Retirement benefit asset	77,463	-	-	-	-	-	-	77,463	-	-	-	-	-	-	-	-	-	-
Consumer debtors	59,576	59,576	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 3 - Non-current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current Assets	40,729,915	33,445,256	8,871	2,026	3,043	125,091	38,924	173,571	251,868	48,203	113,211	271,147	3,316,486	22,656	1,735	3,682	2,885,823	18,323
Non-current assets held for sale and assets of disposal groups	3,679	-	-	-	-	-	-	-	3,679	-	-	-	-	-	-	-	-	-
Total Assets	51,419,670	38,089,558	20,598	9,731	308,039	181,039	104,953	463,779	249,665	124,461	417,712	263,827	6,985,614	89,463	3,974	13,892	4,067,833	25,531
Current tax payable	-759	-	-	-	-	-	245	-	-	-	-	2,139	-	-3,142	-	-	-	-
Other financial liabilities	-381,352	-336,996	-	-	-	-	-543	-	-43,813	-	-	-	-	-	-	-	-	-
Finance lease obligation	-25,457	-19,882	-	-	-29	-1,263	-225	-185	-255	-418	-811	-1,251	-	-530	-	-253	-	-356
Provisions	-15,720	-14,545	-	-	-	-	-	-	-	-	-	-1,175	-	-	-	-	-	-
Unspent conditional grants and receipts	-539,169	-515,940	-	-	-	-	-7,441	-	-	-	-	-	-10,187	-	-	-	-5,601	-
Deferred income	-9,123	-	-	-	-	-	-914	-	-	-	-	-	-	-8,209	-	-	-	-
Trade and other payables	-11,616,055	-6,497,959	-2,583	-5,026	-261,646	-67,946	-41,515	-398,645	-57,111	-37,587	-199,546	-225,633	-2,819,517	-6,550	-1,334	-4,380	-975,428	-13,648
Current Liabilities	-12,587,635	-7,385,322	-2,583	-5,026	-261,674	-69,209	-50,394	-398,830	-101,178	-38,005	-200,357	-225,920	-2,829,705	-18,431	-1,334	-4,634	-981,029	-14,004
Retirement benefit obligation	-2,146,859	-1,773,642	-	-	-	-2,817	-	-57,906	-37,779	-	-70,219	-83,930	-38,191	-542	-	-	-74,678	-7,155
Other financial liabilities	-11,922,483	-11,824,608	-	-	-	-	-19,011	-	-78,864	-	-	-	-	-	-	-	-	-
Finance lease obligation	-69,123	-64,387	-	-	-	-1,033	-59	-	-330	-	-592	-44	-	-464	-	-43	-	-2,171
Provisions	-662,028	-355,054	-	-	-	-	-	-	-	-	-	-306,975	-	-	-	-	-	-
Deferred income	-1,930,195	-1,875,753	-	-	-	-	-27,420	-	-3,228	-	-	-	-	-23,794	-	-	-	-
Interest rate swap liability	-43,098	-43,098	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer deposits	-400,959	-214,011	-	-	-	-	-	-	-	-	-	-	-186,948	-	-	-	-	-
Non-Current Liabilities	-17,174,745	-16,150,552	-	-	-	-3,850	-46,489	-57,906	-120,201	-	-70,811	-390,948	-225,139	-24,800	-	-43	-74,678	-9,326
Total Liabilities	-29,762,380	-23,535,874	-2,583	-5,026	-261,674	-73,059	-96,883	-456,736	-221,379	-38,005	-271,169	-616,869	-3,054,844	-43,231	-1,334	-4,677	-1,055,707	-23,331
Ordinary	-112,470	-	-	-	-	-	-	-1	-	-	-	-1	-112,466	-1	-	-	-1	-
Ordinary Type A	-42,908	-	-	-	-	-	-	-	-41,048	-	-	-	-	-	-	-	-	-1,860
Share premium	-268,204	-	-	-	-16,278	-20,000	-	-	-13,726	-163,897	-28,098	-	-	-5,142	-1,784	-19,279	-	-
Hedging reserve	43,098	43,098	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associated NDR	-41,672	-	-3,758	-	-	-	-	-	-27,513	-	-	-10,401	-	-	-	-	-	-
Reserve for own shares / Share repurchase reserve	-52,228	-	-	-	-	-	-	-52,228	-	-	-	-	-	-	-	-	-	-
Capital replacement reserve	-14,260	-14,260	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COID reserve	-129,223	-129,223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated surplus	-18,988,393	-13,669,511	-14,256	-7,759	-21,015	-56,478	-1,848	8,954	48,025	75,092	-97,665	367,243	-2,959,237	-46,546	-466	14,339	-2,627,096	-170
Net Assets	-19,606,259	-13,769,896	-18,014	-7,759	-37,293	-76,478	-1,848	-43,275	-34,262	-88,805	-125,763	356,841	-3,071,703	-51,689	-2,250	-4,940	-2,627,097	-2,029

	Consolidated figures	The City of Johannesburg Metropolitan Municipality	City Housing Company (Pty) Ltd	Joburg Theatre SOC Ltd	Johannesburg Development Agency (SOC) Ltd	The Johannesburg Fresh Produce Market SOC Ltd	Johannesburg Social Housing Company SOC Ltd	Johannesburg Roads Agency SOC Ltd	Johannesburg Metropolitan Bus Services SOC Ltd	The Metropolitan Trading Company SOC Ltd	Joburg City Parks NPC	Pikitup Johannesburg SOC Ltd	City Power Johannesburg SOC Ltd	City of Joburg Property Company (SOC) Ltd	Roodepoort City Theatre Trading as Joburg Promusica	Johannesburg Tourism Company NPC	Johannesburg Water SOC Ltd	The Johannesburg Zoo NPC
Property rates	-4,892,594	-4,892,594	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	-16,392,737	-855,055	-	-	-	-	-	-	-	-	-	-1,132,938	-9,786,301	-	-	-	-4,618,443	-
Rental of facilities and equipment	-159,263	-52,106	-	-4,031	-	-28,395	-51,147	-2,881	-	-11,433	-2,466	-3,146	-1,655	-	-526	-	-	-1,476
Interest received	-1,256,176	-1,052,211	-	-1,119	-6,736	-5,188	-1,971	-4,630	-272	-735	-15,308	-14,663	-143,711	-6,403	-26	-396	-2,390	-418
Income from agency services	-168,166	-168,166	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions and donations	-99,468	-99,420	-	-	-	-	-	-	-	-	-	-	-	-48	-	-	-	-
Fines	-315,661	-315,661	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-806	-806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government grants & subsidies	-7,752,592	-5,987,314	-	-25,000	-21,637	-	-17,173	-439,693	-291,841	-45,293	-469,596	-25,578	-201,699	-	-9,375	-31,616	-146,407	-40,370
Reversal of impairment	-17,984	-17,984	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-1,811,298	-782,753	-	-10,035	-31,189	-205,570	-4,656	-90,889	-104,553	-5,059	-121,018	6,152	-270,836	-53,069	-781	-1,353	-115,278	-20,411
Total Revenue	-32,866,746	-14,224,072	-	-40,184	-59,562	-239,154	-74,947	-538,094	-396,666	-62,520	-608,388	-1,170,172	-10,404,202	-59,519	-10,708	-33,365	-4,882,519	-62,675
General Expenses	3,476,286	1,922,866	-	24,037	20,918	63,867	30,701	245,916	92,364	37,322	163,710	75,578	425,907	13,935	2,836	12,313	331,285	12,731
Impairment of current receivables	2,729,244	1,217,547	-	3	-	2,668	8,555	866	-354	4,531	8,162	40,177	851,248	-	321	4,053	591,492	-26
Repairs and maintenance	503,886	114,608	-	-	1,091	6,265	3,810	4,363	43,242	893	19,737	6,248	293,320	135	167	205	8,085	1,717
Bulk purchases	8,241,995	-	-	-	-	-	-	-	-	-	-	-	5,984,046	-	-	-	2,257,949	-
Contracted services	2,849,081	1,406,329	-	203	1,884	6,037	1,853	24,378	12,227	2,488	50,034	571,812	459,059	6,053	652	1,656	299,288	5,129
Grants and subsidies paid	2,428,118	2,428,118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee related costs	6,523,340	3,799,497	-	19,043	26,989	77,329	21,813	277,377	186,914	17,418	327,205	433,391	663,772	42,344	5,926	9,633	574,103	40,588
Remuneration of councillors	80,646	80,646	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	1,445,679	941,599	-	1,072	1,162	13,028	948	12,495	46,501	1,383	11,066	44,148	206,763	1,075	416	1,069	160,873	2,079
Net impairment losses	42,728	41,871	-	-	-	143	-	-	-	-	-	-	-	713	-	-	-	-
Finance costs	2,209,292	1,480,774	-	-	23	21,996	1,929	8,865	20,439	834	7,257	-4,032	400,187	2,457	-	161	268,111	291
Total Expenditure	30,530,295	13,433,854	-	44,357	52,067	191,333	69,609	574,261	401,334	64,869	587,172	1,167,321	9,284,302	66,713	10,318	29,090	4,491,187	62,509
(Loss)/gain on disposal of assets and liabilities	15,283	6,429	-	-	8	618	20	65	1,309	-	436	-	-	103	-	-	6,301	-6
Share of deficit of associate accounted for under the equity method	-889	-	-	-	-	-	60	-	-	-	-	-949	-	-	-	-	-	-
Taxation	271,025	-	-	-1,119	-1,584	15,699	-963	-	-	-	-	-	260,832	-1,839	-	-	-	-
Surplus/(Deficit) for the year	-2,051,031	-783,789	-	3,054	-9,071	-31,503	-6,222	36,231	5,976	2,349	-20,780	-3,800	-859,067	5,457	-390	-4,275	-385,030	-171
Elimination entries	18,352																	
Consolidated surplus/(Deficit)	-2,032,679																	

APPENDIX E - BANK BALANCES AND CASH AS AT 30 JUNE 2011

Description	Account Number	Bank statement balance			Cash book balance		
		30 June 2009 R000	30 June 2010 R000	30 June 2011 R000	30 June 2009 R000	30 June 2010 R000	30 June 2011 R000
Bank accounts:							
Absa: Primary Bank Account	40-5439-4859	94,780	114,389	471,864	94,780	114,389	471,864
Absa Ordinary Bank Account	40-5439-8227				(31,046)	(16,851)	1
Absa Stores Bank Accounts	40-5439-8308						
Absa Traffic Bank Account	40-5439-8332				565	978	178
Absa Licensing Bank Account	40-5439-8405				7,026	2,432	2,720
Absa Internal Collection Bank Account	40-5439-8421						
Absa Civil Contracts Bank Account	40-5439-8455						
Absa Elec. Payments Bank Account	40-5439-8463	18,683	23,221	42,974	18,683	23,221	82,865
Absa 3rd Party Banking Bank Account	40-5439-8489				17	8,846	91
Absa Elec. Payments Costs Bank Account	40-5439-8497						
Absa R/D Bank Account	40-5439-8502				-	-	(1,046)
Absa R/D Ordinary Bank Account	40-5439-8578						
Absa Elec. Payment R/D Bank Account	40-5442-3511				-	-	(145)
Absa Collections Bank Account	40-5442-3561				31,645	6,738	9,126
Absa Traffic R/D Bank Account	40-5715-4521						
Absa Licensing R/D Bank Account	40-5715-4652						
Absa Bank Charges Ordinary Bank Account	40-5715-4791						
Absa Licensing Bank Charges Bank Account	40-5877-9813						
Absa Traffic Bank Charges Bank Account	40-5877-9994						
Absa Danida Bank Account	40-5987-0765						
Absa Addis Ababa Bank Account	40-6052-5145	112			112	119	
Absa BRT Rea Vaya	40-7460-1995		392	195		996	195
Absa COJ 2010 WCT	40-7531-4797		16				
Absa Traffic Aarto Bank Account	40-7315-2034	48,734	5,717	713	48,734	5,717	713
Absa City of Johannesburg Disaster Fund	40-7357-5353			624	-	-	624
Absa JMPD: Sites Deposits Account	40-7466-9153		540	1,446	-	3,005	1,447
Absa Joburg Open Golf Tournament	40-7489-6271			273	-	-	273
Absa Mayoral Charity Fund	40-7664-3030			32	-	-	32
ABSA	405-853-6005	4	4	4	4	4	4
ABSA	405-853-6762	6	6	6	6	6	6
ABSA	911-288-7111	17	17	17	17	17	17
Nedbank	151-106-3270	99	99	99	99	99	99
Nedbank	146-909-5971	363	363	363	363	363	363
ABSA Deposit Bank Account	405-439-4655	21,364	11,518		21,898	13,101	12,392
ABSA Trust Bank Account	405-442-3252	-	-	-	-	-19	-
ABSA Business Account	405-439-4663	-	-	-	-221	-355	54
ABSA RD Bank Account	405-439-4689	162	81	-	162	81	-
FNB Business Account	620-1247-1257	1,275	350	-	1,275	350	763
ABSA Main Account	405-439-4833	-	-	-	66	331	7,202
ABSA	405-990-8162	-	13	-	-	13	-
ABSA	405-846-2450	2	-	-	2	-	-
ABSA Special Savings	909-938-4175	1,161	722	-	1,161	1,161	1,161
Nedbank 32 Day Notice Account	485-4837	45	-	-	45	45	45
ABSA Current Account	570-142-348	104	34	-	104	104	104
Nedbank Current	190-509-2075	-	-	-	-	-45	(45)
ABSA Current Account	909-733-5459	-	-	-	-	-71	(105)
ABSA Computicket	570-147-854	-	-	-	-	-439	(157)
ABSA	405-794-5928	3	(1,673)	8,736	1,086	-5,161	235
ABSA Deposit Account	405-440-0460	-	-	-	54	-37	(72)
ABSA Max Trust Account	406-874-5070	-	11,090	1,101	11	1	-
ABSA	407-466-9030	-	-	-	-	-	233
ABSA	407-1927-2149	1,943	-	-	1,943	-	7,657
Nedbank Current Account	128-402-5993	590	1,292	464	590	1,292	464
Nedbank Call Account	3728-451-3195	735	7,944	2,408	735	7,944	2,408
ABSA	406-607-2619	1,080	1,143	1,193	1,080	1,143	1,193
ABSA	405-083-9158	-	-	-	-	-	16
Cash on hand:							
Petty cash and float accounts					399	411	416
TOTAL		**191,262**	**177,278**	**532,512**	**201,395**	**169,929**	**603,391**

DIRECTORS' REMUNERATION - 2011

	Johannesburg Fresh Produce market (Pty) Ltd	Johannesburg Civic Theatre (Pty) Ltd	Johannesburg Zoo	Johannesburg Property Company (Pty) Ltd	Johannesburg Development Agency (Pty) Ltd	Metropolitan Trading Company (Pty) Ltd	City Power Johannesburg (Pty) Ltd	Johannesburg Water (Pty) Ltd	Pikitup Johannesburg (Pty) Ltd	Johannesburg Roads Agency (Pty) Ltd	Johannesburg City Parks	Johannesburg Social Housing Company (Pty) Ltd	Johannesburg Tourism Company	Johannesburg Metropolitan Bus Services (Pty) Ltd	Roodepoort City Theatre	City Housing Company (Pty) Ltd
	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s	R 000s
Non-Executive Directors	1,276	314	1,026	923	593	1,559	2,029	814	1,271	1,142	833	710	361	685	390	-
Directors' fees	1,276	314	1,026	923	593	1,559	1,980	814	1,271	954	833	710	361	685	390	-
Travel	-	-	-	-	-	-	49	-	-	188	-	-	-	-	-	-
Chief Executive Officer	2,926	3,007	1,168	1,175	1,356	1,069	3,366	2,097	1,704	1,312	2,738	1,360	1,238	1,531	891	-
Annual remuneration	2,546	1,432	978	925	1,191	896	3,009	1,424	1,675	1,181	2,501	1,162	1,023	1,208	762	-
Performance bonus	160	234	-	-	165	-	-	254	-	-	157	122	-	130	129	-
Car allowance	90	1,301	-	250	-	173	171	232	-	-	80	-	158	152	-	-
Contributions to UIF, medical and pension funds	130	40	190	-	-	-	186	187	29	131	-	76	59	41	-	-
Chief Finance Officer	1,237	452	625	759	1,025	758	1,211	1,168	1,277	851	1,299	889	-	900	740	-
Annual remuneration	859	362	528	663	955	626	1,022	848	795	601	1,102	729	-	856	685	-
Performance bonus	-	60	-	-	70	-	-	176	-	-	149	45	-	-	55	-
Car allowance	175	-	-	96	-	132	121	24	210	191	48	-	-	8	-	-
Contributions to UIF, medical and pension funds	203	30	97	-	-	-	68	120	272	59	-	115	-	36	-	-
Other Executive Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Performance bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Car allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions to UIF, medical and pension funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Management	1,830	4,993	3,795	3,605	4,354	2,712	4,657	1,836	7,670	2,892	6,176	3,640	1,153	2,363	1,952	-
Annual remuneration	1,428	2,797	3,136	3,134	4,121	2,402	4,034	1,195	6,531	2,224	5,007	2,511	872	2,040	1,877	-
Performance bonus	82	227	29	-	233	-	-	290	-	147	675	400	-	244	65	-
Car allowance	96	1,679	-	-	-	310	352	199	971	-	494	-	144	31	-	-
Contributions to UIF, medical and pension funds	224	290	630	470	-	-	271	152	168	521	-	729	137	48	10	-